



NORTHERN TIGERS: Building Ethical Canadian Corporate Champions

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With additional contributions from Deborah Yedlin

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AFTERWORD

IT'S INSTRUCTIVE THAT THERE IS YET TO BE a comprehensive history written about corporate Canada. But this update to a book published a decade ago serves as an important reminder of the vitality of Canada's business community and its potential to make an impact beyond the country.

The University of Calgary—and the Haskayne School of Business—have figured prominently in the growth and development of Canada's corporate sector.

“I am particularly proud that the University of Calgary and the Haskayne School of Business have been—and continue to be—a very important part of Canada's corporate success. I look at the individuals that have made strong contributions to this country's economy; those who have led and now lead the energy sector, and we do punch above our weight in terms of our representation in the country's corporate ranks,” said Haskayne.

If there are a few themes that emerge in speaking with the CEOs of the companies that have become true global champions, it is that the principles of practicality and prudence continue to be applied. In the context of the energy sector, the lessons of Dome Petroleum, learned from the company's demise under a mountain of debt in 1987 when it was sold to Amoco Canada, serves as a guidepost to sound management practice.

More than once, the ability of being able to access pools of capital from investors with longer time horizons and the ability to weather the inevitable commodity price cycles has been cited as a critical success factor in the growth of Canadian companies—and that’s especially the case in the natural resource sector, where investment decisions are made for decades.

One of the constant themes to emerge, however, is the important role of government—in terms of ensuring Canadian companies can be competitive in a global context. This means everything from taxation that encourages, not stifles, investment as well as regulatory mechanisms that are prudent and function in a timely manner.

One of the biggest surprises in the last decade has been the changes in government—at the federal level with the Liberal Party replacing the Conservatives that had been in power for 10 years and in Alberta, where the NDP defeated the Progressive Conservatives that had governed for 40 years.

Both results were met with a measure of derision from the energy sector, as industry leaders were more than sceptical about what the election of Justin Trudeau as Prime Minister and Rachel Notley as Alberta premier meant for the energy sector.

Suffice to say, the worst was expected.

Instead, between the Climate Leadership Plan implemented by Notley’s government in 2015 and the federal government’s commitment to pricing carbon as well as committing to the development and funding of a world class marine spill response plan for the coast of British Columbia, has resulted in two important pipelines being approved for development: Kinder Morgan’s Trans Mountain Expansion that will carry oil sands crude from Alberta to the west coast and the replacement and expansion of Enbridge’s Line 3—from Alberta to Superior, Wisconsin.

This was not what many expected would happen—particularly given that conservative governments at the federal and provincial levels were unable to move forward on the pipeline agenda for the last 10 years.

Governments were helped in their quest to put the necessary pieces together supported by the associated regulatory bodies such as the National Energy Board and the Alberta Energy Regulator and a relatively new industry consortium known as COSIA.

The Canadian Oil Sands Innovation Alliance came together in 2012, with 13 oil sands companies signing a charter and committing to working together to decrease the impact of oil sands development, including water use and reducing greenhouse gas emissions. COSIA has been held up as a model of collaboration by other industry groups and governments around the world and has seen more than \$1 billion in technologies shared amongst the members since inception.

The federal government also gave the green light for the development of Petronas's Pacific Northwest LNG project—but Petronas and its partners abandoned the project.

Government also needs to be heard as a voice for Canadian business in overseas markets. Sometimes creating global champions, such as Agrium's merger with Potash, requires the visible support from the Canadian government as other countries examine the competitive impact of a deal.

There are clear wins that have been made in the last decade in terms of Canada's corporate presence on the global stage, even as there have been challenges; there are many countries waiting for Canada to build the energy-transportation infrastructure that will see both oil and natural gas being sold in markets other than the U.S.

Canada's banking system continues to be held up as an example of prudent management—and is committed to investing in technology that is leading edge, consumer friendly and secure. Because of the balance sheet strength of the Canadian banks, they have been in a position to make acquisitions and expand into markets south of the border. More importantly, they have played key roles in financing the major transactions that are highlighted in the updated chapter and thus been instrumental in growing the current generation of Canadian corporate champions.

Canada remains an export-driven economy and is endowed with what the world needs—oil and natural gas, minerals, agriculture and forestry products, this country has a resource bounty that needs to be more deliberate in accessing and supplying new markets to become a true global player.

This country has many distinct strengths and advantages that it needs to leverage in order to build a strong foundation for future economic growth. Beyond natural resources, writ large, Canada's population is well-educated, entrepreneurial and diverse.

Canada's engineering and technical expertise are respected around the world—as is the Canadian brand. The service sector is growing in importance and technology is helping to export knowledge and expertise in many different disciplines around the world. When it comes to basic and applied research, Canadian institutions have played important roles in the quest to solve the planet's grand challenges—ranging from health care to environmental science and the growing field of artificial intelligence.

According to the 18th century economist Adam Smith, the three basic factors of production are land, labour and capital. Today one might add entrepreneurship and technological expertise. Canada has it all. Not only does it have the ability to see more of its existing corporations make a difference on the world stage by taking advantage of new opportunities, it has ample raw material to develop and grow corporate entities that become the next generation of Northern Tigers.