, RECORD STAFF

Nolan Andres is the founder of PeaceWorks Technology Solutions, a certified B Corporation. The designation means the Waterloo company is committed to doing social good.

Doing good

For B Corporations, caring for the environment, helping the world's poor and treating employees fairly are as important as a healthy bottom line

"So this is Christmas
And what have you done
Another year over
And a new one just begun ..."

By Rose Simone, Record staff

WATERLOO REGION — As the familiar John Lennon song *Happy Christmas (War is Over)* plays and the year winds down, most business owners will look back at what they accomplished in 2011.

This usually means evaluating what worked or didn't work, taking stock of inventory and comparing results to previous years to determine whether it was a good or bad year.

But some will also ask: "What have we done for our workers?" "What have we done for the environment?" "What have we done to make the world a better place?"

Two businesses in Waterloo Region — PeaceWorks Technology Solutions in Waterloo and Enviro-Stewards in Elmira — do this as a matter of course. Recently certified as Benefit Corporations, or B Corporations, they are part of a growing movement which uses business to address social and environmental issues.

B Lab, an independent non-profit organization based in Pennsylvania and New York, runs the certification process. It verifies that B Corporations meet social and environmental performance standards and operate on a sustainable business model. That includes taking care of their workers and making sure, for example, that the pay gap between the top and bottom wage earners isn't too large, as well as taking care of the community and giving back to society.

Most of the 500 B Corporations are in the United States, but there are 27 in Canada. Waterloo Region is home to three. Besides PeaceWorks and Enviro-Stewards, there is Sarona Asset Management, a Waterloo-based investment fund manager that is partly owned by Mennonite Economic Development Associates. It is a founding B Corporation member.

Nolan Andres runs PeaceWorks, a business that provides computing and networking solutions. He says that for him, being in business comes down to a question: "How do I use the skills I have to make a difference?"

PETER LEE, RECORD STAFF

Bruce Taylor, founder of Enviro-Stewards, a certified B Corporation, kneels next to a biosand filter, used to provide safe drinking water in Sudan.

Andres, who has a Mennonite background, got a degree in computer science from the University of Waterloo and a diploma in peace and conflict studies from Conrad Grebel College. PeaceWorks was the product of combining those two interests, using technology to help build a more sustainable, peaceful world.

The company helps non-profit organizations set up networks and software to run their operations and projects. For example, it wrote the software for a Mennonite-led project that helps the Tanzanian government distribute mosquito nets more efficiently to people vulnerable to malaria.

PeaceWorks also works with businesses that also tend to care more about their social bottom line, Andres says.

The company, which employs 32 people in Waterloo and six in Winnipeg, operates like a worker co-operative. After two years of working for PeaceWorks, employees get a share of the company and a vote, unless they choose otherwise. "That is just being consistent with our values, as far as I am concerned," Andres says. "We work together to make PeaceWorks what it is, and so we all own it."

Chemical engineer Bruce Taylor launched Enviro-Stewards in 2000 to help organizations and companies meet their sustainability goals. That might involve reducing the amount of energy, water or chemicals they use, or the waste they generate.

➤ **B Corporations** continued on page F2

Investors say good riddance to 2011

By Malcolm Morrison

TORONTO — The Toronto stock market advanced smartly Friday to cap off a dismal year that started with great promise and ended sharply lower amid worries that many countries could end up back in recession in 2012.

The S&P/TSX composite index rose 113.4 points to close at 11,955.09 in the last day of 2011 trading on Canada's dominant stock exchange.

After early 2011 gains, the TSX dropped 11 per cent in value over the year, pushed down by falling mining, energy and tech stocks.

Early year hopes for strong gains in share prices eroded by the summer as investor sentiments were battered by the European debt crisis, growing recession fears and a slowdown in the Chinese economy.

"The best way of describing it is, it was an inverted V," said Norman Raschkowan, North American strategist at Mackenzie Financial.

"We're so used to talking about a V shaped recovery for the economy and this time we had exactly the opposite for the markets. We started off with so much optimism and enthusiasm and markets headed north and we had a very strong first quarter and gave it back and then some."

The Canadian dollar finished the year at 98.33 cents US, down 2.21 cents this year.

Performance of the loonie has suffered amid a slowing Canadian economy while a worsening eurozone government debt crisis has elevated risk and sent traders to the perceived safe haven of U.S. Treasuries.

While the TSX dropped 11 per cent on the year, the market was down almost 17 per cent from the market's 2011 high in early March.

The TSX appears set to encounter severe headwinds next year, including a slowing economy in China and other emerging markets.

The latest indication of that came Friday when HSBC reported its China Purchasing Managers' index for the manufacturing sector stood at 48.7 in December, which was slightly better than the 47.7 reading for November. But on a quarterly basis, the survey was the weakest since the first quarter of 2009.

China has been an important prop for the fragile global economic recovery, supporting commodity prices and energy and mining stocks on the resource-heavy TSX. But growth has slowed this year as the Chinese government discouraged lending in order to control high inflation.

A slowing Chinese economy is just one of the headwinds the TSX will have to contend with in 2012.

The eurozone government debt crisis has already pushed some areas into recession while markets grow increasingly frustrated at what they see as the lack of a credible plan to deal with heavily indebted countries such as Italy, which are deemed too large to bail out.

"The real question becomes, do the politicians see what everyone else does and actually recognize the need to recapitalize the banking system (to weather a possible default and) re-establish confidence," said Raschkowan.

The Dow industrials, which unlike the TSX isn't commodity heavy, was the star in U.S. markets in 2011, up 5.5 per cent for the year. The Standard & Poor's 500 index closed flat for the year while the Nasdaq fell 1.8 per cent for the year.

Other markets around the world chalked up miserable results. The FTSE 100 index of leading British shares ended the year 5.6 per cent lower, Germany's DAX sustained a 14.7 per cent decline over the year and France's CAC-40 ended the year down about 17 per cent from where it started.

The Canadian Press

More headwinds for RIM heading into 2012

By Michael Lewis

TORONTO — Research In Motion's fortunes are expected to get worse before they improve as the company enters 2012 the way it exited 2010 — awaiting a new operating system for its devices that the company is banking on to revive sales.

It looks like it needs that operating system — bad news followed RIM even on the last business day of the year, as it was revealed the BlackBerry smartphone lost further U.S. market share to Apple and Samsung Electronics.

RIM's share of U.S. mobile-phone subscribers in the three months through November fell to 6.5 per cent from 7.1 per cent in the previous quarter, research firm ComScore said. Samsung increased its share to 25.6 per cent from 25.3 per cent. Apple rose to 11.2 per cent from 9.8 per cent, according to ComScore.

The new OS, based on architecture created by QNX Software, an Ottawa company RIM bought in 2010, already powers RIM's PlayBook tablet. But its use in a new line of BlackBerry smartphones has been delayed until the end of 2012 amid rumours RIM is struggling to make email work on it.

RIM denies the claim, insisting the delay relates to the availability of processing chips that can maintain battery life with the power consuming OS. It has also said that dedicated email will be available on the PlayBook in February following a software upgrade.

But Brigantine Advisors analyst Kevin Dede said the company could also be facing technical challenges in modifying the highly secure QNX system to accommodate email on an open platform.

The QNX delay leaves RIM with an interim OS that is being marketed heavily in the U.S., but analysts see a new products vacuum that will dictate at least three more quarter s of declining sales.

The first part of 2012 is "really scary," said JMP Securities' Alex Gauna. He said RIM's strong cash flow and profitability have bought the company time, arguing that management still believes it can innovate its way to success.

But he told Bloomberg Television that even a buoyant QNX launch may not stem RIM's decline, suggesting the company may become open to a merger, acquisition or breakup if it profits turn to losses next year or in 2013.

He said trademark lawsuits, while probably not material to RIM's financial performance, amount to the latest in a series of gaffes that include management's failure to address a global BlackBerry outage in October until the crisis had reached a third day.

➤ **RIM** continued on page F3

Ex-CN Rail chief could boost CP's earnings, analyst says

By LuAnn LaSalle

Retired railway CEO Hunter Harrison could boost earnings at Canadian Pacific Railway Ltd. by more than a $1 billion a year by cutting costs and improving operations if he were to come out of retirement and run the railway, an analyst said Friday.

Edward Jones analyst Brian Yarbrough said it would take Harrison time, but he could add as much as $1.2 billion in net earnings — or $7 per share — to Canadian Pacific's annual results.

"He's not going to get that today — it would be two or three years down the road," Yarbrough said.

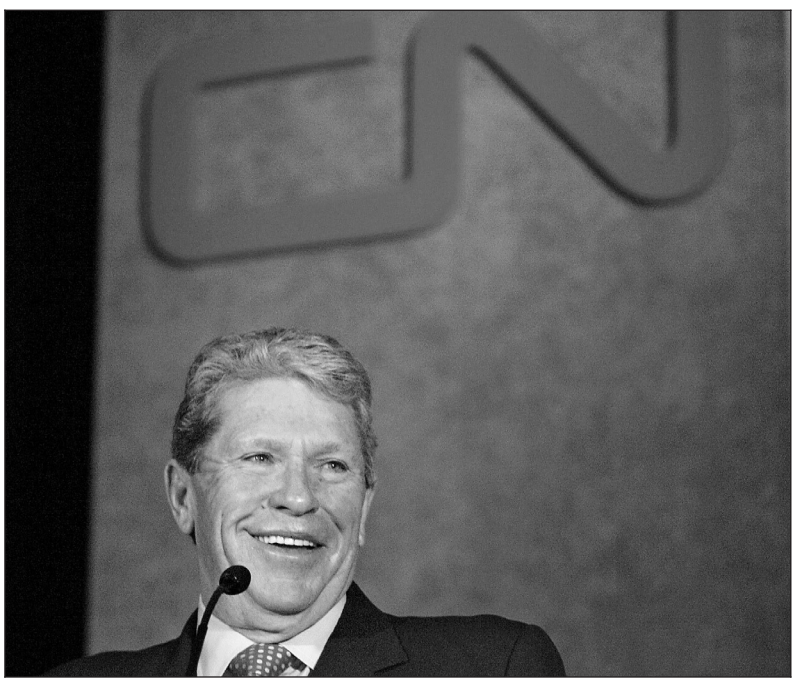
Canadian Pacific is "one of the poorest run railroads from a margin point of view," and Harrison would be able to improve CP's earnings power, said Missouri-based Yarbrough.

The comments come after a report that Canadian Pacific's largest shareholder has approached the 67-year-old Harrison to replace chief executive Fred Green, who has been head of Canada's second-largest railway since 2006.

Harrison has a reputation as an astute railway operator, both in his native United States as well as at Montreal-based Canadian National Railway, which has long been ranked the best-run of North America's six biggest rail operators.

"Obviously, Hunter Harrison is a railroad icon," Yarbrough said.

"He's very knowledgeable and has a lot of experience improving operations and running a more fluid railroad. That's really what Canadian Pacific needs right now."



JEFF MCINTOSH, THE CANADIAN PRESS

Hunter Harrison at the CN annual meeting in Calgary in 2009. Canadian Pacific shares were up Friday on rumours Harrison could come out of retirement to lead CP Rail.

The Globe and Mail newspaper reported Friday that shareholder Bill Ackman, who has spent more than $1 billion to amass a 14.2 per cent stake in CP, has approached Harrison to replace Green.

The report said Harrison has expressed interest in returning to work, but is waiting for the expiration of a non-compete agreement signed when he retired from CN (TSX:CNR) in 2009.

Canadian Pacific (TSX:CP) and CN both declined to comment on the report.

Before the leadership roles he held at CN — chief operating officer from 1998 to 2002 and chief executive from 2003 until his retirement in 2009 — Harrison was CEO of the Illinois Central Railroad from 1993 through 1998.

Canadian Auto Workers union president Ken Lewenza said Harrison was the driving force at CN.

"Hunter Harrison ran CN with an iron fist," he said. "The reality is that he did very good for himself and quite frankly was good for the company because there was incredible growth and he left a good management team behind."

But Lewenza said it wouldn't be right if Harrison came out of retirement to lead a rival.

"To me, it would be an awful conflict for the former CEO of CN to move to a competitor while collecting a pretty handsome pension from CN," he said.

Harrison, who's from Tennessee, now raises horses and was recently named board chair of the U.S. National Horse Show Association.

Lewenza said the union had its share of differences with Harrison, but they both had the goals of growing CN and enhancing job security, adding that Harrison also handled health and safety issues well.

Yarbrough said Green has done a "decent but not outstanding job" but had to deal with the economic downturn and some very bad weather.

"It's been nightmare after nightmare for him," he said. "I think the circumstances have been very difficult for him due to the weather issues. It has been a very tough operating environment in 2011 and unfortunately that's what everyone remembers."

Canadian Pacific was affected by extensive spring flooding, experiencing almost 90 separate outages during its second quarter.

Its main north-south corridor to Chicago was out of service for 23 days because of massive flooding along the Souris River, which flows through Saskatchewan, Manitoba and North Dakota.

Canadian Pacific has also been plagued for years by a bottleneck and congestion at the Port of Vancouver and struck a deal in 2008 to streamline traffic in and out of the port.

Yarbrough said the problem can be fixed.

"The hard part is that everyone always blames the rails," he said.

The Canadian Press

Balancing profitability with making a difference

➤ **B Corporations** continued from F1

But international development work and volunteering also is a priority for Enviro-Stewards and its eight employees.

For example, the company designed a system that uses a biosand filter to provide safe drinking water for a community in Sudan. The project evolved into a bottling facility, where members of the community can bottle and sell the filtered water in reusable containers.

Taylor, who is a member of the Lincoln Road Chapel in Waterloo, says the work is part of his Christian faith.

Before he started his own company, he found it difficult to take leaves of absences to do international work. Now, he devotes 10 per cent of his time to international development work and encourages his employees to volunteer in the community and internationally. "We are able to recruit excellent people who apply because they know this is a business that will give them the opportunity to do their volunteer work," he says.

Taylor left recently for another trip to Sudan, where he is helping to launch another clean-water project. Enviro-Stewards also raises money for projects in the developing world by selling sustainability credits and partnering with other businesses to get supplies for projects.

Taylor and Andres acknowledge that the social focus can mean some sacrifices in the shorter term. For example, Taylor would rather help a client reduce waste by-products than do the more lucrative work of designing a waste treatment facility. But taking that approach saves his clients money and is better for the environment.

At PeaceWorks, the pay isn't as high as at other technology companies. "But we try to limit the amount of sacrifice our staff has to make, and we do attract people who want to use their skills to make a positive difference in the world," Andres says.

Taylor says he initially dismissed the idea of becoming a B Corporation when he learned that certification would cost $500 a year. He figured that for $500 he could provide biofilters to give 50 people in Sudan safe water for a year. But then at a conference he met Bob Willard, author of *The Sustainability Advantage*. Willard made an offer Taylor couldn't refuse. "He said, 'What if I buy those biofilters and I pay your fee to get certified?"

Taylor has written to local politicians to encourage them to consider having Canada follow the lead of some American states that are passing legislation to legally recognize Benefit Corporations as a new type of corporate entity. The legislation makes it easier for directors of corporations to consider more than just the interests of shareholders in making decisions.

Andres says becoming a B Corporation helps to ensure that a broader social vision and mission become part of the company's DNA. "If you want to have the kind of company that you retire from, and not just a company that you retire, the potential problem is how, in the long run, you will ensure that your vision and mission stays central to your business, particularly if the ownership changes."

As a B Corporation, a company has tools for measuring the social good it is doing, he says. It is too easy for businesses that are doing good to become complacent, he says.

"When you are looking at your financial bottom line, the question that follows after you establish that you had a good year is how to improve it and do better next year. But that should be true of your social impact as well."

Ultimately, focusing on social good makes business sense in the long run because it makes both the business and the community more sustainable, Andres says.

"The traditional wisdom is that it distracts from the mandate of a business, which is to make money, but the overall effect of having a singular focus is that you end up with an imbalance in the society that needs to be rectified."

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Workers vote to strike at Caterpillar plant in London

The Canadian Press

LONDON, Ont. — Members of the Canadian Auto Workers union say they have voted in favour of a strike at Canada's only locomotive manufacturing plant, owned by U.S.-based Caterpillar Inc.

About 98 per cent of CAW Local 27 members voted to strike if necessary, at a meeting held Friday morning.

The union, which represents some 650 production and skilled trades workers at the plant in London, Ont., has been negotiating with the heavy equipment giant since November in an effort to reach a new collective agreement that would replace a current six-month extension.

The contract deadline is set for just before 12 a.m. Sunday.

Caterpillar bought the London plant in June 2010, but within a year of the purchase three other locations in the U.S., Mexico and Brazil were slated to build locomotives.

The CAW says the company's final offer would slash wages in half, result in drastic cuts to benefits and eliminate the pension plan — at a time when sales, profits and executive pay have soared to record highs.

It has accused the company of purposely trying to put workers out of jobs in order to shift production to the U.S. or Mexico.

The company could not immediately be reached for comment Friday.

The union is concerned that Caterpillar may try to change the terms and conditions of employment once the collective agreement expires, but CAW national president Ken Lewenza said that if the terms and conditions remain, the employees will not strike. The CAW called on the federal government last week to review Caterpillar's purchase of the plant back in 2010, saying the future of the plant and 800 jobs are in peril.

Spain warns of higher deficit

The Associated Press

MADRID — Spain's new government warned Friday that the country's budget deficit will be higher than anticipated this year as it unveiled a first batch of austerity measures that include surprise income and property tax hikes.

Following the new conservative government's second Cabinet meeting, the budget deficit for this year was revised up to eight per cent of national income from the previous government's forecast of six per cent.

Alongside the upward revision, which comes amid predictions that the Spanish economy will soon be back in recession, the government, which is headed by Prime Minister Mariano Rajoy, announced further measures to get a handle on its debts, including $11.5 billion in spending cuts.

The conservative Popular Party took power only last week after a landslide election win on Nov. 20, and its main priority is to make sure that Spain doesn't get dragged into the debt crisis mire that has already forced Greece, Ireland and Portugal into seeking financial bailouts and is now threatening much-bigger Italy.

'People are just sick of being nickeled and dimed by big companies'

Verizon quickly reverses decision on new $2 fee

By Ron Lieber

Verizon Wireless bowed to a torrent of criticism Friday and reversed a day-old plan to impose a $2 bill-paying fee that would have only applied to some customers.

The consumer vitriol, which cascaded across Twitter and onto blogs and petitions all around the web, struck a chord with a company that was clearly not expecting it.

"The company made the decision in response to customer feedback about the plan, which was designed to improve the efficiency of those transactions," Verizon Wireless said in a statement referring to the reversal.

That a company with revenue of $15 billion in the most recent quarter would have to quickly change course over such a small fee suggests something particular about its business and others like it.

Similar to fee-bedeviled airline passengers with little choice on many non-stop flights, or bank customers who do not want to spend hours untangling automated payments so they can switch institutions, Verizon Wireless customers have limited options because they are locked into multi-year contracts. And they apparently did not like being told that it would cost money to pay money to the company.

The consumer outcry may also reflect the national mood — and some companies' misreading of it, according to some analysts.

"I just think people are sick of being nickeled and dimed by big companies," said Edgar Dworsky, founder of ConsumerWorld.org. "And it's just baffling to me why a company like Verizon Wireless or Bank of America doesn't do market testing on something like this first. It doesn't take a genius to figure out that there is going to be a backlash."

What was surprising about the Verizon Wireless rollback was how quickly it occurred. It took consumers about a month to persuade Bank of America to rescind its plan to charge a $5 monthly fee to people who used their debit card for purchases.

But with Verizon Wireless, the corporate change of heart took only a day, even though it is the week after Christmas when companies often drop bad news in the hope that fewer people are paying attention.

"The multiplication effect with things like Twitter is incredible," said Ron Shevlin, senior analyst at the Aite Group in Boston. "And because of the national mood, it hits the boiling point really quickly."

Verizon Wireless may also been have moved to change its mind when the Federal Communications Commission put out word earlier Friday that it thought the company's actions merited closer scrutiny.

If the company had taken a different tack, it might have succeeded in convincing consumers that some kind of fee increase was necessary, Shevlin said. "The easy thing would have been to be more explicit about what the costs were that were causing it to add this fee," he said.

The company, for instance, might have explained how few people were going to pay the fee, which was supposed to be for one-time credit- or debit-card payments by phone or on the company's website. It also could have explained how much higher the costs were, on a percentage basis, to accept payments in that way, versus regular, monthly credit card billing, which would have remained free.

Verizon Wireless declined a request for much of this information Thursday and did not respond to followup requests Friday.

Dworsky is on Verizon's consumer advisory panel (and did not know about the fee ahead of time). But he said he chose to speak out about the move anyway, saying that he had a bigger concern about what the failed move portends.

"Who is going to try to tack on a fee next for using a credit card?" he said. "Is it the local grocery store? A department store? That is the bigger worry."

New York Times

Dilbert