THE GLOBE AND MAIL

WOMEN LEAD HERE (KIND OF)
WE'RE NOT MOVING NEARLY FAST ENOUGH ON GENDER PARITY. HERE'S HOW TO FIX IT

FOODTASTIC VOYAGE: PETER MAMMAS IS EATING UP EVERYTHING

MANULIFE ECONOMIST FRANCES DONALD IS NO DISMAL SCIENTIST

REPORT ON BUSINESS

RICHARD BAKER'S BIG ADVENTURE

THE OWNER OF HUDSON'S BAY CO. IS EXCITED FOR ITS FUTURE, EVEN IF CANADIANS HARDLY RECOGNIZE IT

APRIL 2023


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Peter Mammas owns 23 fast-food chains and dreams of buying more
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COVER PHOTOGRAPH SHOT EXCLUSIVELY FOR ROB MAGAZINE BY DINA LITOVSKY; (RIGHT) ALEX LYSAKOWSKI

Do the damn work

It's been four years since we launched Women Lead Here, a benchmark that measures progress on gender parity among Canada's largest publicly traded companies. It's heartening to see 90 companies on this year's list with an average of 46% of executive roles occupied by women. They deserve huge credit for doing the hard work required to walk the walk on an issue with huge economic implications.

I'm sure you can sense a "but" coming. So here goes: At the same time, it's crushing to learn that nearly 22% of our largest publicly traded companies have zero women in the executive ranks—down by seven points from 2020, but still discouragingly high. And just 6.6% of that overall cohort have a woman at the top of the pyramid. Among Women Lead Here honourees, it should be noted, that figure stands at 20%.

In years past, we've built the Women Lead Here package around a profile on one of these chief execs—Lucara Diamond's Eira Thomas in 2020, then Rania Llewellyn of Laurentian Bank, followed by Thunderbird Entertainment honcho Jennifer Twiner McCarron. But this year, we decided it was time for something different. Because the stark reality is that at this rate, we won't achieve gender parity in the corner office until the year 2066.

So, starting on page 24, Deborah Aarts—who helped create the Women Lead Here benchmark—issues a *cri de coeur* to corporate Canada: You're not moving fast enough. And she offers actionable advice on how to ensure there are women on the way up throughout your organization. That's key. The most recent Report Card on Gender Diversity and Leadership issued by the Prosperity Project—so named to highlight the economic importance of gender equality—has revealed that the number of women in the pipeline to senior management nosedived over the past year, dropping from 54.8% to 42.9%.

We hope our Women Lead Here package acts as a guide to reversing that tide.

Given all this, you might find it incongruous to find a man on the cover of this issue. Let me explain.

Five years ago, we wouldn't have hesitated to take the opportunity to put a woman on this month's cover. But we've come a long way since then. In the past three years (two of those under the leadership of my predecessor, James Cowan), fully half of our covers have featured women. In addition to the Women Lead Here honourees I've already mentioned, they include our 2022 CEO of the Year, University Pension Plan's Barbara Zvan; AJ Fernandez Rivera, a trans woman blazing a trail in tech; and Jennifer Wong, who now heads our top-ranked Women Lead Here company, Aritzia.

On very rare occasions, though, a photographer delivers such stunning images that you are powerless to resist them. Such was the case with Dina Litovsky's shoot of Richard Baker. Coupled with Jason Kirby's engaging tale of how the 39th governor of Hudson's Bay Co. is transforming the centuries-old icon into something Canadians will barely recognize (check out "It's the end of the Bay as we know it" on page 40), it was cover gold.

/Dawn Calleja

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THE GLOBE AND MAIL*

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Magnetic storytelling

The story of a former cop whose software helps catch the worst kind of criminals ("*To catch a predator*" by Jason McBride), and Dawn Calleja's Editor's Note about its pending sale to a U.S. private equity firm, generated plenty of letters, including one from shareholder Jim Balsillie.

There are a number of inaccuracies in the Editor's Note regarding Magnet Forensics and my role. The proposed merger with Grayshift strategically positions Magnet Forensics for future success of the company and its technology, which is good news for customers and employees. Magnet Forensics' CEO is ready to lead the merged company from Waterloo; the controlling shareholders, who are Canadians, are rolling a majority of their equity and are committed to grow the company to the next level. Mergers of this kind bring positive economic spillover effects to Canada, including: wealth creation effects, tax remittances, management expertise for ecosystem dynamism and increased employment. It will improve global public safety and provide innovative Canadian-built solutions for combating crimes such as terrorism, human trafficking and child sexual abuse. Magnet Forensics will continue to generate and commercialize new intellectual property from Waterloo and continue to realize enormous economic benefits for Canada. That's the kind of outcome I will continue to champion.
—Jim Balsillie (Waterloo, Ont.)

In a world now greatly affected by technology that invades our privacy, allows the theft of our identity and wealth, and promotes the spread of harm to children and hate to others, here is one program that does so much good. Jad Saliba is not just to be admired, but celebrated for his humanity. Adam Belsher and Jim Balsillie show us again how well-placed Canadian entrepreneurs can make a difference in the world. **—Jeffrey W. Lee**

The U.S. is 10 times our size, and richer to boot, so it would make sense that in the combined U.S.-Canada marketplace, more than 90% of acquirers will be American. And they pay good money, which often finds its way to grow Canada's tech industry further. Fretting about American acquisitions of Canadian tech companies reveals a zero-sum mindset. We should be thrilled to have such an enthusiastic and wealthy source of investment right next door. I'd much rather they buy our companies rather than hire away our engineers. **—Petigrove**

And another one bites the dust...When will Ottawa wake up and change the rules of business in Canada so Canadian companies can stay and be world leaders? It is shameful that for all our intelligence and innovation, we cannot scale up on a world level. Sweden can. Norway can. Germany can. If this does not deserve the full federal government attention, nothing does. Can you imagine the wealth that could be spun off all these companies if they just stayed Canadian? **—BMC9689**

That's rich

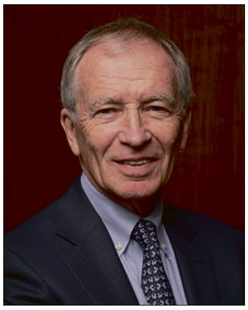
Trevor Cole's feature interview with Jim Pattison generated a flood of comments, some glowing; others, not so much.

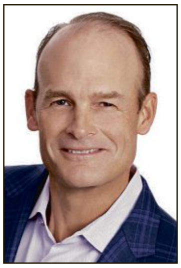
If I were that brilliant, I would be more tempted by Bill Gates's later-stage life model: after making his money, applying that capability to resolving more philanthropic issues. People often talk about the money Gates has donated, which is great, but more than that he chose to leave his business in capable hands and dedicate the rest of his life to leading change elsewhere. Now that is a life well led. **—gettingreal**

I spent Expo 86 supervising a crowd-control crew. On most mornings, I'd take a quick stroll around our portion of the site, making sure everything was in place. Jim Pattison would often take VIPs on a tour before opening, driving them around in a big, open Cadillac convertible. He'd usually stop and chat for a minute or two. Smart to talk to the folks on the front lines to get first-hand knowledge of the state of things. I was well aware of Pattison's rep as a ruthless, driven boss, but I have to admit, it was hard to dislike him personally after those encounters. God help me, I even got him to autograph my hat one morning, something that kind of shocks me now. Hard to believe he's still at it, 37 years later. **—Eric Dolphy**

Correction

In the March Editor's Note, Jim Balsillie was incorrectly named as a controlling shareholder of Magnet Forensics. Magnet will continue to operate in Waterloo, Ont. And the mission of Balsillie's Centre for International Governance Innovation is to "influence policy makers to innovate."



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NEW RULES

Get your game on

04/23

You can't read about a high-powered exec or Hollywood A-lister these days without hearing a gush of praise for pickleball. If you're not familiar with the sports craze sweeping the globe (*where have you been?*), it's best described as a low-impact cross between tennis, badminton and ping-pong. The game was created by a trio of dads outside Seattle back in 1965, and it's finally having its moment. Major League Pickleball, established in 2021, is now up to 24 teams, with superstar backers known for slightly more vigorous pursuits.

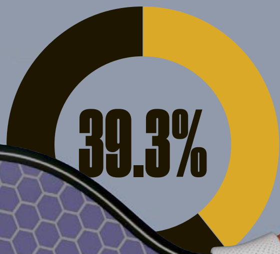
4.8 MILLION

Number of Americans who now play pickleball

$1 MILLION

Cash prize for the inaugural Pickleball Slam on April 2 that features tennis legends André Agassi, John McEnroe, Andy Roddick and Michael Chang (in US$)

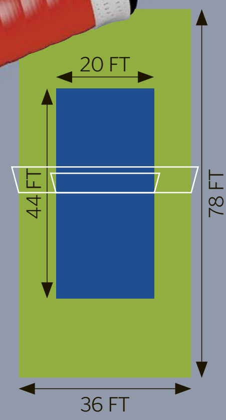
GROWTH OVER TWO YEARS, MAKING IT AMERICA'S FASTEST-GROWING SPORT



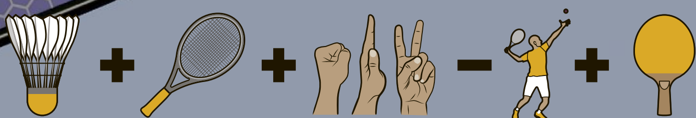
CBS SPORTS
ESPN3
FOX SPORTS
TENNIS CHANNEL

Have all announced plans to broadcast the sport in various capacities

TENNIS VS. PICKLEBALL
The nets are lower than in tennis and the courts are roughly one-third the size



PICKLEBALL MATH

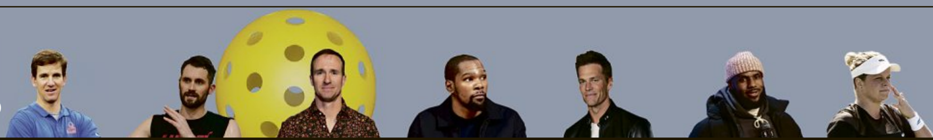


CELEBS WHO PLAY

Emma Watson
Daniel Dae Kim
Luis Guzmán
Sugar Ray Leonard
Bill Gates
Leonardo DiCaprio
George Clooney
Michael Phelps
Jamie Foxx

PICKLEBALL LINGO **BANGER:** a player who hits hard shots **THE KITCHEN:** the area on either side of the net

A FEW OF THE ATHLETES WHO OWN PRO PICKLEBALL TEAMS



ELI MANNING | KEVIN LOVE | DREW BREES | KEVIN DURANT | TOM BRADY | LEBRON JAMES | KIM CLIJSTERS

ILLUSTRATION BY MURAT YUKSELIR; ISTOCK; (STONE) JOHANNES EISELE; (KIM) DANNY MOLOSHOK/AP; (GUZMAN) EARL GIBSON III/GETTY; (LEONARD) THEO WARGO/GETTY; (GATES) OLE BERG-RUSTEN/AP; (DICAPRIO) JOEL C RYAN/AP; (CLOONEY) VIVIEN KILLILEA/GETTY; (PHELPS) ETHAN MILLER/GETTY; (FOXX) JOE MAHER/GETTY; (MANNING); JEFF BOTTARI/GETTY; (LOVE) MARTA LAVANDIER/AP; (BREES) CINDY ORD/GETTY; (DURANT) CHRIS CODUTO/GETTY; (BRADY) JON KOPALOFF/GETTY; (JAMES) ROB GRAY/AP; (CLIJSTERS) MATT MARTON/AP

THE EXCHANGE

Not-so-dismal scientist

Manulife's chief economist, Frances Donald—who returned from maternity leave in the midst of one of the most exciting periods in economic history—got into the business to help regular people better understand the financial decisions that shape their lives

BY TREVOR COLE

Around Valentine's Day, the chief economist for Manulife Investment Management used her Twitter account to share a poem she'd penned: "🌹Roses are red/💐Violets are blue/Central banks will say they are "reducing demand"/When really they are trying to unemploy you.💘" That tweet goes a long way to explain both the popularity of Frances Donald's Twitter feed and how she views her role in the national economic conversation. Canada's youngest chief economist when she was appointed by Manulife in 2019 at age 33, Donald is a demystifier. She wants to punch holes in the intimidating walls that separate regular people from the financial systems and decisions that affect them. To that end, she keeps up a steady back-and-forth on social media and makes regular appearances on all the financial TV networks that matter, both in Canada and the United States. In her everyday job, she promotes the value of diverse perspectives in economic decision making, and she's ready and eager to question the status quo. That includes the role of Canada's central bank, where she began her career as a research assistant 15 years ago. Amid her regular travels between Boston, Toronto, New York and London, we caught up with Donald at her Montreal base.

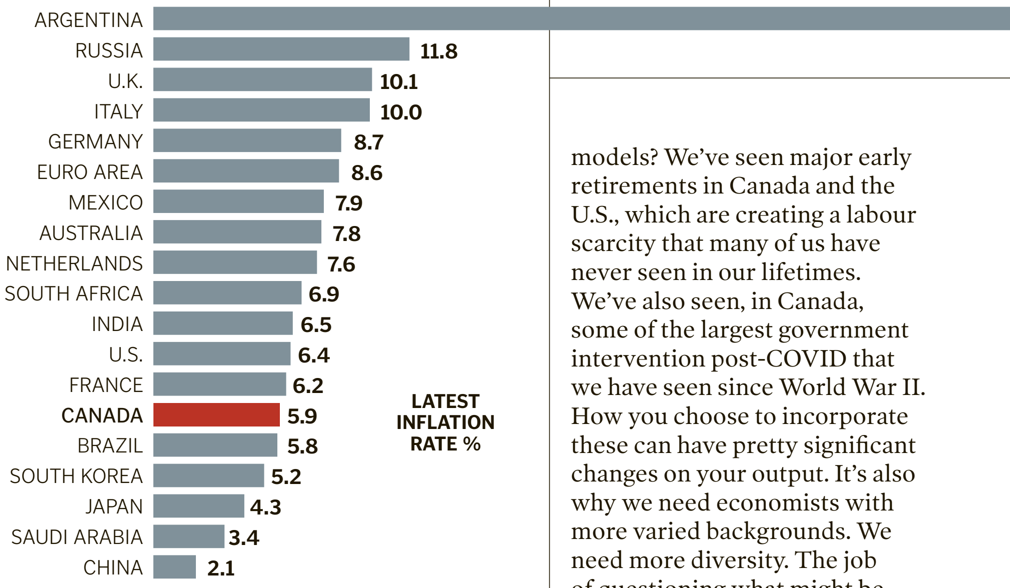
You've been on maternity leave for five months. (1) How happy are you to be back in the world of liquidity traps and lagging indicators?
We are in the middle, I think, of one of the most exciting periods in economic history. And what a privilege and highlight of my life to be at the centre of it, when we get to question what history can teach us, but also which playbooks we need to throw out.

It's a confusing time. Recently a senior economist at the Center for Economic and Policy Research in the U.S. said, "Everyone's scratching their head to some extent… We're really kind of shooting in the dark." How can central banks come up with coherent policy in an environment like this?
The biggest challenge for central banks is their mandate. There's often a misconception that the Bank of Canada is a government entity. It's not; it's a Crown corporation. But the government has given it a job: to control inflation between the 1%-to-3% band. The problem is that, in the postwar period, we've leaned on central banks to control and define our business cycles. We've asked central banks to cure us of what ails us, to help us when we needed help, and to cool things when we've needed things cooled. But as we progress into this new economy, particularly the post-COVID-19 economy, we're asking central banks to solve problems they cannot solve. In the next several years, all Canadian policy makers will have to reassess both how much we rely on central banks and what we ask central banks to do. Or else we're potentially going to create more harm than good.

You tweeted recently that you fear markets are too complacent about growth and inflation. What makes you fearful?
Every leading indicator we have tells us that we are likely to face a recession in 2023, potentially later in the year, or into 2024. Now lately, a lot of experts look at strong job growth and strong consumer spending and say, "How could we possibly be in a recession?" The challenge is that some data points lead and tell us where we're going to be in six to 12 months, and some data points lag, or are coincident, and explain only where we are now. Indicators that lead tend to be things like the housing market, yield curves or how much credit banks are willing to provide. Indicators that lag include things like consumer spending and jobs. If I'm going to make the case that Canada will evade a recession, I have to make the case that every leading indicator that told us in the past that a recession was coming is no longer valid. There are certainly a lot of things about the current environment that are different than they have been in the past. But to ignore these warning signs completely, I think, is ill-fated.

What's your best guess for where inflation will be by the end of this year?
We're probably going to continue to see prices rise by 3% to 4%. But importantly, we need to move away from this idea of, "How much inflation do you see?" and start asking, "Where are we going to see inflation?" A lot of the inflation we believe will still remain in the next few years is going to be driven by themes like deglobalization, climate change, ESG concerns, the search for alternative fuel. These are global trends that raise prices everywhere, and they are

PHOTOGRAPHS OUMAYMA B. TANFOUS



not interest-rate sensitive. The Bank of Canada can hike interest rates all it wants. It's not going to suddenly give us access to the bread basket in Eastern Europe. It's not going to cure the avian flu that has decimated chicken flocks and led to egg prices rising. We're in a situation where we're asking monetary policy to solve problems it cannot solve, and putting the weight of curing us of higher prices on one entity. And if we ask the central banks to do that, their only method to achieve this mystical 2% is to decimate prices in the areas that they are capable of controlling, and leaving the prices they can't control floating high. So, 2% inflation is a general guidepost, but it's more and more irrelevant.

Could rate hikes actually exacerbate inflation?

Some elements of inflation are higher. Mortgage interest costs are up 21% right now on average, and higher for Canadians with variable-rate mortgages. So we're actually seeing inflation in the the CPI basket (2) rising because of those interest-rate increases.

You're calling for a delayed and deeper recession in 2024. But the CEO of Bank of America, and many others, disagree. So, who's right?

Well, I like to think I'm right, but there's certainly a lot of opinions on this topic. There is always pressure in this field, Trevor, to have a bold, exciting call. It gets you interviews like this one, and people pay attention to what you say when you're saying something that's different. My biggest fear in the next one to two years—on a global basis, U.S. economy in particular—is that we may or may not hit a so-called technical recession, often described as two quarters of negative growth. We may be in for something more challenging, which is a prolonged period of low growth. We may see an environment with very low growth, but still unemployment rates that are not particularly worrisome. We may see a recession in which labour hoarding is the defining feature, and companies try to cut costs in other ways. Probably we are going to have to re-evaluate how we think about this word "recession." Frankly, I think we're going to be discussing whether or not the next 12 months will be a recession for the next 10 years.

When construction engineers look at their numbers, they can usually agree on whether the bridge will stay up. Why can't economists look at numbers and agree?

Well, there is a lot of science in economics, but there's also an element of art. We are in the business of predictions, and we have to make assumptions in order to develop these forecasts. You may have heard the joke: 20 people were lost at sea, and only one survived—an economist. Someone asks: "How did they survive?" Answer: "They assumed a boat." So, as an economist, you begin with a rich history of models and correlations. But we also need to constantly question whether our correlations and our models are fit for today's economy.

We're living with a global pandemic and war in Ukraine. How can we apply old economic rules to these new conditions?

This is exactly the point. A good economist is going to start at the beginning—what would be true if this were a normal situation—and then try to extrapolate what isn't normal. What is different today that breaks the economic models? We've seen major early retirements in Canada and the U.S., which are creating a labour scarcity that many of us have never seen in our lifetimes. We've also seen, in Canada, some of the largest government intervention post-COVID that we have seen since World War II. How you choose to incorporate these can have pretty significant changes on your output. It's also why we need economists with more varied backgrounds. We need more diversity. The job of questioning what might be wrong with the way we think about things requires different perspectives we just don't have.

You're the global chief economist for Manulife, so when you look at the globe, what are the economic trouble spots?

The inability to predict what is ahead is, for me, the real troublemaker. There's two in particular that weigh on me. One is geopolitics. It has a human element to it, and humans are much more difficult to predict than widgets on a conveyor belt. The second is the long-term implications of COVID, both the public health components of it, but also, did it produce one-off changes in behaviour, like work-from-home? Or did it produce sustained changes to the way we function as a society?

China has been a great driver of economic prosperity for a number of years. How much can we count on China, into the future?

Earlier in my career, I was advised to devote myself to Chinese economics, because if you could nail the China credit cycle, you could get a lot of things right. That is still partially true. China's the second-largest economy in the world, so what happens there will impact the global economy, but that relationship is lessening over time. Some of that is due to China's growing service sector and its focus more on its domestic economy. As we think about China's reopening, the sectors that have

1. Donald and her husband are the parents of two boys, a five-month-old and a five-year-old.

2. Canada's Consumer Price Index charts the changes in prices of a fixed basket of goods and services—from non-durable goods like groceries and gasoline, to semi-durable goods like clothing and car parts, to durable goods like furniture and appliances, and finally to services like insurance premiums and dental care.

to do the most catching up are largely domestically focused, as opposed to global in nature.

As an economist and as a mom, what worries you most about Canada's economy, beyond inflation or recession?

Housing affordability is huge. We have to come at it through a variety of approaches. One of the biggest is going to be shifting the Canadian psychology. We're on several decades now of this concept that home prices always rise. I remember when I was younger my father telling me, "Frances, buy a house you can't afford, because home prices always rise, and your income always goes up." He's not with us anymore, but I wish I could tell him how faulty that advice was. The U.S. is still recovering from the psychological impact of 2008—that prices can decline. Canada did not experience that reset. In Canada, there are some areas where the market's already reheating, because now it's "a good time to buy." So, this concerns me.

Some economists predict Canada will have the lowest GDP growth in the G7 in the next year or so. Do you agree?

It's entirely plausible, and that's largely because our economy is very interest-rate sensitive, largely because of the share of housing in our economy. The Bank of Canada spent the last year being very hawkish, hiking rates quickly. So, just the pure math of it suggests Canada could have the lowest GDP growth in 2023. However, does it have the lowest GDP growth in 2024 and onward? There, I think we may come out looking a bit stronger. Canada has one of the most educated populations in the OECD. We have what economists like to call high human capital, which is just a good way of saying we're all pretty smart. We have several functioning industries. We have a growing tech industry. There's a lot of upside for our economy. This is, no doubt, going to be a rough patch, and it's going to hurt a lot of Canadians who are already feeling the brunt of it. But I am more optimistic when I think about where Canada can be in five to 10 years.

Let's talk about you for a minute. What drew you to the field of economics?

I worked very hard as a child and young adult to be a violinist. Then I broke my hand. Economics was a backup degree for me. When I was 17 or 18, someone gave me the book *Freakonomics*. (3) It put together all of the social sciences—history, psychology, sociology, geography and political science—and basically said, you can develop a system of thought that helps you understand this incredibly complicated world. Later, I began to realize just how many interesting things you could do with an economics degree, from policy to finance to academia. When I had my first job working in finance in New York, I became exhilarated by the idea that financial markets were like watching our economy's heart monitor. You were seeing the economy live and breathe in real time. Then I began to realize that, generally, people felt alienated and disconnected from economics and finance. I thought we needed to start inviting people into the economics conversation, so they could contribute and understand what was going on around them. I decided, if I can help make the field more accessible, while maintaining my connection to financial markets and policy, this is what I want to do with my life.

3. The 2005 bestseller's full title is *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*, by economist Steven Levitt and *New York Times* journalist Stephen Dubner.

So, part of your job description at Manulife is "thought leader." What goes into that role?

Often economists in the private sector are viewed as thought leaders. And the title of chief economist tends to come with this unspoken responsibility to contribute to the conversation. I would say it's my side gig to strive to be a thought leader who expands beyond that and contributes to policy discussion. I've felt very strongly for many years that Canada needed accessible and affordable childcare. When I started talking about that, I would get vicious personal attacks on social media. Fast forward, and Canada has passed game-changing policies that integrate accessible and affordable childcare across the country. And those who had been opposed to the concept were suddenly saying, "Yeah, that makes good economic sense." When you start to see yourself have very tiny drops of influence in some of these bigger discussions, you realize just how powerful this otherwise somewhat lame term "thought leader" really is.

When the time comes, and your two boys tell you they want to be economists, what advice will you give them?

I will tell them, what a wonderful degree. And then for Christmas and birthdays, I will buy them history books, psychology books, political science books, physical science books, and I will remind them that we are better thinkers and thought leaders when we take a holistic approach to the world.

This interview has been edited and condensed.

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

170 MILLION That's how many people follow Li Jiaqi, a.k.a. the "Lipstick King"—China's most famous live shopping influencer—on the Taobao platform. In a 12-hour livestream in 2021, Li generated $1.7 billion in sales

ILLUSTRATION SAM ISLAND

BIG IDEA

Living the stream

The next big disruptor in Canadian retail could be "live shopping," wherein social media influencers promote and sell brand-name goods directly to consumers

The young influencer's pose is both iconic and ubiquitous: Modelling a fashionable sundress, she turns one way and then the other, with only the presence of the smartphone held steadily at collarbone level to indicate the snippet is a selfie shot in front of a mirror.

What differentiates this clip from countless others on Instagram, TikTok or other social media platforms, however, is the presence of a "Buy Now" button on the screen that enables the viewer to instantly purchase the dress. The clip is part of a series, each with the same young woman modelling different items, which originated in a livestream broadcast—the weird re-emergence of appointment TV's immensely popular shopping channel offerings, but projected out into the boundlessness of e-commerce.

On burgeoning platforms like WhatNot, a so-called "live shopping" marketplace, consumers can tune in to hundreds of such promotions, each featuring influencers pitching a wide range of products—everything from cosmetics to action figures—in real time. Geoffroy Robin, chief operating officer of Montreal-based Livescale Technologies, a six-year-old company that offers live shopping services to global brands like L'Oreal, says a rapidly growing number of vendors are embedding "live" into their own websites, many featuring pros with experience selling on live TV who can host "events," in some cases 12 to 14 times a day.

This hybrid channel, he explains, surfaced before 2020 but was turbocharged by the enforced isolation of the pandemic and seems to have become a staple of consumerism in Asia. "This is a solution that is merging and unifying retail and e-commerce," Robin says. "What we've seen before the pandemic is that among our clients, these teams were working in separate silos. Live shopping is really putting the glue in between these two teams."

The global retail sector has operated in a state of permanent discombobulation ever since a meteor named Jeff Bezos fell to Earth and killed off those dinosaurs we once knew as department stores. This particular fad, which may be the next megatrend, seems to be the latest chapter in the long-running narrative about how we shop.

Canadian brands and retailers should take note. "Livestreaming shopping is an emerging business," says Ruhai Wu, an associate professor of marketing at McMaster University's DeGroote School of Business. "The growth speed is fascinating." Indeed, live shopping sales in China exceeded $US500 billion in 2022 (up from US$18 billion annually in 2018 or 2019) and accounts for as much as one-fifth of Chinese e-commerce, according to some estimates. Live shopping revenue in the U.S. currently stands at about US$50 billion and is predicted to grow, albeit more slowly, says Wu.

For those so inclined, there are now dozens of live shopping platforms and apps, as well as the inevitable lists of top live shopping sites and online explainers filled with advice that's both helpfully specific ("Partner with the right influencers") as well as impossibly general ("Strategize your on-platform selling approach"). Service firms like Livescale, which offer live shopping services for big brands, scout for influencers, provide technical support and help vendors create "engagement," such as polls, chat or other features.

This story begins with the deafening noise in e-commerce, which is nothing new. Searching any platform site, but especially the likes of eBay and Amazon, yields a list of options as daunting as any Google search. And the consumer decision-making process is complicated by the myriad ways in which both platforms and vendors have muddied the digital waters with fake reviews, gamed ratings and, in

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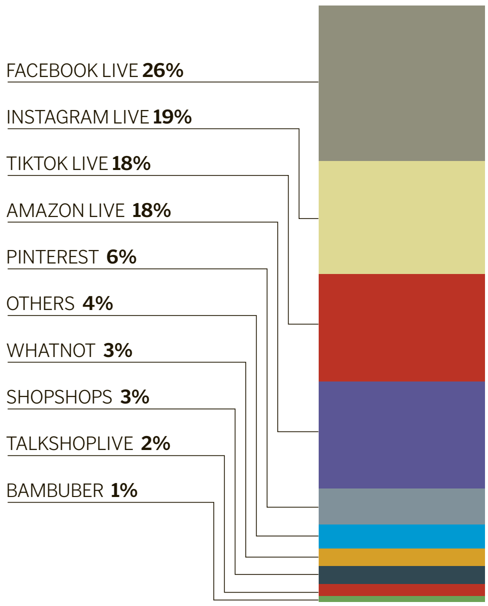
Amazon's case, algorithms that preference the company's white-label brands or those that have paid to make sure their goods float to the top of a search.

“It's against this backdrop that live e-commerce has a huge role to play by maybe making it easier for you to find the right product by having more authoritative sources—like a livestreamer—tell you where to go,” says Shreyas Sekar, an associate professor of management at U of T's Rotman School of Management. Influencers have a built-in incentive to be fairly straightforward with their audience, says Sekar, because they risk losing followers if the recommendations turn out to be duds.

PREFERRED PLATFORMS FOR LIVESTREAM SHOPPING IN THE U.S.



SOURCE: THE INFLUENCER MARKETING FACTORY, NOV. 2022

The consumer appeal, says Wu, has a few layers, none of them all that new. The immediacy of a livestream video showing an actual human being demonstrating a product is a kind of relatable and enticing antidote to the firehose of the big platforms. At this relatively early stage of live shopping's evolution, there are also a lot of rank amateurs, so the videos have an appealing DIY quality: They tend not to be slick, and the production values are, well—think Crazy David's cheesy carpet ads from back in the day, or anything Bad Boy has ever done.

Yet as Robin points out, the trick to live shopping isn't just about content; it's about shifting consumer behaviour. “The audience needs to get used to this type of transaction,” he says. “We talk about habits and creating the habit among the audience overall for livestream [shopping] to keep growing in the West.”

Wu has observed three approaches to live shopping in the Chinese market: those run by the employees of smaller e-commerce sites; ones featuring celebrities; and clips churned out by professional influencers to their followers. In terms of the latter, some will be sponsored by brands. Robin adds that his firm and others basically offer white-label solutions to brands: live shopping events that stream on brand websites, but are produced separately.

The techniques and strategies are also evolving rapidly, a kind of highly dispersed trial-and-error process to determine whether the live shopping sweet spot is, say, an impulse buy—cool sunglasses!—or the pointy end of a multichannel digital marketing strategy that includes a lot of pushing elsewhere on social media.

Different sites are experimenting with the optimal time of day to hold live shopping events—7 p.m. to 11 p.m. is the most popular—but Wu's research team has also gathered evidence suggesting that savvy influencers tend not to use a static time slot. “We've found that when they stick to a consistent schedule, the show's performance actually drops.”

Then there's the payments technology piece. “Online cash transfers and digital transfers picked up very early in China, but they were picked up much more slowly in the West,” says Sekar. “China is leaps and bounds ahead of the U.S. and Canada when it comes to innovating in e-commerce.”

The e-commerce giants, needless to say, are acutely aware of the potential existential threat posed by live shopping, and most have introduced features that allow consumers and influencers to create and access such events. Facebook, whose Marketplace has become a huge buy-sell space frequented by younger consumers, is trialling its live shopping service in the U.S. and Thailand, while Shopify and Amazon have both launched their own versions.

Facebook has even published a livestream shopping “mobile onboard guide,” which walks users through the back-end and set-up steps, and includes helpful advice like, “Pro tip: We recommend posting to your timeline because many people watch live shopping videos after the event has happened.” Live, it would seem, needn't be taken literally.

It remains to be seen whether this variant of e-commerce catches on in Canada, which was notoriously slow to twig to e-commerce. Robin urges retailers and vendors to experiment with this channel, and to try out a handful of live shopping events to see what sticks. “You can easily go live with just a smartphone,” he says.

This emerging approach, predicts Wu, “will re-shape the whole retail industry, absolutely.” Large players like Walmart and Best Buy are being forced to respond, but he adds that small bricks-and-mortar businesses, including those that discovered Shopify in recent years, shouldn't overlook both the risk and the potential.

Those small vendors and their employees need to change their jobs, says Wu: “They need to become influencers.” As Sekar jokes, “Maybe we'll all become livestream suppliers.” **/John Lorinc**

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Kellie Rabak
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Women lead here

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REPORT ON BUSINESS
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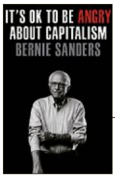


7-WORD BOOK REVIEW

It's OK to Be Angry About Capitalism
by Bernie Sanders

Look out billionaires, progressives are rising up

WHAT YOU CAN LEARN FROM...

Pamela Anderson

When the Hulu series *Pam & Tommy* dropped last year, it purported to be a feminist retelling of Pamela Anderson and Tommy Lee's '90s sex-tape theft scandal, focusing on the brutal fallout for her life and career instead of the puritanism and cheap jokes that coloured the day's coverage. The trouble is, the show left Anderson out of the storytelling yet again, forcing her to reckon once more with a part of her life she'd hoped to put behind her. In 2023, she's telling her story on her own terms, having just released the book *Love, Pamela* and the Netflix documentary *Pamela, a love story* in quick succession. There's a lot to learn from Anderson's story. **/Josh O'Kane**

1 Stand your ground

Anderson never accepted a penny from the many offers she and Lee got to publish authorized versions of her sex tape. Unlike her *Playboy* photoshoots, which she'd chosen to do and found empowering, the private tape was stolen and released without her permission. She sought to set a precedent, putting privacy rights and consent at the forefront of her battle. The fact that she later dropped a high-profile lawsuit against one major distributor to focus on her family was widely misconstrued as settling. "We never settled on anything," she says in the Netflix doc. "We just told everyone to get lost."

2 THE RIGHT CHOICE CAN BE THE TOUGHEST

After Lee was sentenced to six months in jail in 1998 for assaulting Anderson, she wrote a letter to her son, Dylan, who was just nine months old. Being with the father of her children had been important to her, but Lee had destroyed their trust. "I would rather be alone than live with that abuse again," she wrote in the letter. Anderson and Lee later separated.

3 REMEMBER WHERE YOU CAME FROM

After a lifetime in the spotlight, Anderson returned to her home of Ladysmith, on Vancouver Island, a few years ago to spend time with her elderly parents. The move proved fruitful for her well-being. "I've always come home when I have some trouble going on, and I always kinda know what I'm doing when I leave," she says. "It's, like, the truth serum."

4 Find a cause

Constantly peppered with questions about her body and sex life, Anderson learned to deflect and draw attention to a cause she would spend much of her life fighting for: the ethical treatment of animals. "I was already getting teased and made fun of; I wanted to take that and use it for good," she told the filmmakers. Say what you want about PETA's divisive tactics—Anderson drew constant attention and countless dollars to the animal-rights group.

5 Try something new

As the Hulu series about her darkest moments rolled out in 2022, Anderson got an unexpected offer: to play the leading role of murderer Roxie in a Broadway rendition of *Chicago*. She embraced the chance to try something new in her 50s, throwing herself into a harried series of rehearsals and dance and vocal lessons. In *Pamela, a love story*, she seems to find parallels between her life and Roxie's: "Her dream isn't to be famous. Her dream is to be respected, to be seen, and to have freedom."

ASK AN EXPERT

What's the "tech skills gap" and how do I bridge it?

This year, the suddenly ubiquitous presence of AI chatbots shook many of us to our core; even *The New York Times*'s tech columnist was left "deeply unsettled, even frightened" of the futuristic bot. Our collective stomach knot is the "tech skills gap" felt to its fullest. Even Dave McCann, president of IBM Canada, deals with the phenomenon constantly. "At its most basic," says McCann, "this is a supply-and-demand issue, where the near-term future demand for tech skills far outweighs the supply of skills that exists in the market." But even if it feels that way, the problem isn't you sucking at Zoom. "The human element is only one small part of the equation," says McCann. "Here's where you usually hear about re-skilling or up-skilling talent, but we're rethinking ways to do that better." Among IBM's plans to close the gap are skill-sharing —"rather than steal another company's talent, we could pool and share it"—and learning options like a new York University program where students are simultaneously full-time employees who can collect a salary. Both represent (human) process in action, so before you assume the worst about inevitable computer overlords, try McCann's infectiously positive take on change: "This challenge is a great opportunity to come together and build a better workforce."
/Rosemary Counter

PHOTOGRAPH ROY ROCHLIN/GETTY; ILLUSTRATION JOE MCKENDRY

DECODER

Flights of fancy

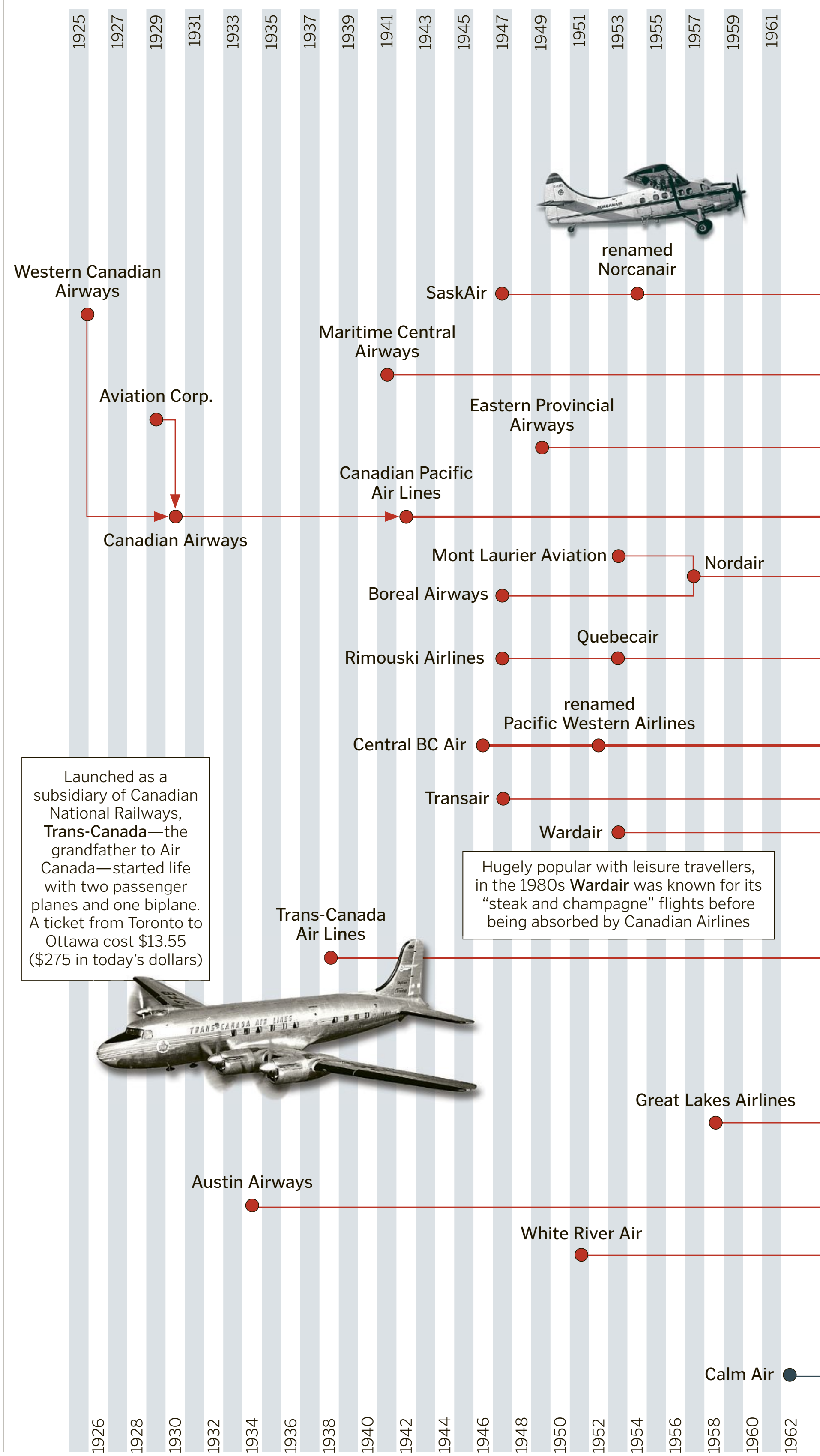
The skies are getting crowded. With the extreme turbulence of the pandemic largely behind it, Canada's airline industry has begun to find its wings. On any given day, the number of passengers moving through Canada's largest airports ranges from 90% to 95% of what it was during the same period in 2019. And those passengers are, on average, paying considerably more than they were a year ago—the latest inflation data for January showed the cost of air travel was up roughly 14% from 2021.

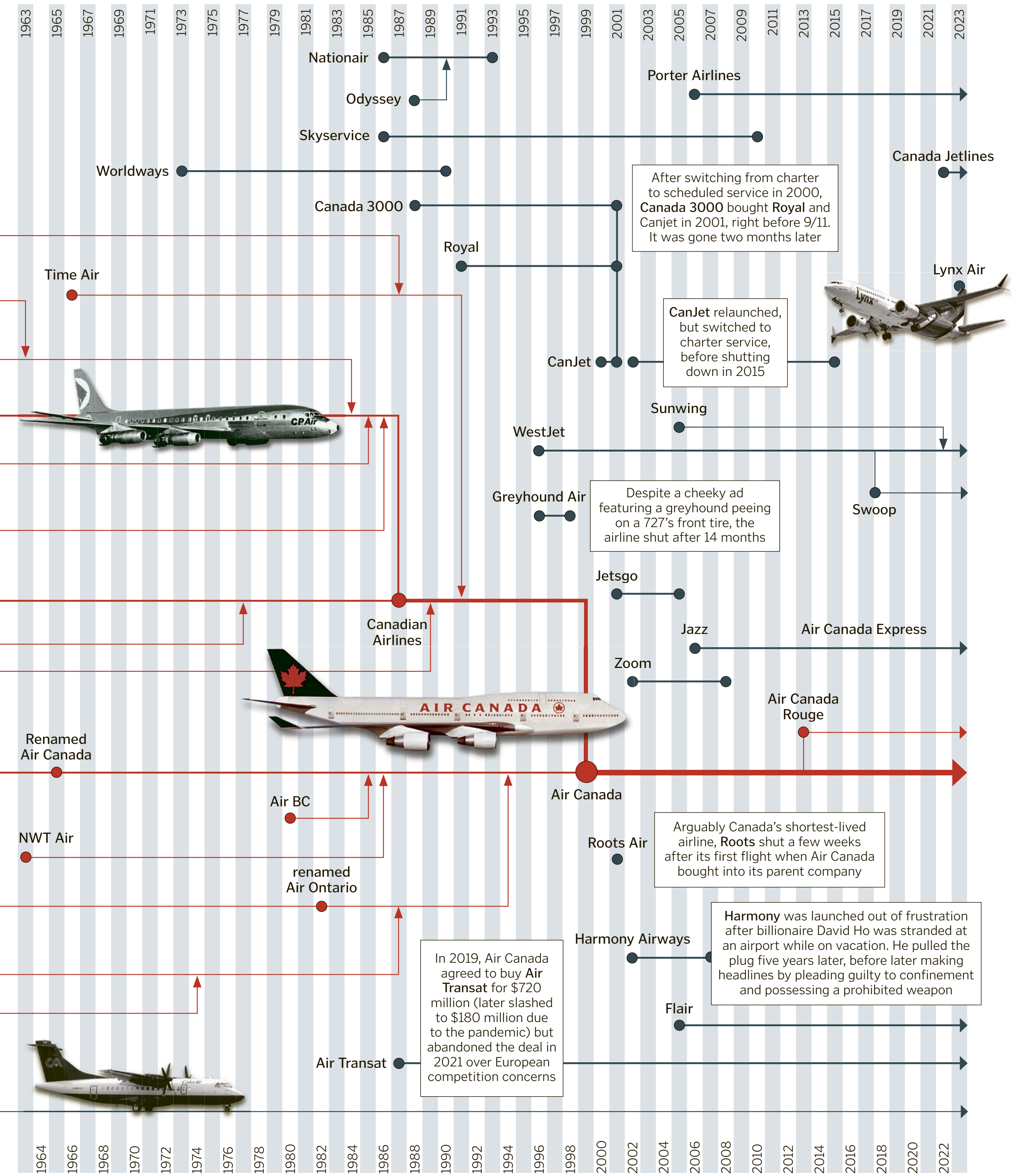
Which helps explain Canada's latest airline boom. Over the past year, several low-cost carriers have taken to our skies (or will in the coming months), namely Canada Jetlines, Lynx Air and Iceland's Play airlines, which will start flights from Hamilton to Europe in June. That's on top of WestJet's Swoop, which began flights in 2018.

Meanwhile, Toronto-based Porter Airlines, which has been flying regional turboprops out of the city's small downtown airport since 2006, is now directly challenging Air Canada and WestJet with long-haul commuter-jet flights out of Pearson International Airport.

Canada has seen waves of discount airline launches before, and it's an unforgiving industry. As this timeline of airline startups and consolidation shows, many an entrepreneur's dream has been dashed. (There's a reason Richard Branson once quipped, "If you want to become a millionaire, start with a billion dollars and launch a new airline.") Roots Air, Greyhound, Jetsgo—we hardly knew you.

Despite those examples—and the lawsuits, stranded passengers and shattered fortunes that sometimes followed in their wake—startup airlines are pushing ahead. Depending on their success, more may choose to join them, eager to tap into the frustration Canadians have with the duopoly maintained by Air Canada and WestJet—which together control roughly 85% of the market—and the higher airfares that come along with it. **/Jason Kirby**

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Time Air
CanJet relaunched, but switched to charter service, before shutting down in 2015
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Sunwing
WestJet
Greyhound Air
Despite a cheeky ad featuring a greyhound peeing on a 727's front tire, the airline shut after 14 months
Swoop
Jetsgo
Canadian Airlines
Jazz
Air Canada Express
Zoom
Air Canada Rouge
Renamed Air Canada
Air Canada
Air BC
NWT Air
Roots Air
Arguably Canada's shortest-lived airline, **Roots** shut a few weeks after its first flight when Air Canada bought into its parent company
renamed Air Ontario
Harmony Airways
Harmony was launched out of frustration after billionaire David Ho was stranded at an airport while on vacation. He pulled the plug five years later, before later making headlines by pleading guilty to confinement and possessing a prohibited weapon
In 2019, Air Canada agreed to buy **Air Transat** for $720 million (later slashed to $180 million due to the pandemic) but abandoned the deal in 2021 over European competition concerns
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SMART MONEY

ROBERT TAYLOR

SENIOR VICE-PRESIDENT AND CHIEF INVESTMENT OFFICER
CANOE FINANCIAL LP

Robert Taylor enjoys playing a game of pickup hockey and knows how to skate to where the puck is going, not to where it has been. The portfolio manager applies that strategy to picking stocks, too. He avoids crowded trades and seeks companies with potential value surfacing in the future. So far, he's scoring. His $1-billion Canoe Equity Portfolio Class fund gained 6% in 2022, when the U.S. and Canadian markets sank into the red. This Canadian-focused equity fund, which he co-runs with Sajan Bedi, has also outpaced the S&P/TSX Composite Total Return Index for nearly 10 years. We asked Taylor, 50, why investors need a new playbook now and why he's bullish on MEG Energy.

You advise ditching the old investment playbook. Why?
Over the past decade, low interest rates and significant central bank intervention led to growth stocks, such as technology plays, doing well. But we are moving into a higher interest-rate period, with inflation remaining high. The 40-year bond bull market is over, higher-multiple stocks will see valuations compress, and index investors are likely to find the next decade challenging. Stock picking, which benefits active managers, and value investing will be key for the next decade. This trend started last year, but it won't be in a straight line. Growth stocks have bounced since the start of the year, but that's not sustainable. I think we are also moving into a bull market for commodities.

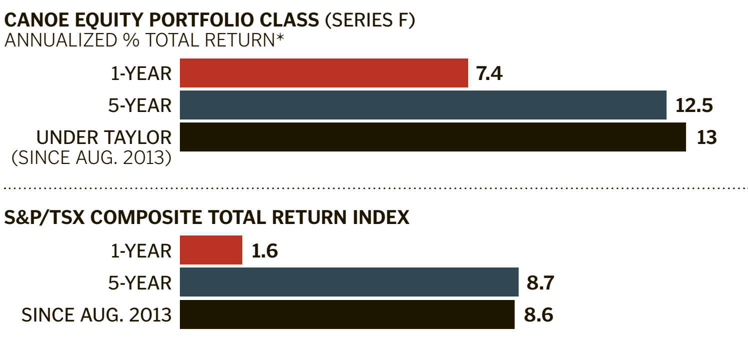
What is your outlook for North American markets?
We expect a choppy year as higher rates and inflation make their way into earnings expectations. Markets could be strong for the first half but give up some gains in the back half. Canada is in the early innings of outperforming the U.S. market over the next decade. It is less exposed to expensive growth stocks and is cheap relative to the U.S.

Why are you bullish on the oil and natural gas sector?
We think energy prices are higher for longer. Companies are returning cash to shareholders, and stocks are cheap. Oil prices likely have a floor between US$70 and US$80 per barrel. The mid-cycle price could be closer to US$100 in a strong economic recovery. For gas, the long-term opportunity is as a transition fuel for renewables because it can be a source of baseload power for the electricity grid. A much warmer winter has caused gas prices to fall sharply, but they should move higher in anticipation of a more normal winter in 2024. Significant liquefied natural gas plant capacity coming onstream will also lift gas prices closer to global levels, which are higher than in North America.

You like MEG Energy, a mid-cap oil sands play. What's the attraction?
MEG is a Canadian heavy-oil producer constrained by a lack of pipeline capacity. It should get a boost from higher future oil prices. It will also benefit from the narrowing of the Canadian heavy-crude price differential to West Texas Intermediate crude in 12 to 18 months. That's when it gains access to world markets because of the Trans Mountain pipeline expansion. We think the market will also pay a higher value for MEG because of its abundant reserves relative to peers, and it could be a potential takeover target.

Given that your fund owns Agnico Eagle Mines and Barrick Gold, what's your outlook on gold?
We own these miners because we view them as an insurance policy. They can act counter to other equities during periods of stress. Higher metal prices are possible because the U.S. financial position is likely to deteriorate as it rolls over its debt at higher interest rates and the costs of social programs rise with an aging population. The U.S. dollar could come under pressure, which is generally good for gold.

Where are you finding opportunities win the U.S. market?
We bought FedEx more recently. The courier's earnings are depressed after a shipping boom during COVID-19, but they should improve as the economy recovers. Its biggest competitor is UPS, which has higher margins and has historically been better run. But FedEx can also cut its costs to increase its margins and move into a period where its earnings power could increase dramatically. **/Shirley Won**



*RETURNS TO JAN. 31, 2023; SOURCE: MORNINGSTAR DIRECT

PHOTOGRAPH PASCAL LEE

Sabrina Liak, president and CFO of Kits Eyecare

WOMEN LEAD HERE

Our fourth annual benchmark of gender diversity in corporate Canada celebrates 90 companies with an average of 46% women in executive roles. That's progress. But only 6.6% of Canada's largest publicly traded companies have a woman at the top (up one measly percentage point from 2020), and at the rate we're going, we won't reach top-level parity for another four decades. To put it bluntly, we're not moving nearly fast enough. Here's how to fix it.

BY DEBORAH AARTS

PHOTOGRAPH BY JENNILEE MARIGOMEN

WHATEVER HAPPENED TO BUSTING THE GLASS CEILING?

▶ Jennifer Wong got a job as a style adviser at an Aritzia store in Vancouver in 1987. She was keen, green and tenacious—having ricocheted, resumé in tow, to the then-young chain's Robson St. outpost immediately after being turned down for a gig at its location at the Oakridge Centre mall—and she quickly found in the company her professional home. Within three years, she was managing at the store level; a year after that, she moved to corporate, where she gradually accumulated new responsibilities and seniority. Her 20th Aritzia-versary marked her C-suite debut as chief operating officer; in 2015, she added "president" to her title. Last year, when founding CEO Brian Hill retired, Wong took over the top job. Today, she oversees a profitable and growing retail empire, with more than 100 stores, upwards of 6,500 employees and annual revenue of roughly $1.5 billion, from an office at Aritzia headquarters in Vancouver's Downtown Eastside—a few kilometres, and several pay grades, away from where her career began.

This kind of soaring professional arc doesn't happen by accident. Artizia now has more women in its leadership ranks, per capita, than any other large public company in Canada, a position made possible by a proclivity for promoting from within (many of its hundreds of long-tenured leaders started working in stores, as Wong did), a culture of mentorship (its Glassdoor reviews index is unusually high in stories of helpful managers) and—perhaps more than anything—intention. "Brian and I have always aligned in our belief in supporting women in leadership, as well as championing equal opportunity," Wong says. It is deliberate work to cascade that ethos into practice, but the results are decisive: With 73% of senior leaders being women, Aritzia can claim both progress and parity.

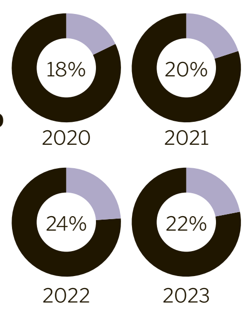
In that, it is an outlier.

Report on Business magazine's 2023 Women Lead Here report is meant to offer a snapshot of executive gender diversity in corporate Canada. For the fourth year, researchers evaluated the top three tiers of leadership of the largest publicly traded companies, measuring and verifying the gender breakdown of each—a review of more than 5,400 executives at 514 companies with at least $50 million in revenue.

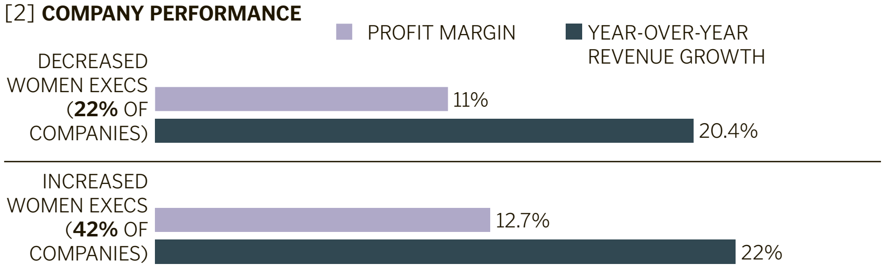
Looking closely at this data set, there are some glimmers of progress: For instance, 22% of executives identify as women, up from 18% pre-pandemic (but, it should be noted, down from 24% last year). **[1]** More companies are adding women than are sitting on the status quo—or worse, losing them. Moreover, organizations that are boosting gender diversity are outperforming those that aren't. **[2]** Many firms are doing a lot of good, hard work to create workplaces that encourage and support gender-diverse leadership; 90 (including Aritzia) are doing well enough to earn this year's Women Lead Here award.

But on aggregate, nearly every indicator of headway is minor, slow and, in the grand scheme of things, hard to cheer about. Take, for example, the share of companies with women CEOs—as visible a marker of equity as you can get. Yes, it's growing—from 5.5% in 2020 to 6.6% this year. **[3]** (For context, on this metric, Canada's companies fall smack in the middle of global comparables: higher than the 4% of the United Kingdom's FTSE 350 companies that are run by women, lower than the S&P 500, where the figure topped 10% for the first time this year.) But let's not bask in the comfort of relative adequacy: These are still absurdly small numbers. At this pace, there won't be parity in Canadian corner offices until 2066.

[1] **% OF WOMEN EXECUTIVES AT CANADA'S LARGEST PUBLICLY TRADED COMPANIES**



[2] **COMPANY PERFORMANCE**



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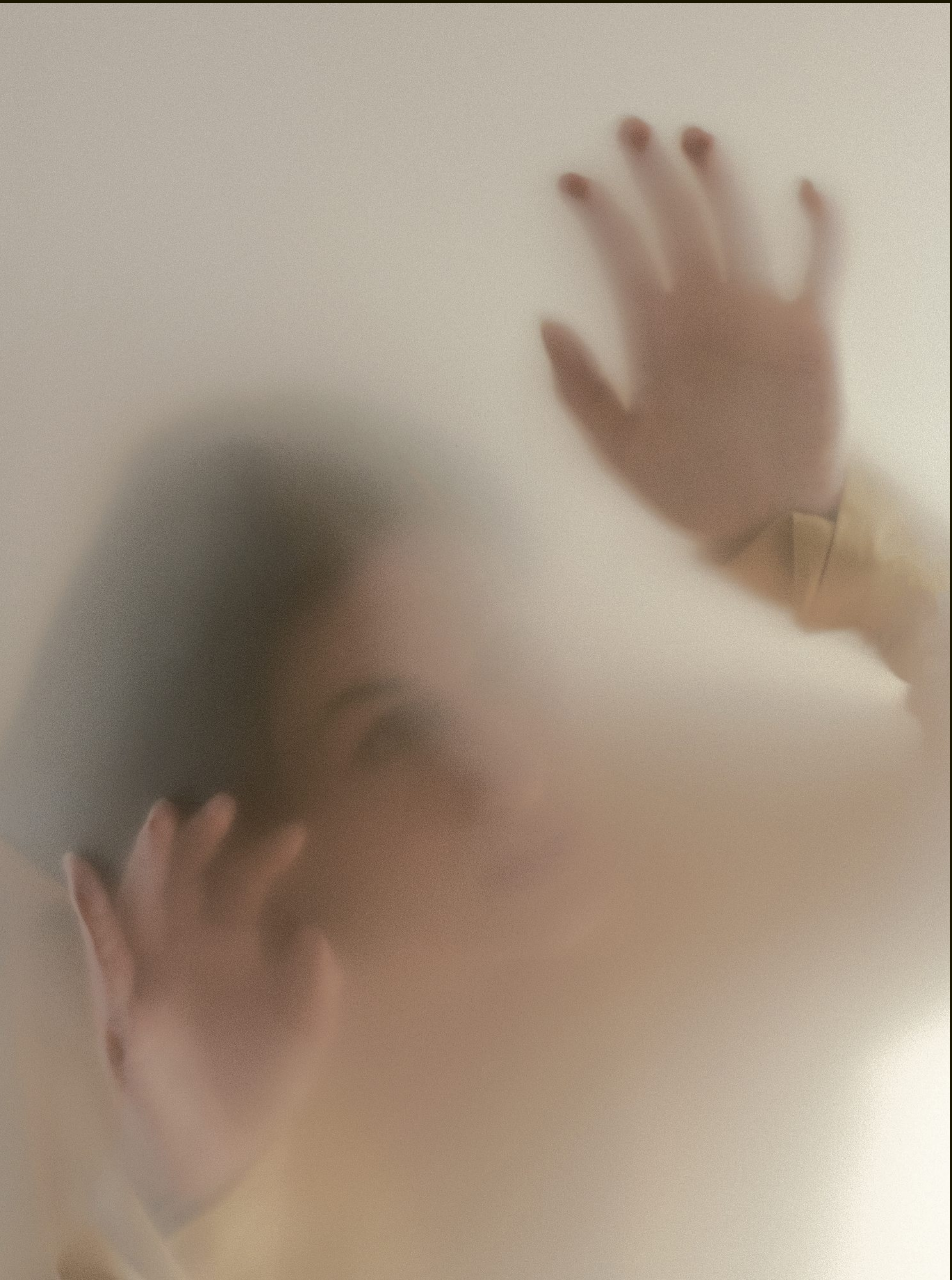
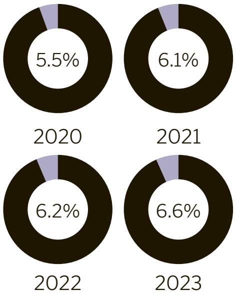


[3] **% OF CANADA'S LARGEST PUBLICLY TRADED COMPANIES WITH WOMEN CEOS**



Looking at the broader ranks of senior leadership, less than 9% of evaluated enof gender parity. **[4]** Astoundingly, more than one-fifth—21.6%, to be exact—have not a single woman in the top three tiers of their org charts. That's 111 big, publicly accountable businesses that are, very literally, boys' clubs.

This, despite the federal government's stated (and restated) commitment to advancing the economic prospects of women. This, despite years of "comply or explain"—a requirement, under the Canada Business Corporations Act, that public companies disclose policies and practices related to board and executive diversity. This, despite countless platitudinous talking points on countless careers pages and conference stages. "Not only has progress been very slow, but whatever progress there has been has primarily benefited white women," says Sarah Kaplan, a distinguished professor at the University of Toronto's Rotman School of Management and director of the school's Institute for Gender and the Economy. "You've got to do the work if you want to get better outcomes."

If corporations are serious about achieving gender-diverse leadership, they need to jolt the system with deliberate and meaningful changes—enact a bit of equity stimulus, if you will. How?

Here are four ways to start.

Record everything

The unlikely star of last year's International Women's Day was a bot. On March 8, 2022, a U.K.-based Twitter account using the @PayGapApp handle went viral by reposting corporations' self-congratulatory odes to gender equity with often-damning data about each organization's compensation inequities. Aside from ruining the days of a lot of blindsided PR teams,

Asifa Samji

HOW TO

BUILD EQUITABLE TALENT PIPELINES

Stantec doesn't expect women to magically appear in its pool of potential leaders. Instead, it deliberately works to stock it

Asifa Samji spends a lot of time thinking about pipelines. Not the physical, stuff-transmitting pipelines her employer helps develop and maintain, but the metaphorical, talent-acquiring type it depends on to staff its ranks. As chief people and inclusion officer at Stantec, it's a big part of her job to attract smart, qualified, motivated people into the fold—and to keep them there. And, as a senior leader of a company that trades in industries with acute gender imbalances, women are never far from her mind. "Our goal has always been to ensure women have an equal opportunity for advancement," Samji says, "not an unfair advantage."

Yet as of 2020, only one in five newly licensed engineers in Can-

PHOTOGRAPH BY JENNILEE MARIGOMEN

ada identified as female; the share is about 30% for architects and energy workers. With numbers like that, pipeline development can easily default to inequity. Layering this situation atop the not-great record of corporate Canada in lining up diverse leaders—women in senior leadership pipelines decreased by close to 12% last year across Canada's largest corporations, according to the Prosperity Project—helps to explain why Stantec doesn't leave the diversity of its talent pool to chance.

First, it's an executive priority. Stantec leadership made the strategic decision to prioritize gender equity several years ago, under then-CEO Bob Gomes and a watchful board committed to advancing the effort. This high-level engagement has yielded some highly visible markers of progress: The company is narrowing its pay gap; 43% of its C-suiters are now women and 28% are women of colour. Stantec has appeared on the global Bloomberg Gender-Equality Index for four straight years. Together, this tells an attractive story to aspiring and existing employees: This is a place where people from diverse backgrounds can thrive.

QUICK FIX ▶ Get your head out of the sand. Stantec measures everything, and Samji is an advocate for tracking gender diversity, too, even if the numbers suck. "Get the baseline of where you are," she says. "Have the courage to measure it and say, "Wow, we have a long way to go." Whatever mountain needs to be climbed, you can do it. But you have to start somewhere."

Second, it's strengthened at the grassroots. Even the most fervent executive imperative can lose its oomph outside the boardroom—especially in a global concern with 27,000-odd employees. To stimulate engagement from the bottom up, Stantec convenes employee resource groups (ERGs) devoted to gender equity. There are currently 36 chapters, in Canada and beyond. Their mandate is deliberately loose: It's up to members to brainstorm ideas that might benefit women within the company (from events to training to benefits), prioritize those they might want to see happen and build a business case for each. Only then does the organizational muscle kick in: An executive sponsor (each chapter has one) will help table—and, if successful, implement—the change company-wide. "These ERGs are a force to be reckoned with," Samji says, adding they carry the dual benefits of driving engagement and improving the relevance of workplace policies. "What's happened at the grassroots level—getting employees to drive culture-building around diversity—is just amazing."

Finally, it's not just an internal job. Stantec has made it a cause to attract more women to careers in STEM. And while the company on its own can't whip up a blueprint that will produce more female engineering, architecture and science grads, it can do things like create scholarships and paid internships for underrepresented people, double down on career fairs, and send its most accomplished senior women out to talk with students.

Over time, these factors are diversifying the pool from which Stantec hires and promotes. It's gradual work, but for Samji—who has been with the company for more than two decades—it's better to get it right than to get it quick. "When we started this journey, we took the approach that this was going to be a marathon, not a sprint," she says. "And for me personally, as a leader, I want to know that everything we're building in terms of culture, gender diversity and any kind of diversity is going to outlast me."

ILLUSTRATIONS BY ELENA VILTOVSKAIA

On learning

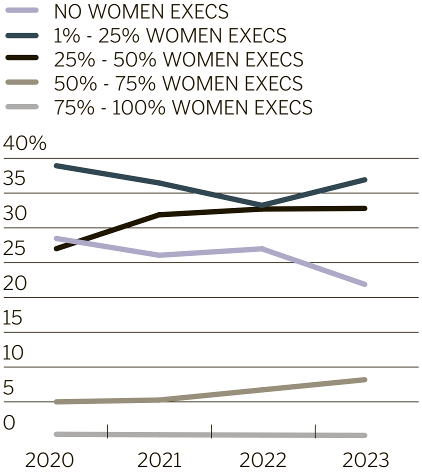
DAVID G. HUTCHENS,
President and CEO, Fortis Inc.

"When you're a CEO, you're basically never an expert, in anything. The job is to set the right tone for the organization's priorities and to make them clear. And there are things that only the CEO can do, to remove barriers to development opportunities and succession.

We have a diversity, equity and inclusion council, made up of senior-level executives from each of our subsidiaries, to make sure we are focused on this in the right manner across our entire organization. It was developed by Nora Duke, a fantastic woman on our executive team, and I think it has had a great effect on Fortis. When she retired last year, I said, 'I want to be the executive sponsor.' I want it to be absolutely clear that this is a priority—to set the tone at the top. But that's only half the story. The other half is that I want to be in that room, because I can still learn a ton. So for me, it's about listening to people and their views, and getting experts to come in and have conversations; and then figuring out how to apply what we learn across the organization.

One of the things I get most excited about is the ability to create value and a better workplace at the same time. You don't get to do that very often."

[4] **BREAKDOWN OF % OF WOMEN EXECS, CANADA'S LARGEST PUBLICLY TRADED COMPANIES**



the gambit—orchestrated by freelance copywriter and social media manager Francesca Lawson and software consultant Ali Fensome—laid bare how many companies hadn't done the work of examining their own performance, and/or didn't think anyone would call their bluff, and/or didn't care.

The incident spoke to the power of quantification, which remains a bugbear in many boardrooms. Some organizations hesitate to take stock of who's being hired, promoted, compensated fairly and leaving, using logistical complexity—or, often, fear of what they'll see—to justify inaction. Others bristle at the idea of setting targets, which can, in the assessment of gender-balance expert Avivah Wittenberg-Cox, "offend everyone's sense of fairness" and—more to the point—introduce the possibility of coming up short.

Yet, there isn't a business on Bay Street that doesn't run on metrics and goals; under the doctrine that what's measured gets managed, corporations track everything from customer engagement to financial risk to employee productivity. Gender equity should be no different, says Caroline Codsi, founder and chief equity officer of Women in Governance, a non-profit that helps women advance into leadership roles and operates a benchmarking program for companies seeking gender parity. "I'm not into pledges and hashtags and smoke and mirrors; I want concrete action," Codsi says.

Jane Gavan

HOW TO

SUPPORT PROMISING NEW TALENT

At Dream, executive sponsorship gives emerging leaders tools, connections and clout

As an industry, real estate doesn't have the best record of gender equity. Despite being a business built on the selling prowess of women—the majority of realtors identify as female—data from the U.S. National Association of Realtors indicates that women remain underrepresented in leadership roles. When you think of who's running the industry, your mind probably goes to the ruthless men of *Glengarry Glen Ross*.

In this context, the career of P. Jane Gavan is something of an

PHOTOGRAPH BY EBTI NABAG

anomaly. In 25-odd years with the Dream group of companies (which today comprises ownership in, or management of, four publicly listed vehicles, as well as private investment ventures, with Canadian assets under management of $23 billion), she's held some of the most senior roles possible. Yet, until relatively recently, at gatherings of industry peers, she was lucky to find another woman in the room. "We were unicorns," she says. "It was pretty lonely."

That is starting to change. In February, for instance, Cecilia Williams was named CEO of Allied Properties REIT. And across all Dream's businesses, nealry one-third of leaders VP and above are female; three of its five boards are chaired by women.

There's nothing organic about this evolution, in Gavan's view. Rather, it's the outcome of not only an encouraging "tone from the top"—she credits Dream co-founder (and current president and chief responsible officer) Michael J. Cooper as a "sincere, committed and focused" ally—but also a deliberate approach to sponsoring high-potential women.

QUICK FIX ▶ Use your clout
Dream encourages the law firms, banks and professional firms it works with that some women be assigned to the file—a raise-all-boats effort that also better sets up individual leaders for success. "When you're on a deal or you're in a room, you're not conspicuously unique," Gavan explains. "That helps."

Sponsorship is kind of like mentorship's Type-A cousin. If mentorship is about coaching and advice (that is, talking *with* a protégé), sponsorship is about providing resources and advocacy (that is, talking *about* that protégé). With the latter, the stakes are real: "The sponsor is putting their reputation and professional branding behind the protégé," wrote entrepreneur and organizational culture expert Janice Omadeke in a 2021 Harvard Business Review post, "meaning there's typically more risk to being a sponsor." This may explain why formal sponsorship programs are relatively rare in Canada, according to diversity, equity and inclusion research firm Coqual—but there is ample evidence elsewhere of their efficacy at accelerating the careers of women and people of colour.

It's certainly worked at Dream. For example, in 2011, Gavan was appointed inaugural CEO of Dream's (since-divested) international REIT subsidiary. As leader of the parent company, Cooper championed her appointment, and—once she was in the role—actively worked to create conditions in which she could thrive by, for example, making sure clients and partners knew they couldn't go around her to get to him. "A sponsor says, 'You have the authority to do this, and I'm going to make sure you succeed in the job,'" Gavan explains. "Having someone senior advocate for your career opens paths for success."

Over the years, Gavan has sponsored several emerging women within the organization. (Most of the company's top leaders do; it's codified in the governance documentation of its leaders and mentors committee.) Recently, Gavan asked a protégé what she thought about being a woman at Dream. "I don't," was the reply. The younger woman explained that her talent was recognized. She was getting great projects and had a clear idea of where she plans to go, career-wise. For Gavan, it was a moment that was both encouraging and validating. "I think the more women you see, the more women want to be part of something," she says.

On measurement

RICHARD MALTSBARGER
President and CEO, Pet Valu

"For me, approaching systematic improvement in diversity, equity and inclusion is just part of doing good business. Every month, we conduct a balanced scorecard review of our business. This past year, we explicitly added more metrics around internal promotions, to understand what proportion are going to gender and other forms of diversity, so we can monitor whether the people we're promoting are actually representative.

We also launched a program for up-and-coming leaders, people with longer-term potential. We select participants through annual talent reviews, from store managers through to the C-suite. In that process, we explicitly introduced a moment where we stop, step back and look at the overall picture of where people are placed within the talent matrix. Does this picture appropriately represent gender and other diversity across our organization? In other words, we pause to ensure our talent review is an inclusive process, and that we're not introducing any subconscious or other biases into our selections. And if we see an imbalance, we step back and ask ourselves: What could be causing that? Everything else we do is systematic: how we look at financial accounts, forecasting, process improvements, strategic initiatives. Why would diversity, equity and inclusion be any less systematic?"

"How do you plan to have an impact on a gap you've never measured? That you don't know the magnitude of? If you don't know where your pain points are? Data is key to better understand where they stand and where they want to go."

Rework work

In the ongoing debate about the future of post-pandemic work, one variable is becoming clear: Women want, or need, flexibility. According to McKinsey & Co. and LeanIn.org's 2022 Women in the Workplace study, the overwhelming majority of surveyed women—nearly 90%—preferred remote or hybrid work arrangements, compared to 77% of men; higher in the org chart, nearly half of women leaders cited flexibility as a top consideration in deciding to stay at an organization. "For the first time in my career, we're seeing people leaving and going to companies with a more generous work-from-home policy," wrote one vice-president responding to the survey. "So I dug into the data, and I realized something about every single person leaving. They were all women."

At the risk of stating the obvious, most—not all, but most—child- and elder-care responsibilities still fall to women, regardless of pay grade. "We have to be able to recognize that and how that impacts women's participation in the work environment," says Paulette Senior, president and CEO of the Canadian Women's Foundation. COVID-19 dramatically accelerated these domestic demands. It also proved that most white-collar or knowledge-economy professionals don't require nine-to-five (or eight-to-six) schedules to excel in their jobs; moreover, eliminating the time-sucks of commuting and business-attire grooming gave many overextended working women some much-needed breathing room to attend to their litany of personal responsibilities—a bit of slack they're loath to give up. As a result, businesses enforcing firm back-to-the-office mandates will struggle to advance gender equity. "Policies get in the way and push people out," Senior says. "I think any leader worth their salt, no matter what industry, should be considering what flexibility looks like within their environment, in a way that is important for the folks that they want to attract

Sabrina Liak

HOW TO

MODEL INCLUSIVITY

Flexibility is more than a talking point for the leaders of Kits Eyecare Ltd. It's a behaviour that attracts diverse talent and supports their best work

On a cool, cloudy morning in early February, Joseph Thompson was late getting into the office. He was on school drop-off duty and got caught up in traffic and the chaos of family life. He mentions this casually in conversation the way one might mention running into a client at the coffee shop or getting an update on sales numbers. An utterly mundane bit of business.

That's by design.

When Thompson co-founded Vancouver-based eyewear retailer Kits Eyecare Ltd. in 2018 with Sabrina Liak (president and CFO) and Roger Hardy (chairman and CEO), a major objective was to build a flexible workplace, the kind of place where

PHOTOGRAPH BY JENNILEE MARIGOMEN

“WE KNOW THAT WOMEN BEAR THE BRUNT OF POTENTIALLY BEING A MOM AND CAREGIVER IN THE FAMILY, AS WELL AS BALANCING WORK”

no one need hide, much less apologize for, the non-work demands on their time. This desire came in part as a reflexive rejection of buttoned-up corporate presenteeism (Liak had worked for a decade and a half at Goldman Sachs, and Thompson was a veteran of P&G and Amazon), and in part from practicality (all three founders have young kids). But more than that, the trio wanted their nascent workforce to be diverse from the jump—as the right thing to do, yes, but also as an unambiguous advantage as a consumer-facing business—and that meant designing a different type of work environment. “If we wanted to build a vibrant, diverse organization, we had to understand the vulnerabilities of those accepted or traditional processes, and be completely willing to break from them,” Thompson says. “We know that women bear the brunt of potentially being a mom and caregiver, as well as balancing work,” Liak adds. “And that’s a challenge.”

The focus at Kits is on outputs, not hours logged; the company is pretty lax about when and where folks work, as long as they get the job done. That in itself might not be especially unique, particularly in the post-COVID age. What stands out at Kits is that people take advantage of this at all levels of the org chart, even in the C-suite, even *among the men* in the C-suite. “We model it at the top,” Liak says. “And it’s not gender-specific.” Leaders can talk about flexibility all they like; if they’re showing up for 10-hour days, every day, it sets the tone for what behaviours are expected and rewarded. So when Liak ducks out early to go to a track-and-field meet, or one of Thompson’s kids makes an unexpected cameo on Zoom, it sends a powerful message that makes it a more attractive workplace for more people—more than half of the company’s senior leaders are women. “People see it and start to notice: ‘Wow, the business is performing at a very high level. Sabrina is performing at a very high level. Roger’s performing at a very high level. And they’re able to take care of their family and have a balanced life,’” Thompson says. “It becomes organic.”

QUICK FIX ▶ Shake up your interviews. Kits isn’t a fan of traditional boardroom job interviews, which don’t favour every personality or skill set, and often benefit men. Instead, company leaders often chat with prospective hires in a store or by walking through the company’s optical lab or over coffee in a neutral location. “Once we started, it was hard to go back to the boardroom, because we don’t get the same richness of discussion,” Thompson says. “Even outside of diversity, we find we get to know the candidates better.”

On meritocracy

MIKE CRAWLEY
President and CEO, Northland Power

“My philosophy has always been that hierarchy and titles mean something when you’re moving to execute on an initiative—you need some order and structure to make sure you don’t have chaos. But when you’re trying to problem-solve and come to a decision—which is a lot of the time—I’ve always been very clear that titles and seniority mean nothing. The loudest voice in the room shouldn’t be what dominates. You’re all equals around the table. The best idea should be the one that carries the day. And often, not surprisingly, the best idea doesn’t come from the loudest voice.

I like to bring in, and promote, people who have had to work hard to get to where they are. Those are the people who have the resilience and perseverance to have an impact. Open your mind up to what a leader looks and sounds like. It’s not just the loudest voice at the table, which I generally find is actually pretty shallow confidence. You have to look for people who are accomplished, results-oriented and driven. And I think that really broadens the diversity of leaders you’ll start considering.”

and keep. It is a clear and present challenge. Leaders have to wrestle with it and be intentional about doing so."

Reinforce with actions

When Frances McDormand and Dede Gardner approached Sarah Polley to write and direct the recent film adaptation of Miriam Toews' novel *Women Talking*, Polley was apprehensive. She'd made films before, and she couldn't see how the gruelling hours of standard set life would work with her life as a parent of three kids. But after talking it out, the trio came to a realization: If they were trying to make a movie about women, starring women, as women, perhaps they should do so in a women-friendly way. *Women Talking* was made with shorter shoot days and breaks to allow cast and crew to attend to caregiving responsibilities, with no deleterious effects on profitability or quality (the film was nominated for two 2023 Academy Awards, including Best Picture). The lesson here: Ideology doesn't count for much if it's not backed up with behaviour.

Applied to a non-film-set workplace, any organization that purports to support women must be willing to make changes to both policy and actions. Hybrid and flexible work presents the clearest challenge to this orthodoxy: Human brains love recency and familiarity, and early evidence suggests many leaders disproportionately favour those whose loafers log the most mileage on the office carpet. "Affinity bias creep is very real when somebody's in the office consistently and somebody else isn't," says Lara Zink, president and CEO of Women in Capital Markets. "If you are going to offer leaders remote work, you need to normalize it. You need to communicate that working remotely or on a hybrid schedule is not going to incur any kind of stigma or penalties. And you should not only be modelling the behaviour; you should be encouraging colleagues—especially male colleagues—to do it, too."

It's not easy. But in a tight labour market, with intense competition for skilled workers—especially leaders with experience—companies that dawdle in embracing women-friendly policies will feel it, and hard. "Women aren't leaving their jobs tomorrow.

Mona Malone

HOW TO

MAKE IT A HABIT

BMO boosts its women-friendly *bona fides* by making equity everyone's responsibility—not just HR's

It may seem obvious, but women want to work for organizations that support women. According to 2022 research from McKinsey & Co. and LeanIn.org, women are 1.5 times more likely than men to leave an employer for one with a better record on diversity, equity and inclusion. And that extends beyond a company's internal work (for instance, its HR perks and policies) and into what it does externally (for example, what it sells and who it serves).

"We take a holistic approach," says Mona Malone, the chief human resources officer and head of people and culture at BMO Financial Group. "That means eliminating barriers to inclusion

PHOTOGRAPH BY EBTI NABAG

“IF YOU SEE IT AS A SIDE INITIATIVE—OR WHERE JUST ONE LEADER ON THE TEAM IS RESPONSIBLE—YOU’RE NOT GOING TO HAVE SUSTAINED CULTURAL CHANGE THAT’S MEANINGFUL”

in the workplace, yes, but also in the community more broadly.”

Now, BMO deals in money, so prioritizing the economic potential of women as underserved investors, underfunded business owners and underestimated caretakers of household budgets has a clear business imperative. But when the bank allocates $5 billion to fund women-owned companies, or launches national initiatives to help women start businesses and improve financial literacy, it also has the knock-on effect of helping recruit, retain and advance more women, says Malone, who joined the bank in 1996 after reading about then-CEO Tony Comper’s task force on the advancement of women, and whose own career has arced around three maternity leaves, two sabbaticals and a few years working part-time. “If you really believe that you’re trying to make a more inclusive organization, bank and society,” she says, “then tackling those issues is really, really important.”

Embedding this way of thinking into a sprawling organization of some 46,000 employees across three operating groups is a big job—which is exactly why it’s no one person’s job. The bank’s DEI steering committee comprises senior leaders from different areas of the bank, who collaboratively define the strategy and track progress. “It’s HR-supported, but it’s not HR-led,” Malone says. “That’s really important. If you see it as a side initiative—or where just one leader on the team is responsible—you’re not going to have sustained cultural change that’s meaningful. It has to be a shared accountability, across the leadership team.”

QUICK FIX ▶ Apply clear eyes. Every year, BMO conducts a review of the benefits it offers employees using what Malone describes as “lenses of inclusion,” a practice that has resulted in more effective support for such measures as fertility treatments, surrogacy, adoption, and gender-affirmation surgery.

On targets

JEAN PAUL CHAUVET
CEO, Lightspeed

“My job is, ultimately, to provide safety; to provide a space for women where they feel they can be themselves, that they’re supported, that they have access to leadership. It’s easy to say, and a lot of people talk about it, but you have to live it.

I’m a strong believer that if you look at numbers, they will magically improve; if you set objectives, you naturally orient the company toward them. We need to treat gender diversity in the same way: If we are serious about it, we have to deal with it by looking at numbers. As an example, we have two open board positions right now. It’s clear to everybody that the people who fill them are going to be women. And so, from the start, from working with the headhunters to reviewing the first resumés to interviewing, it’s clear: We have set an objective, and we’re going to hit the objective.

If you look at successful companies, they have diverse workforces. Of course, there are those who are dragging their feet and those at the forefront, but I think over time there is only one direction this is going. And we do not want to be a laggard.”

They're leaving them now," Zink says. "So employers can't afford to delay."

Reframe the opportunity

As diversity, equity and inclusion has become a buzzword, it has also, to many, become a bit of buzzkill—yet another thing to account for to increasingly scrutinous shareholders. Because the levers that drive change on this front can be complicated and time-consuming, and because progress isn't immediately obvious, a certain fatigue can take hold, even among otherwise well-intentioned allies. "I think many people want diversity to be something that you do, and then you're done," says Rotman's Sarah Kaplan. "And my message is: No, you literally have to be thinking about it every single day."

This shouldn't be a bad thing. Not only does thinking of gender equity as a chore yield hollow results—from token hires to leaky talent pipelines to weak support structures—doing so obscures the greater potential. As Kaplan explains, the policies that drive diverse teams tend to also accelerate creativity and productivity, such as, for example, measuring people on what they produce instead of how many hours they spend hunched over a laptop. "Imagine what could happen if we treated diversity with the mindset of an innovation challenge, as opposed to, *Oh my god, one more drag*," she says. When organizations embrace the mental shift of seeing equity as a thing they *get* to do—not a thing they *have* to do—it creates, in Kaplan's view, "a huge opportunity."

Of course, this framing doesn't insulate Aritzia, nor the 89 other 2023 Women Lead Here honourees, from the vagaries of capitalism. Gender-diverse leadership on its own won't balance books or bolster market share or smooth out the bumpier bits of doing business. (Indeed, some companies on this year's list have announced layoffs since research wrapped; others have seen high-profile women depart.) Gender equity is not magic, but neither is cutting emissions, cleaning supply chains, nor any other opportunity to go where customers and regulators appear to be going. To paraphrase Leslie Knope paraphrasing Teddy Roosevelt, it's hard work that's worth doing.

So let's do it.

HOW TO

SET A TARGET THAT MEANS SOMETHING

Sun Life expects its leadership ranks to reach gender parity within two years—and it has a meticulously thought-out plan to get there

It doesn't take much digging on the Sun Life website to find it: By 2025, the financial giant plans to reach gender parity among all leaders at the vice-president level and above.

It's a big goal, on a tight timeline, even for a company farther along than most—according to *Report on Business* magazine's research, 42% of the people in Sun Life's top three tiers of leadership are women. "We developed it knowing it would be an ambitious target," acknowledges Helena Pagano, the company's executive vice-president and chief people and culture officer.

But don't let "ambitious" read as "delusional": The development of Sun Life's target was as scientific as an actuarial table. Pagano and her colleagues analyzed its normal turnover rate—that is, how many people enter and exit Sun Life in the course of normal business. They reviewed promotion data: who'd moved up, who was due to move up, where there were opportunities to improve. They factored in the growth of the business, as well as the effect of acquisitions. And they layered atop all this number-crunching a crucial screen: Where, in all this, might complacency take hold? "Our goal in setting these targets was to create some change that stretched us beyond the status quo," says Pagano. "And that's how we came to parity."

QUICK FIX ▶ Think like a candidate. Like many organizations, Sun Life encourages diverse-slate hiring—that is, ensuring that candidates from a range of backgrounds are considered for every open job—and it has many measures in place to make sure it happens. But it also considers the candidate experience: "I'm the diverse candidate, coming up against a non-diverse panel, how do I feel about that?" Pagano explains. "You need diversity on both sides."

Once Sun Life set the goal, it chose not to hedge by burying it in the fine print of internal reports. You'll find the 2025 target in the company's reporting, on its careers page and, well, in magazine articles like this. A higher profile "embeds accountability," Pagano explains, while also attracting diverse talent into the mix: "I hear it from candidates, particularly female candidates. They say, 'It matters to me that I can look and see that I'm represented in the leadership ranks.' It's a sign of commitment."

And for business leaders still skittish about committing to gender targets, Pagano offers a thought exercise: "Would you not set a financial plan?" she asks. "Would you say, 'We're all good people, we're trying hard to make money, let's not set a financial plan and see how that works out?'"

PHOTOGRAPH BY EBTI NABAG

Helena Pagano

HONOUREES

With an average of 46% women comprising their executive ranks, these companies offer a benchmark for others

COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	YEARS INCLUDED ON THE LIST	YEAR-OVER-YEAR % WOMEN CHANGE
Algonquin Power & Utilities Corp.	Utilities	No	44	3	Increased
Allied Properties REIT	Real estate	No	39	2	Increased
Amerigo Resources Ltd.	Mining	Yes	67	3	Flat
Arc Resources Ltd.	Energy	No	33	1	Increased
Aris Mining Corp.	Mining	No	40	1	Increased
Aritzia Inc.	Retail	Yes	73	4	Increased
Artis REIT	Real estate	No	60	2	Increased
Atco Ltd.	Energy	Yes	36	2	Increased
Atlas Engineered Products	Industrial products	No	67	1	N/A
Badger Infrastructure Solutions Ltd.	Industrial	No	40	1	Increased
Bank of Montreal	Financial services	No	42	3	Flat
Bank of Nova Scotia	Financial services	No	42	3	Decreased
BCE Inc.	Communications	No	33	1	Increased
BMTC Group Inc.	Retail	Yes	67	4	Flat
Boardwalk REIT	Real estate	No	40	4	Flat
Boat Rocker Media Inc.	Media	No	60	1	N/A
Canada Goose Holdings	Retail	No	43	1	N/A
CIBC	Financial services	No	40	2	Increased
Canopy Growth Corp.	Cannabis	No	50	1	Increased
Capital Power Corp.	Utilities	No	43	4	Flat
CGI Group Inc.	Technology	No	35	1	Increased
Chartwell Retirement Residences	Real estate	No	67	3	Increased
CI Financial Corp.	Financial services	No	38	1	Increased
Cogeco Communications Inc.	Communications	No	43	3	Flat
Colliers International Group Inc.	Real estate	No	60	3	Increased
Corus Entertainment Inc.	Media	No	47	4	Flat
Dream	Real estate	Yes	46	4	Increased
Enerplus Corp.	Energy	No	30	1	Increased
Extendicare Inc.	Long-term care	No	50	2	Increased
First Quantum Minerals Ltd.	Mining	No	40	2	Increased
Fortis Inc.	Utilities	No	42	4	Flat
George Weston Ltd.	Retail	No	56	2	Increased
GFL Environmental Inc.	Waste management	No	40	1	Flat
Green Thumb Industries Inc.	Cannabis	No	38	2	Increased
H&R REIT	Real estate	No	43	4	Decreased
Hexo Corp.	Cannabis	No	57	1	Increased
Hut 8 Mining Corp.	Cryptocurrencies	Yes	43	1	N/A
Indigo Books & Music Inc.	Retail	No	53	4	Increased
Information Services Corp.	Business services	No	60	4	Increased
Intact Financial Corp.	Financial services	No	40	3	Increased
K-Bro Linen Inc.	Business services	Yes	67	4	Flat
Keyera Corp.	Energy	No	43	1	Increased
Killam Apartment REIT	Real estate	No	50	4	Flat
Kits Eyecare Ltd.	Retail	No	53	2	Decreased
Knight Therapeutics Inc.	Health care	Yes	63	2	Decreased
Laurentian Bank	Financial services	Yes	30	3	Increased
Lightspeed Commerce	Technology	No	38	1	Increased
Lucara Diamond Corp.	Mining	Yes	57	4	Decreased

COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	YEARS INCLUDED ON THE LIST*	YEAR-OVER-YEAR % WOMEN CHANGE
Lundin Mining Corp.	Mining	Yes	31	4	Decreased
Mainstreet Equity	Real estate	No	67	4	Flat
MCAN Mortgage Corp.	Financial services	Yes	50	4	Decreased
MDF Commerce Inc.	Technology	No	45	3	Flat
Morguard Corp.	Real estate	No	50	1	Increased
Northland Power Inc.	Utilities	No	50	2	N/A
Miravo Healthcare	Health care	No	40	3	Flat
Open Text Corp.	Technology	No	33	1	Increased
Organigram Holdings Inc.	Cannabis	Yes	50	3	Decreased
Ovintiv Inc.	Energy	No	50	2	Flat
Pason Systems Inc.	Energy	No	30	2	Flat
Pembina Pipeline Corp.	Energy	No	33	1	Increased
Perpetual Energy Inc.	Energy	Yes	33	3	N/A
Pet Valu Holdings Ltd.	Retail	No	54	2	Decreased
Prairie Provident Resources Inc.	Energy	No	40	4	Decreased
Prairiesky Royalty Ltd.	Energy	No	50	4	Flat
Primaris REIT	Real estate	No	40	1	Flat
Q4 Inc.	Technology	No	60	1	N/A
Quisitive Technology Solutions Inc.	Technology	No	43	2	Increased
Reitmans [Canada] Ltd.	Retail	No	54	4	Decreased
Ritchie Bros. Auctioneers	Industrial services	Yes	33	2	N/A
Rogers Communications Inc.	Communications	No	45	2	Increased
Roots Corp.	Retail	Yes	43	4	Decreased
Sienna Senior Living Inc.	Real estate	No	50	3	Decreased
Slate Grocery REIT*	Real estate	No	40	1	Increased
Slate Office REIT*	Real estate	No	40	2	Increased
Softchoice Corp.	Technology	No	33	1	Increased
Stantec Inc.	Engineering and consulting	No	38	2	Increased
Storagevault Canada Inc.	Storage facilities	No	50	3	Increased
Sun Life Financial	Financial services	No	42	4	Flat
Tamarack Valley Energy Ltd.	Energy	No	38	1	Increased
Tecsys Inc.	Technology	No	36	1	Increased
The Real Brokerage Inc.	Technology	No	40	1	N/A
Thunderbird Entertainment Group Inc.	Media	Yes	60	2	Flat
Timbercreek Financial Corp.	Financial services	No	38	3	Decreased
Titanium Transportation Group Inc.	Transportation	No	50	2	Flat
Torex Gold Resources Inc.	Mining	Yes	43	4	Decreased
Total Energy Services Inc.	Energy	No	33	3	Flat
Transcontinental Inc.	Business services	No	40	2	Increased
True North Commercial REIT	Real estate	No	50	1	Flat
Urbana Corp.	Financial services	No	67	2	N/A
Yellow Pages Ltd.	Communications services	No	40	4	Flat

*Slate Grocer REIT and Slate Office REIT are publicly traded but part of Slate Asset Management, which is not included in the benchmark because it is a private company. In cases where a REIT is owned by a public parent company, the parent company was evaluated

METHODOLOGY To create the 2023 Women Lead Here list, *Report on Business* magazine assessed approximately 500 publicly traded companies in Canada with annual revenues greater than $50 million. Companies were evaluated from November to December 2022 on their executive teams. Our researchers evaluated each company's top three tiers of executive leadership, while measuring the ratio of female-identifying to male-identifying individuals at each tier. Tier 1 is CEO or equivalent; Tier 2 is C-suite, president or equivalent; and Tier 3 is generally EVP, SVP or equivalent. In the assessment process, we contacted each company by email to confirm the data's accuracy. We then applied a weighted methodology, considering the company's profitability, revenue growth and three-year return. The diversity of an executive team was also considered, as was the year-over-year comparison of female representation in the executive ranks. We then assigned each company a score and applied a final screen to the top quintile: Companies with fewer than 30% of overall executive roles held by women were excluded, as were companies with only one woman-identifying executive. Research by Fiona Collie, Liza Agrba and Allan Tong

IT'S THE END OF THE BAY AS WE KNOW IT

And Hudson's Bay Co. governor Richard Baker feels fine. Better than fine, actually—to hear him tell it, he's returning the faded icon to a level of glory not seen in decades, even centuries. But what about its flagging Canadian retail operation?

BY JASON KIRBY
PHOTOGRAPHS BY DINA LITOVSKY

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Richard Baker, the 39th governor of the Hudson's Bay Co., clearly relishes the title, not to mention the history, that comes with owning North America's oldest company. Fifteen years after the American real estate dealmaker first won control of the storied retailer—a stretch of time that makes him the sixth-longest-serving governor in HBC's 353-year history—it doesn't take much to get him going on the links he sees between past and present. Baker has visited the company's archives in Winnipeg multiple times, met with Cree leaders at one of HBC's oldest fur-trading posts in northern Manitoba, and delved into the journals of the adventurers "who set out on a ship called the *Nonsuch* to travel where their safety wasn't secured in a life that was going to be challenging but adventurous."

"That entrepreneurial spirit is still in our DNA," Baker says. "That's how we think."

It's worth noting that as Baker evokes HBC's perilous frontier roots, he's relaxed on a leather couch at the Philippe Starck–designed L'Avenue restaurant, situated in the luxurious Saks Fifth Avenue flagship store in Manhattan, which Baker also owns through HBC. (Taylor Swift sightings are common, and the cast of *Saturday Night Live* sometimes parties here after filming the show steps away at Rockefeller Center.) Moments earlier, while whisking through the Saks shoe department clad in a vest, shirt, pant and shoe combo from designer Thom Browne, Baker stopped in his tracks to try on a pair of US$2,400 rhinestone-studded Prada shoes. "These are awesome," he gushed.

But back to that rugged line Baker draws connecting those early adventurers to the company of today. HBC may once have laid claim to one-quarter of North America's land mass, the 57-year-old businessman observes, but things have never been better. "The Hudson's Bay Co. is at the greatest value and financial strength it's ever been since 1670," he boasts, adding the private company's audited financial statements put its equity at US$6 billion.

Come again?

If you happen to be a Canadian retail analyst or, for that matter, a shopper who has set foot inside a Bay store recently—a considerably smaller cohort than before the pandemic, let alone a decade ago—"strength" is likely not a word that springs to mind.

In January, Hudson's Bay laid off around 250 corporate employees from its Canadian retail operations, followed in February by the closure of two more of its 84 Bay stores, in Edmonton and Banff, Alta. And HBC has recently been making headlines for its plan to revive the defunct Zellers brand inside two dozen Bay locations, which has sparked heaps of nostalgic curiosity on social media but also head-scratching from some retail observers who consider it a sign of desperation. When Baker talks about boom times at HBC, it's almost like he's talking about another company entirely.

That's because he is, more or less. The HBC most Canadians think of when they hear the name—the national department store chain with flagship outposts in Vancouver, Calgary, Toronto, Ottawa and Montreal—well, that's a dwindling part of HBC today. How small? "A teeny weeny, tiny bit," Baker says, holding his thumb and index finger an inch apart. "It's around 15% of the overall value of HBC—which, by the way, is just as it should be, because being a department store retailer isn't necessarily a road map to great success."

It's a frank, albeit startling, admission, and one that will no doubt feed the widely held view in the retail community that Baker is a real estate developer, not a retailer. But it also reflects a profound shift in the business that began when HBC was still a publicly traded company and has accelerated since Baker took it private in early 2020, after a messy battle with hedge funds.

As Baker sees it, today's HBC is "an investment company at the crossroads of real estate, operating companies and digital companies." HBC's luxury brands, Saks Fifth Avenue and its off-price cousin, Saks Off 5th, have benefited immensely from the spending surge among U.S. consumers during the pandemic. The company has real estate development projects underway in a number of cities. It also now controls Convene, a flexible meeting and workspace business with more than three dozen sites across the United States and Great Britain. Meanwhile, HBC is preparing to launch a cloud services business that evolved out of its Saks e-commerce operation to provide supply chain management, HR and other back-end infrastructure to third parties.

And to quote a refrain Baker utters a lot these days, "There's more to come."

"I plan on being the governor of the Hudson's Bay Co. until the day they put me in the ground," he says. "When they do, I promise the strength and viability of the HBC will be as state-of-the art and contemporary as any other company in North America."

The only question is how much of a role that other HBC, the one Canadians are familiar with, will play by then.

IF A VOYAGEUR would scarcely recognize HBC today, it's safe to say a lot of folks on Bay Street have tuned out the recent changes, too.

In early March 2020, seven tumultuous years after HBC went public, the company delisted its shares from the Toronto Stock Exchange and largely dropped from the headlines. Prior to that, only rarely did the news coming out of HBC sound good. Sure, its share price had fared well for the first couple of years after the 2012 IPO, as Baker signed deals to unload the 110-year-old Toronto flagship on Queen St. for $650 million to Cadillac Fairview (while leasing back the location) and to buy the publicly traded Saks Inc. for US$2.9 billion, a sum lower than the luxury chain's Fifth Ave. Manhattan location alone was later appraised for.

Even so, red ink accumulated—the company reported a

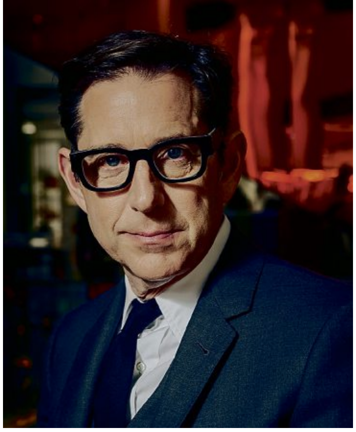
Baker inside the legendary shoe department at his flagship Saks Fifth Avenue outpost in Manhattan

net loss in nine of its 12 last quarters before going private. An expansion of the Saks chain into Germany and the rollout of Saks Off 5th stores in the Netherlands were both flops. Sales at Lord & Taylor, then America's oldest surviving department store chain, which Baker had merged into HBC, were a perennial disappointment. Nor did it help that the Bay's own position was steadily weakening, with HBC's final quarterly report in 2019 showing a 4% drop in sales compared to the year before. All that bad news sent HBC's shares downward.

Baker strained to convince shareholders that immense value lay in the company's real estate and brand assets, but his entreaties fell on deaf ears. "Public investors are focused on earnings as opposed to underlying asset value, and Richard is focused on the latter," says Earl Rotman, a former HBC director. "He recognized the appropriate yardstick for HBC is not 90 days, because that creates a lot of distraction."

Under pressure from activist shareholder Land & Buildings Investment Management of Stamford, Conn., along with Toronto-based Catalyst Capital Group, Baker's group of controlling shareholders launched a takeover bid in 2019. After being forced to twice up his offer, Baker prevailed.

No sooner had HBC been privatized than the pandemic brought life to a standstill. All of HBC's stores were closed.



Richard Baker (majority control)
Rhône Capital
Hanover Investments
Abrams Capital

HUDSON'S BAY CO.

- **HBC Properties and Investments**
  - Real estate portfolio (includes 57 owned and leased Saks and former Lord & Taylor stores in the U.S. and 14 Bay stores in Canada)
  - **Convene** (majority stake) Flexible office and meeting space operator
  - **Streetworks Development** Real estate and development arm
- **The Bay**
  - **Hudson's Bay** Brick-and-mortar operating company
  - **TheBay.com** Separate e-commerce company
- **Saks**
  - **SFA** Operating company for brick-and-mortar Saks stores
  - **Saks.com** Separate e-commerce company, launched with minority US$500-million private equity investment led by Insight Partners
- **Saks Off 5th**
  - **O5** Operating company for brick-and-mortar Saks Off 5th stores
  - **SaksOff5th.com** Separate e-commerce company, launched with minority US$200-million equity investment led by Insight Partners

A small number would never reopen.

Perhaps the grimmest example of the Bay's long struggles is the former national flagship store in Winnipeg. Just shy of a century old, the iconic six-storey, 660,000-square-foot building on Portage Ave. had been reduced to only two floors of active retail space when the pandemic hit. An appraisal conducted in 2019 ascribed it a value of precisely $0. Even that was overstating its worth, however, since the building carried a tax liability of more than $300,000. Just to bring it up to code would require more than $110 million. So, in November 2020, Baker's team made the decision to close up shop for good.

For that former Bay store at least, there has been a creative and welcome reprieve. In 2021, Baker received a call from Grand Chief Jerry Daniels of the Southern Chiefs' Organization (SCO), which represents several dozen Anishinaabe and Dakota Nations in southern Manitoba. Daniels had a proposal: Gift the building to the SCO. Baker agreed.

The deal will see SCO lead a redevelopment of affordable housing units, childcare spaces and a museum, among other features, with the provincial and federal governments pledging $100 million. "This was about reconciliation," says Daniels. "We need more of this from the private sector. I know a lot of people talk about that, but Richard has been good about following through and has expressed a desire to build a relationship with us outside this one project."

Aside from positive feedback from politicians and Indigenous leaders, the donation also solved a problem for Baker. Since the store had been designated a heritage building in 2019—a move HBC opposed—the only option was to mount a costly redevelopment while preserving the structure or keep incurring property tax bills on the empty space.

This past April, Daniels symbolically traded pelts and hides with Baker in return for a gold replica fur-trade token, marking the transfer of the Bay building to Indigenous control. "While we're proud of our longevity, HBC played a definitive role in the colonization of Canada," Baker told the crowd, which included Prime Minister Justin Trudeau. "The impact of our company's history is not at all lost on me."

BAKER WAS BORN into a real estate dynasty. His grandparents bought and developed residential and commercial space, and his father, Robert, a strip-mall developer, launched the family business, National Realty and Development Corp. Richard's first love, however, was cooking, and after he graduated from Cornell University's school of hotel management, he attended cooking school in Paris, intent on opening restaurants. Instead, Robert lured him to NRDC, where he courted Walmart to put dozens of stores in their malls. In 2006, he bought Lord & Taylor.

Around the same time, another American investor, Jerry Zucker, had shaken up Canada's retail sector by buying HBC. Baker bought a 20% stake. Two years later, Zucker died from a brain tumour, and Baker acquired the rest. In the years since, Baker and his wife, Lisa, have raised three children, now all in their 20s. She's an avid art collector, and 3,000 of her pieces adorn the walls of HBC's New York headquarters. Baker, meanwhile, spends roughly half his time on the road, visiting stores and meeting with vendors and partners, often with his two white Maltese dogs, Bella and Ruby, in tow.

From the very start of his involvement with Lord & Taylor, then HBC, then Saks, it was always about the real estate. "It was a no-brainer—the real estate is so valuable," he says. Exactly how he might unlock that value is what many in the retail space have long wondered.

Part of the answer came early on, when Baker flipped more than 200 leases for Zellers locations to Target for its ill-fated Canadian expansion for $1.8 billion, at a fat premium over what he'd paid for all of HBC, including Zellers, three years earlier. Later, in 2014, he signed the deal to sell the Bay building on Queen St. to Cadillac Fairview.

Now, more of the pieces appear to be falling into place. In the fall of 2020, Baker assembled all 42 million square feet of real estate HBC owns or controls, either directly or through joint ventures, into a new subsidiary called HBC Properties and Investments. (Other retailers like Loblaw and Canadian Tire have separated their real estate from their retail operations, and spun off their properties into publicly traded real estate investment trusts. Baker is keeping the property portfolio private, at least for now.)

Streetworks Development, a New York–based developer it acquired the previous year, went into the mix, too. Ian Putman, who represented Baker when he bought HBC and is now a top executive with the company, was put in charge. “Richard is moving at 1,000 miles an hour all the time,” he says. “There’s only been one Christmas in the 15 years I’ve been working with him that we didn’t have a significant transaction on the go.”

A number of projects are underway, starting with what’s left of Lord & Taylor’s stores. When HBC was still public, analysts and investors bemoaned the chain’s money-losing ways. Baker flipped its Manhattan flagship to WeWork for US$1.1 billion in early 2018, before the office-sharing startup flamed out. But by the next year, Baker pulled the plug on the whole thing, selling Lord & Taylor’s operating business to fashion rental-service company Le Tote for US$100 million, while keeping control of the real estate. Within a few months of the pandemic taking hold, Lord & Taylor filed for bankruptcy and eventually closed all its stores permanently.

Of the 24 shuttered locations HBC oversees, Putman says many are fully leased, while others are in the process of being “monetized” (read: sold). Last year, Morgan Stanley reportedly moved into 62,000 square feet of a Lord & Taylor building in New Jersey, while in Boston, HBC’s Streetworks is redeveloping three stores into medical sciences buildings.

And yet, as lucrative as those deals appeared to be for HBC, they came in tandem with the demise of Lord & Taylor’s brick-and-mortar retail business and the anguish of its hundreds of former employees.

“Baker basically ran Lord & Taylor into the ground,” says Mark Cohen, the former CEO of Sears Canada and one of Baker’s sharpest critics. “Baker is an aggressive real estate player who styles himself as a retailer. He’s inevitably done some remarkable deals for his own benefit, but nothing he has done that I can see has benefited the organizations he’s wrapped himself around.”

Baker, for his part, stresses that Lord & Taylor went bankrupt *after* he sold it. And he pushes back at any suggestion he’s raiding his retail brands’ real estate assets at the expense of the companies themselves. “The proof is in the story,” he says. “I didn’t sell the pieces off to take money and build condominiums in Miami. I’ve reinvested every dollar back into HBC.”

Next on the list: a proposal to move the Saks location in Beverly Hills to make way for a Saks hotel, Saks private residence, Saks spa and Saks private club. And in New York, HBC is lobbying hard for one of three available casino licences, with a proposal that would see the top three floors of the flagship Saks on Fifth Ave. converted into a gambling hub.

Back in Canada, HBC’s real estate portfolio is also showing signs of bearing fruit. In 2015, HBC and RioCan, one of

Sophia Hwang-Judiesch was recently named head of Hudson Bay's brick-and-mortar operation and TheBay.com. Her mission: to draw in younger shoppers

Canada's largest REITs, signed a joint venture that saw Rio-Can inject $325 million for a 20% stake in 10 properties. After years of no significant progress, the partners are now planning to redevelop the Vancouver flagship store into a mixed-use development with a million square feet of office space, and the Montreal flagship location into a 25-storey office building. Both stores would keep their historic facades, but their retail footprint would shrink by more than half.

It's still unclear to what extent the glut of unused office space in both cities, caused by the shift to hybrid work, will affect those plans. But HBC seems intent on shrinking the retail footprint of its Bay stores. "I don't like to close any stores, and we've closed a very small number of stores in the chain the past decade," says Baker, "but some are too big."

Now that HBC is private, it no longer reports financials. But standing next to the rainbow-like iridescent glass escalators that unify the lower three floors of Saks—installed in 2019 as part of a US$270-million renovation—Baker says the company's U.S. in-store and online sales are up significantly over 2019, particularly because luxury spending in the U.S. has been so strong. The place is hopping, even though it's a Monday in February. At one point Baker points to a woman carrying several bags: "She might have spent $10,000 today."

In Canada, on the other hand, downtown foot traffic and retail spending has yet to recover, and U.S. retailer Nordstrom's decision to close its 13 stores leaves HBC and Saks as the last national department store chains standing. Baker sees that as an opportunity to grab market share. "We're committed to Canada—not only to our existing businesses, but also to new opportunities for growth," he says. "Before the pandemic and straight through, we invested hundreds of millions of dollars to upgrade our digital experience, and improve our offering of quality and service in Canada. We're going to continue down that road."

Baker may have another reason to hold onto the Bay and Saks stores. The leases give it leverage at a time when the landlords that own Canada's shopping centres are seeking to redevelop and densify underutilized retail space. Oakridge Centre in Vancouver, which is in the midst of a $5-billion redevelopment that will transform the area into a small city, is a case in point. In 2018, HBC announced it had agreed to amend its lease for the store in return for more than $170 million. Three years later, it was demolished, but HBC will get a shiny new two-storey Bay store within the redeveloped mall when it opens next year. Many of the chain's locations seem well suited to extract similar concessions. "HBC has incredible assets like the flagship stores and long-term leases," says Rotman. "Because Richard is patient, he can mine those ore bodies over time."

IF SPLITTING STORES into retail and real estate divisions struck some observers as financial engineering, the same criticism followed Baker's move to divide each of HBC's store brands into separate physical and digital companies. Early in 2021, private equity firm Insight Partners injected US$500 million into the newly created Saks digital platform for a minority stake, followed by US$200 million for a slice of Saks Off Fifth's e-commerce business.

At one point, the e-commerce company Saks.com—now a separate business from SFA, the real-world store business for Saks Fifth Avenue (confused yet?)—was said to be preparing an IPO. But the collapse in tech-stock valuations put those plans on hold. Baker won't confirm if an IPO was planned for any of HBC's digital subsidiaries, but he leaves the door open. "On occasion there might be a reason to have a monetization event, which might be an IPO, but that doesn't mean we sell it all," he says. "It's just another way to create liquidity."

Baker insists the approach allows the physical and digital businesses to each be financed and operated in a way that takes advantage of their strengths—profits matter more for physical stores, for instance, while rapid growth is the metric that matters most to e-commerce companies.

Retail analysts aren't yet convinced. "I'm willing to give some benefit of the doubt here, because we live in a world that's trying to figure out what the winning retail models are in a sector that is in a state of flux," says David Ian Gray, founder of Vancouver retail advisory DIG360. "But are they building something for a consumer that is going to outperform the other choices consumers have, or are they building something intended for their CFO to tell a business story?"

With Baker, it may very well be both.

IN THE SUMMER OF 2010, Baker was two years into his time as owner of HBC when he took his then 14-year-old son Jack on a three-week, 100-store tour of his new retail domain. The youthful, floppy-haired Baker kept a blog about the adventure that's still online, and it traces his and Jack's journey—clad in clothing bought at Zellers and Bay outlets along the way—through stores, restaurants and all the way up to York Factory, on the shores of Hudson's Bay, noting he was the first HBC governor to ever visit. (Jack went on to join the family business directly from school and succeeded Richard as CEO of NRDC in December—perhaps putting him on track to become the next governor of HBC?)

In his time-capsule blog, Baker the Retailer waxed poetic about Zellers's "bright future." Six months later, Baker the Real Estate Dealmaker would sign the transaction that saw most of the Zellers leases flipped to Target.

So it's somewhat ironic to hear Baker once again gush about the "huge opportunity" for the resurrected Zellers as a shop-in-shop at 25 Hudson's Bay stores later this spring. As of early March, HBC was keeping most of the details under wraps. Even so, the orchestrated revival has generated plenty of social media buzz, and HBC has fanned the nostalgia flames by polling Canadians on which classic Zellers restaurant items should be on offer at Zellers food trucks, which will be part of the relaunch. Among the winners: the Big Z burger and the hot chicken sandwich.

Sophia Hwang-Judiesch, the recently appointed head of both the Hudson's Bay brick-and-mortar business and TheBay.com, stressed Zellers won't be marketed as a discount brand. Instead, the private-label merchandise, home décor, clothing, housewares and small appliances on offer will be "Target-esque" and positioned as "value at a phenomenal price," which the company hopes will lure more young customers into Bay stores.

Expanding the Bay brand's appeal to a younger demographic is one of Hwang-Judiesch's top priorities. The Canadian-born former senior executive with U.S. cosmetics retailer Ulta Beauty joined Hudson's Bay last year, first replacing Wayne Drummond as president of the physical store business, then succeeding Iain Nairn in January as president of the e-commerce division. (Since Bonnie Brooks ended her five-year run as president in 2014, there have now been five people who've held the top job at the Bay.)

As part of turning around the Bay's fortunes, which were made worse by Canada's longer lockdowns, Hwang-Judiesch must also wring more productivity out of each store. To that end, the company is undertaking a "store optimization initiative," relying on consumer data to better tailor which merchandise to offer at particular stores. "The overarching mission is the Bay has 96% brand awareness among Canadians," she says, "so how do we drive brand relevance?"

The problem, as retail consultant George Minakakis sees it, is the connection Canadians once had to the brand has been eroding for years and may have been severed by the pandemic. He, like other retail experts, holds out little hope that reviving Zellers will do much to reverse that. "The Bay has gotten weaker and smaller, and possibly over time I see there being just a few dozen prime stores and that's it," he says. "The end game is the end of the Bay as we know it."

Baker insists the Bay stores aren't going away. But it's also true that HBC, the holding company, will continue to become more unrecognizable as time goes on.

In Baker's mind, he's returning Hudson's Bay Co. to a more ambitious time decades ago, when HBC's tentacles reached into the oil patch, financial services, real estate and other industries. "I've always imagined that if HBC, from the very beginning, had been managed by world-class executors, it would be on the scale of Apple today," he says. "Hudson's Bay Co. could have been so much more over the years.

"My life's work is to make it one of the greatest investment companies in North America," he adds. "I think we're well on our way."

HUNGER GAME

Peter Mammas's Foodtastic has amassed a restaurant empire with $1.2 billion in sales, swallowing chains that specialize in everything from over-the-top burgers to rotisserie chicken to bowls full of kale. And he wants you to give him a call

By Joe Castaldo

Photographs by Alex Lysakowski

Steve Gill first visited the headquarters of Foodtastic Inc., located by a drab stretch of highway in Saint-Laurent, Que., sometime last year. He was there to discuss selling the company he'd been running since 2004, Quesada Burritos & Tacos, which had around 180 locations across Canada. He'd had offers before but always turned them down. The interested buyers were typically private equity types and finance bros, eager to exploit synergies and cost savings, but with less enthusiasm for growing the brand he'd worked so hard to build.

Foodtastic was different. Its founder and CEO, Peter Mammas, had a long history in the restaurant business and seemed genuine about expansion. When Gill arrived that day, he wasn't ushered into a boardroom to negotiate with a besuited executive. Instead, he came across Mammas, wearing a T-shirt, casually loading cardboard boxes into a storage room. "I liked that he was hands-on," Gill says. Mammas turned out to be more hands-on than Gill assumed, possessing the details of all of Foodtastic's many brands. "I'm not sure how that's done," Gill says. "I felt like I was getting close to my personal limit with one."

At Foodtastic, Mammas oversees 23 restaurant brands—including Quesada, a deal that just recently closed—many of which were accumulated through acquisitions. Since 2016, he's turned Foodtastic from a loose collection of Quebec restaurants with about $20 million in system sales into a fledgling empire with more than 1,000 restaurants poised to hit $1.2 billion in sales this year. He has a coffee chain (Second Cup), casual dining (Milestones), quick service (Pita Pit), pubs (Fionn MacCool's, Shoeless Joe's), Mexican, Greek and Italian eateries, a microbrewery, and a handful of names mostly confined to Quebec. There are, for example, at least four separate entities comprising the "chicken portfolio," as he calls it. Five to seven times a week, he dines out at one of these restaurants—always incognito, because he wants the experience of being a regular customer. (He doesn't cook much but says his wife does.)

Mammas is constantly scouting for potential buys. His son first suggested that Foodtastic purchase Quesada after he found he was spending too much money there. Mammas will cold-call entrepreneurs, but he wants people to call him, too: At the bottom of every press release from Foodtastic is his personal mobile number. He's nothing if not opportunistic, scooping up recognizable brands that have been beaten down amid the COVID-19 pandemic. In February, the company closed the deal to buy Freshii Inc. for $74.4 million, about 80% below the healthy-dining chain's valuation when it went public five years ago. He bought Second Cup for even less—just $14 million, roughly. Troubled brands are the most appealing, in some ways. "The ones that are most advantageous for us are where we can fix them and then grow them," Mammas says.

And that's the real challenge. Any entrepreneur can take advantage of a crisis to borrow money and buy some restaurants. It's another thing to boost sales and bring in new customers. When, for example, was the last time you visited Milestones over, say, The Keg? Does anyone really crave a Mediterranean quinoa bowl from Freshii? Or is Freshii the place we find ourselves in because we forgot to pack lunch and there's one across from the office? And does anyone seek out a Second Cup? Or is it the café of last resort when there's inexplicably no Starbucks, Tim Hortons or indie coffee shop in a one-block radius?

Mammas is still grappling with some of those questions even as he scouts for more deals. There are holes in the Foodtastic portfolio: no breakfast spots, no Asian cuisine, no quick-serve burgers. Mammas is betting that his long career running restaurants—including one that was linked to Céline Dion—along with a prudent approach to acquisitions and operations, will allow him to build, in effect, another MTY Food Group, whose headquarters are a very short drive down the road from Foodtastic's own offices. MTY is much bigger, accruing about $4.3 billion in system sales through its portfolio of 81 brands, which includes the quick-service stalwarts of food courts and strip malls across the nation, like ManchuWok and TacoTime. But with a restaurant industry still recovering from the pandemic, and some Foodtastic brands in need of retooling, the hard part for Mammas is still ahead.

Mammas readily admits he's made a lot of money in the restaurant business. But on a recent morning at a Milestones in Toronto, he looks more like the manager than the guy who runs the entire conglomerate. The 55-year-old is casually dressed in dark slacks and a polo shirt bearing the logo for Copper Branch, a vegan chain he purchased in 2021. And even though Foodtastic has an office nearby, today he's chosen to work at Milestones. He serves as Foodtastic's CEO, while his big brother Lawrence, 62, recently transitioned from chief development officer to vice-chair of the board. Peter handles the dealmaking and operations, and Lawrence acts as more of an adviser and ambassador, while visiting with franchisees. ("My skills as a people person are second to none," Lawrence boasts.)

Mammas is soft-spoken in conversation, and while not exactly garrulous, he's as open to discussing a brush with tax evasion as he is extolling the virtues of Second Cup's coffee. The humble bearing masks a blunt self-confidence, though, which becomes obvious after a few questions. Why build Foodtastic in the first place? *Because I can.* Can he turn around a broken brand? *Sure, just diagnose the problems and hire smart people.* Is the company profitable? *Very.*

His name has only become better known outside of Quebec in the past couple of years, but he's spent most of his life in the restaurant business (aside from a stint buying and selling comic books as a teenager, that is). His dad opened a seafood joint in Montreal after emigrating from Greece, and when it hit a rough patch, he recruited Mammas to pitch in. He was only 12 at the time, and he resented being pulled away from his regular hockey games to wash dishes. "I didn't talk to my father for a couple of months," he says.

Around 1990, he and Lawrence went into business together with plans to open a ’50s diner concept called Smokey’s. They had a third partner, Paul Sara, who happened to be the cousin of René Angélil, the manager of a young Quebecois chanteuse named Céline Dion. Mammas, an anglophone, had no idea who she was. Angélil and Dion toured the restaurant, then under construction, and became so smitten with the concept that they became investors. They did, however, suggest changing the name to Nickels, five being a lucky number of theirs.

Until early 2021, when he went on a national acquisition binge, Mammas was largely a Quebec-based player, with chains like La Belle et la Boeuf, which sells decadent burgers

Nickels grew, alongside Dion’s rising fame, to about 40 locations in Quebec and Ontario. A gargantuan slice of chocolate cake, dubbed “gâteau Céline,” became a fixture on the menu. Dion and Angélil sold their stake in 1997, which was just as well, because two years later, a number of the restaurants were raided by officials from Revenu Québec. The tax authority was investigating Nickels for deploying “zappers,” software that understates revenue from electronic cash registers, artificially lowering tax obligations as a result. Mammas, as spokesperson for Nickels, assured the media that Dion had sold her shares and had nothing to do with the allegations, while she remained a “friend of the corporation.” In May 2000, Nickels pleaded guilty to numerous counts of tax evasion.

“I wish it never happened, that’s for sure,” Mammas says when I bring it up. He didn’t know his franchisees were using the software (“According to the government, we should have had knowledge of it,” he says) and says that understating revenue hurt head office, too. But to avoid franchisees having to plead guilty and risk restaurants closing, the Nickels corporate head office arranged a deal to plead guilty, he says, adding Revenu Québec was after a “headline.” Asked what he learned from the experience, Mammas doesn’t really cite any lessons—not about screening franchisees or keeping closer tabs on them or the perils of growing too fast. “If you go and open up so many restaurants in 36 months, I’m sorry, but there’s no way that your teams are even going to realize what’s going on,” he says. The official details are lost: A spokesperson for Revenu Québec said all records related to the case were destroyed in 2012 in line with internal retention rules.

The Nickels brand survived, albeit in a diminished form, and Foodtastic still operates nine in Quebec. A few years after Nickels got off the ground, the Mammas brothers and a partner launched another concept, an Italian eatery called Vinnie Gambini, and in 2001 they bought Bâton Rouge, a chain specializing in ribs. By 2006, there were 17 locations in Ontario and Quebec generating about $75 million in system sales. That year, they sold the company for $43 million to what would become Imvescor Restaurant Group, which later retained Mammas as a consultant. He still had a few other restaurants on the go, and with all the work he was putting in at Imvescor, he wondered why he wasn’t building a similar company himself.

So in 2016, Mammas incorporated Foodtastic, along with his brother and a friend, to bring together five brands, one of which was a Quebec chain called La Belle et La Boeuf. Branded with a similar sanitized sauciness as Jack Astor’s, the chain carries a few impractically large burgers. The “crise cardiaque” is an unholy mix of beef patties and beef hotdogs. Another is slathered with peanut butter and fried KitKat bars, along with brie, bacon and mushrooms. On the menu, the burgers are shown spewing forth their contents, a mass of glistening beef and liquidy cheese that cannot be contained between two meagre buns. It is delightfully gross. Mammas wants to bring the chain to the rest of Canada, the one problem being nobody can decide whether to translate the name to English. His own feeling is that “Beauty and the Beef” lacks a certain mystique.

To grow Foodtastic, he needed money. Through a mutual friend, he met Jordan Rubin, who previously worked at Pershing Square Capital Management, the firm founded by activist investor Bill Ackman, which has a large stake in Restaurant Brands International. Rubin went into business for himself; he formed a joint partnership with an asset manager in California called Oaktree Capital

FOODTASTIC'S MENU

A timeline of Mammas's acquisiton binge

	DATE OF ACQUISITION	NUMBER OF LOCATIONS
Souvlaki Bar*	Sept. 2015	17
Carlos and Pepe's	March 2016	3
Nickels Deli	March 2016	9
GattoMatto*	Sept. 2018	2
Bacaro Pizzeria	Sept. 2018	10
Enoteca Monza	Oct. 2018	9
Rotisseries Au Coq	Jan. 2019	12
Big Rig Kitchen	June 2019	4
Chocolato	Aug. 2019	15
Rotisseries Benny	Oct. 2019	11
Tommy Café	March 2020	7
La Chambre	June 2020	4
L'Gros Luxe	Sept. 2020	6
Fusée	Dec. 2020	18
Second Cup	Feb. 2021	180
Copper Branch	May 2021	33
Milestones Grill + Bar	June 2021	41
Pita Pit	Aug. 2021	220
La Belle et la Boeuf*	Sept. 2021	17
Shoeless Joe's Sports Grill	May 2022	23
Prime Pubs	June 2022	24
Quesada Burritos & Tacos	Dec. 2022	175
Freshii	Dec. 2022	343

*Not an acquisition—chain was created by Foodtastic

Management to invest in restaurants. "My pitch to them was: 'Listen, you know what MTY has done? We could replicate that,'" Mammas recalls. He secured a $47-million investment in 2018 from the partnership, called Restaurant Royalty Partners.

"We took it slow," Rubin says. "Our view was, let's see what we can do and try to become a big fish in a small pond." The financing—and the Mammas brothers' growth ambitions—proved to be a point of contention with their third partner, a friend who was more risk-averse. "He was probably going home and having heart attacks," Mammas says. They bought him out in February 2020 and remain friends.

That's when the pandemic hit. Mammas had just finished building what he calls his dream house, a property on the shores of Rivière-des-Prairies on the island of Montreal that had been under construction for more than a year, and had spent millions buying out their partner. "We drained our accounts," he says, and had reason to be concerned about finances. All of his restaurants with dining rooms closed as a result of lockdowns, and sales collapsed by more than 90%. Foodtastic employed around 20 people at its head office then (it has about 200 today) and temporarily laid off staff. After a month, sales started to recover as restaurants pivoted to delivery services, and the employees were soon brought back.

By 2021, Mammas was confident enough to take

on more investment. Rubin, from his perch in the U.S., could see that restaurant sales bounced back quickly in the states that had loosened pandemic restrictions. "We took the perspective that this is an opportunity to double down," he says. Foodtastic secured another $50 million in February 2021, and last December it arranged a $175-million debt facility with a number of lenders, led by National Bank of Canada. Between Foodtastic's cash flow and credit facilities, it's well positioned to make more acquisitions. (Before the Freshii and Quesada acquisitions, Foodtastic was targeting a profit of $40 million this year.)

Since that second round of funding in 2021, Foodtastic has made at least eight acquisitions, including Second Cup, Copper Branch, Milestones, Pita Pit, Quesada and Freshii. With that, Foodtastic became a national player.

The restaurant landscape in Canada has been slowly consolidating among corporate owners. In 2011, about 62% of restaurants were independently owned, according to the NPD Group, while today it's down to 47%. The industry is intensely competitive, and there are two main ways to grow: the gruelling work of stealing customers from rivals, or the easier task of buying growth through acquisitions, which explains the rise of MTY, Recipe Unlimited and Restaurant Brands International.

Like all roll-ups, cost savings are a significant part of Foodtastic's strategy. The company can save through consolidating departments—marketing, finance, legal and so on—and use its increased size to score more favourable terms with landlords, advertisers and suppliers. (One of the biggest challenges Gill faced at Quesada, for example, was negotiating favourable deals with suppliers, especially amid inflation.)

Cost savings can only go so far, especially at some brands like Second Cup. For years, the coffee chain has been undergoing a kind of perpetual turnaround, a succession of leaders promising brand revamps, but really going nowhere. Second Cup had close to 400 stores 20 years ago, a number that has dwindled to 180. It distinguished itself as an upscale coffee shop in contrast to Tim Hortons, but with fierce competition from Starbucks, followed by McDonald's foray into caffeinated beverages, it lost whatever individuality it had. Some cafés started to look tired, cloaked in a gloomy brown colour scheme. From a peak in 2006, the share price cratered by close to 90% over the next 15 years or so. Second Cup was so fresh out of ideas by 2018 that it decided to convert some locations into cannabis shops.

But what really hurt the company was the pandemic. "The only reason I think we were able to buy it was because of the destruction that COVID laid on the brand," Mammas says. Many Second Cup locations are in downtown centres, he points out, and suffered from office closures. Foodtastic paid just $14 million for Second Cup in 2021, and Mammas is well aware the chain had lost some of its appeal with consumers. "My kids would go to Starbucks, and it would fucking drive me crazy," he says.

What he does have going for him is that Canadians have an endless desire for coffee. One survey from the Coffee Association of Canada found we drink an average of 2.7 cups per day. "If Second Cup could find a way to differentiate themselves as opposed to being perceived as a 'me too' brand, it could be great for them," says Jeff Dover, president of consulting firm fsStrategy.

Fortunately again for Foodtastic, the bar was set pretty low at Second Cup. A few basic functions had been allowed to lapse. "There were operational concerns throughout the brand with different franchisees," says Tom Hogan, a vice-president of brands at Foodtastic. Some locations weren't stocking their stores properly, he says, while the same drink could be made differently depending on the café. Spending on marketing and advertising was brought in-house and made more effective through billboards, radio and social media. Second Cup's loyalty program had been neglected for years, too, and it's planning to roll out a new one later this year. The logo has been updated, as have the cups, which now feature a more distinctive yellow-and-black look.

The company has since expanded its offerings of cold beverages, teas and specialty drinks, like a "blue butterfly white hot chocolate" made with blue-butterfly-pea-flower powder, released this past winter. (I was not prepared for the semi-gelatinous sediment floating in my drink. I kept debating, with each wary sip, whether these chewy globules were supposed to be there.) But such drinks, which occasionally border on novelty, are nevertheless crucial for getting new customers through the door. "It's the younger consumers who are really being motivated by this style of beverage," says Robert Carter, a managing partner at the Straton-Hunter Group, a food industry consultancy. "It's really the innovation in beverages that's driving growth."

Next on the agenda is improving the quality of food. "I can tell you the sandwiches 12 months from now are going to be a lot better than they are right now," Mammas says. The company is experimenting with fresh-baked goods, allowing franchisees to better match quantities with customer demand, offer more customization for customers and cut costs.

There is room for growth with the number of locations, too, Mammas contends. About 27 new cafés are in the pipeline, and Mammas sees more opportunities in suburban locations than downtown cores, which are still recovering from the pandemic. (In mid-February, only 42% of employees in Toronto were back in the office compared to pre-pandemic levels, according to the Strategic Regional Research Alliance.) He wants to build more drive-through spots and offer hybrid locations, where a Second Cup is combined with another Foodtastic brand. Some cafés are still in need of sprucing up. When I visited a Second Cup in an affluent area of Toronto recently, I witnessed one dutiful customer crouch down to slide a broken tile shard back into place. At least one renovation is underway in Mississauga to showcase Foodtastic's new vision (wood floors, lots of natural light) that will also include a Chocolato, an ice cream bar of sorts also owned by the company.

The plan doesn't sound too far removed from when the previous owners of Second Cup stuck a frozen yogurt bar called Pinkberry in some locations. And renos can be a delicate issue. A few years ago, the chain tried to convince franchisees to adopt a sleeker look, which it dubbed the “café of the future.” Some owners balked at the costs, damaging their relationship with head office. Mammas insists his company will avoid such pitfalls. Asked how, he delivers a line that could be read as eminently practical or comically miserly: “We’re going to figure out what is the least amount of money we could spend to make the store the best possible.”

Mammas first reached out to Matthew Corrin in early 2021 to talk about buying his company, Freshii. The chain, known for healthy salads and bowls, had been struggling for years, trying to reverse declining same-store sales growth and a falling stock price. But to Mammas, it was an attractive prospect with a recognizable brand, and so far as he could tell, devoted customers. Corrin, the founder and CEO, controlled the company through multiple-voting shares and wasn’t interested in selling.

In May 2022, Corrin stepped down as CEO to move into an executive chairman role, opening an opportunity for Mammas to try again. This time, Corrin took the offer to Freshii’s new CEO, Daniel Haroun, who brought it to the board. Freshii’s advisers tried to drum up other potential bidders, only one of which made an offer, according to regulatory filings. That forced Foodtastic to increase the price of its bid by 10%. Mammas also had the advantage of having a fully financed all-cash bid, unlike the rival offer.

Last December, the companies announced a $74.4-million deal for Foodtastic to acquire Freshii. Mammas isn’t entirely sure what prompted Corrin’s change of heart, but speaking generally, he says founders want assurance that the brands they created will be cared for. “In 20 years, they can tell their kids, ‘Hey, I started Freshii,’ ” he says. (Corrin did not respond to interview requests.)

Some of Freshii’s problems had to do with investor perception. The company went public in 2017 at what many saw as an inflated valuation and boasted of ambitious targets that it could not meet. “He came out and made ridiculous comments about growth, and that really hit the stock hard,” Robert Carter, the consultant, says of Corrin. Foodtastic, as a private entity, can now deal with operational challenges out of the public eye. Those challenges are substantial, especially after the pandemic. Prior to the acquisition, Freshii had been working to close down unprofitable locations, and the pandemic wiped out many more. Store count dropped from 470 at the end of 2019 to 331 as of last September.

> “We’re going to figure out what is the least amount of money we could spend to make the store the best possible” —that pretty much sums up Mammas’s plan to revive the flagging Second Cup coffee chain

When Freshii launched in 2005, it had the benefit of being somewhat distinct in a quick-service field dominated by burger chains. But it didn’t take long for competitors to offer salads, bowls and other healthy fare, nor for knockoffs to emerge. After all, you can’t patent the concept of kale in a bowl. More recently, Freshii expanded into retail and signed deals with Shell gas stations and Walmart to offer Freshii-branded juices, snacks and prepackaged meals, to mixed reviews. “It kind of took away from the brand once you make it that accessible,” Carter says. Indeed, a gas-station taco box, which Freshii offers through Shell, doesn’t necessarily connote health and flavour. The company branched into e-commerce, buying a majority stake in an online food and wellness retailer called Natura Market Ecommerce in 2021. So far, both the retail and e-commerce ventures have been money-losers, together turning in a $4.8-million loss for the first nine months of 2022.

Mammas is diplomatic in his assessment of Freshii’s track record. “Mistakes were made with the brand, let’s say,” is as much as he’ll allow. But what gave him confidence is that surveys with both consumers and franchisees showed a strong affinity for the brand. Foodtastic plans to increase marketing spending and harness the power of its seven corporate chefs to create new dishes. Plus, the cost savings afforded by consolidation will help the franchisees’ bottom lines, he contends. Some locations will inevitably close, but he’s adamant that within 18 months, there will be more stores overall than today. As soon as the deal closed in February, he put the e-commerce division up for sale, while he plans to expand the consumer goods business and develop products under other Foodtastic brands. (Milestones ribs, anyone?)

Freshii’s strategy in the U.S. requires retooling, where its presence has been decimated. At the beginning of 2019, Freshii had around 110 locations in the U.S., according to an internal document obtained by *The Globe and Mail*. Today, it has only 28. Freshii had stores scattered across the country, often with just a handful of locations in each area, complicating efforts to build brand awareness and save on supply costs. “The problem a lot of companies have when they go to the U.S. is they don’t concentrate on one geographical area,” Mammas says. “You’ve got to concentrate on one area, do it properly, and move to the next one.”

For years, that’s what he’s been doing in Quebec, but now Foodtastic is branching farther afield. He’s even considering bringing one of the company’s Quebec rotisserie-chicken brands to the rest of Canada. But for a guy who tries to convince other entrepreneurs to sell to him, his own Foodtastic stake is not on the table. “I have no interest in selling one single share,” he says. Mammas has two daughters, both of whom are planning to be doctors. His son, who is 20, works as a delivery driver for one of the chicken chains and as a busboy for Nickels. Mammas has a career path mapped out for him: an MBA, two years at Alimentation Couche-Tard, followed by two years at a major bank. Only then can he join Foodtastic. “I’m pretty sure he’ll succeed me,” Mammas says.

He does have a way of preserving things, after all. He still has some 35,000 comic books from the time he traded them as a teenager, maintained in a dedicated, climate-controlled room at his house. He hasn’t bought or sold anything in decades, not since he turned his attention to restaurants—the one collection he’s still adding to. So if you’ve got a chain to sell, get in touch. His number is easy to find.

It's different from anything I've seen, because self-driving is often a cutthroat environment

In the driver's seat

Raquel Urtasun, founder and CEO of self-driving AI innovator Waabi, on why she's focused on solving our supply chain woes

Trucking is the backbone of our economy. It impacts everything. And we cannot realize the full power of our economy because we have a very disrupted supply chain that's really not functioning. Through the pandemic, we saw how these issues could affect every single business, every single person. And what is the alternative? There are not enough human drivers in Canada; there are 26,000 truck drivers missing, and it's getting worse and worse. So, it's either automation or nothing. There's also a huge impact in terms of greener cities and providing transportation for people who don't have the means to go from point A to point B.

I started Waabi two years ago because I believe there is a need for innovation to bring self-driving from where it is today to where it needs to be. And that has to come from an AI-first approach.

There are two problems with the previous generation of self-driving technology. The first is that the brain is very brittle; it cannot generalize to all the situations that happen on the road. And it's very hard to maintain and develop, and requires many, many people working in that overly complicated stack. The second is the way companies do testing: They require large fleets of self-driving vehicles to understand what issues they need to solve. It's very manual. It's like, let's drive and drive and drive millions of miles, and then see what our problems are.

$83.5 MILLION (U.S.)
Waabi's Series A financing was led by Khosla Ventures, with additional participation from Uber, OMERS Ventures, BDC, Aurora Innovation and AI pioneer Geoff Hinton

Our approach is to look at these problems from a perspective of how AI can do this automatically. In terms of autonomy, the brain of this self-driving vehicle can be learned from data in a single process. For the testing piece, driving in the real world doesn't scale, it's not the safest solution, and it's very rare to see certain things on the road—that's why you need to drive a lot. In simulation, you control those situations so you can understand much faster how the system behaves.

Our first milestone was closing one of the largest Series A financings in Canadian history two months in. Then we focused on developing the technology, and we were quiet in terms of announcements, which created some mystery around what Waabi is doing. When we launched our simulator, everybody thought we were a simulation company. And then we launched Waabi Driver—our autonomous trucks—and some of our competitors were very surprised. Then Volvo came along, and it was like, "Oh, my God, they really mean business."

Innovation is at Waabi's core. Also, I don't know how much of this is related to me being a female founder, but it's very important that I work with best-in-class talent where everyone is also humble. It's very collaborative. It feels like a family. And it's different from anything I've seen in the industry, as self-driving is often a cutthroat environment.

Waabi is very quickly becoming potentially *the* player on self-driving, in trucking in particular. And all this is being done in Canada. It was time for Canada to have a seat at the front of this. We did a lot of great things with the Vector Institute a few years ago, and now we have a really exciting ecosystem in terms of cutting-edge research and companies created here that really will transform the world.

/Interview by Alex Mlynek

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