

**Deloitte.**



**The infinite organization**  
Realizing lasting success

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# Executive summary

Deloitte believes that Canadian businesses have a crucial role to play in ensuring Canada remains the world's best place to live and work over the next 25 years. For years, we've worked to share this optimistic vision for the future and identify what it takes to make Canadian businesses more successful.

But we've also been sounding the alarm. We've warned business leaders and policymakers about Canada's lagging productivity, and we've cautioned companies about the impact of the coming age of disruption. Today, challenges that were once on the far horizon are now on our doorstep—and we're still not ready.

Over the next quarter century, the world will likely be utterly transformed. Everything we know about what it takes for businesses and nations to thrive will be challenged. *The infinite organization* offers Deloitte's perspective on the critical organizational behaviours that we believe will enable Canadian companies to effectively compete over the long term in a rapidly changing world.

Because, if we want Canada to be the best place to live and work for generations to come, we'll need many more enduringly successful companies than we have today.

# Why lasting success matters

Being able to stay in business isn't the same as building a business that adapts, thrives, and continues to win as the years pass by. To achieve lasting success, companies must be long-lasting *and* able to maintain success at the peak of their field. Canada needs more companies like this.

We have concerns about the country's business dynamics. We have too many older, low-growth companies that...well, exist. Instead of following the natural business cycle, they're stuck in neutral, neither exiting nor continuing to grow.

>40%

More than **40 percent** of Canadian businesses, both public and private, can be considered mature (aged 15 years or older), up from just over **30 percent** the decade before. That means a rising proportion are reaching the stage where their most dynamic years are behind them—and either decline or renewal await.



While some of our businesses are growing, many are watching their revenues stagnate or shrink. Roughly **44 percent** of firms aged 10 years or older recorded **stagnant or negative three-year revenue growth rates** between 2009 and 2016.



Business exit rates are **steadily declining**, and currently sit at the lowest level in decades.



Our analysis found that at least 16 percent of Canadian public companies are what the Organisation for Economic Co-operation and Development (OECD) calls **zombies**: mature businesses whose earnings are not enough to cover the interest payments on their debts but still manage to survive, thereby diverting capital and talent away from more productive firms and hindering the ability of younger, more dynamic businesses to grow.



## We can't rely on what made us successful in the past

Rapid technological development and globalization are changing how we live, work, and conduct business. What made companies successful in the past is no longer the best predictor for success in the future.

Canadian companies must recognize these changes, embrace ambiguity, and find the courage to adopt new ideas, approaches, and behaviours.

- **Scale and market position aren't the advantages they used to be.** Digital offerings and new technologies enable smaller entrants to challenge large competitors more easily than ever.

- **Industry boundaries have blurred.** Competition can come from anywhere, with technology providing a platform for companies to diversify into previously unrelated industries.
- **Businesses must compete based on ideas and know-how.** Attracting and mobilizing highly skilled talent is increasingly vital.
- **Shifting consumer expectations are redefining the relationship between businesses and customers.** In a digital world, consumers expect instantaneous satisfaction and services tailored to their unique needs. With a click,

customers can share their feedback or take their business elsewhere.

- **The definition of leadership is evolving.** Democratized access to information has made people more skeptical and distrustful of many institutions, and CEOs are being asked to step in to fill the void.
- **Power is shifting from West to East.** As Asia-Pacific countries gain economic and geopolitical clout, Canada's continued reliance on the United States as its key trade partner could leave its businesses in a difficult position.

# The essential behaviours for success

Based on our understanding of how the business landscape is changing, supplemented by our conversations with more than 50 prominent Canadian business leaders, we identified five behaviours that we believe will be critical for companies to practice for sustained success on the road ahead.

## Disrupt with resilience

The most successful companies will be the ones that combine resilience and disruptive capacity to become agile, forward-looking businesses that see change as an opportunity to experiment, learn, and grow.

## Nurture your roots

Businesses need to develop strong, deep roots to sustain robust growth and withstand constant challenge. Companies must nurture their connection to customers and mobilize people and technology.

## Assert global leadership

As global competition heats up, Canadian companies will need to get out on the global stage at the highest levels, or Canada will be left behind.

## Pursue tough decisions

Navigating a faster-paced, more competitive environment will require businesses to find ways to combat the uncertainty that comes along with making tough decisions.

## Drive purpose and impact

An organization's purpose can serve as an important touchstone in moments of crisis and can be a critical filter for decision-making.

# Where Canadian companies stand

How many organizations in Canada embody these five behaviours today? We surveyed more than 700 of them to find out. While 55 percent believe they're positioned for lasting success, our analysis found that few in fact are. Canadian companies perform some of the key behaviours well and others poorly—for example, they are good at driving purpose and impact but struggle to assert global leadership and to disrupt with resilience. This is consistent with our past research on productivity, technological disruption, and export readiness.

## Recommendations: How to build thriving businesses that last

What Canadian companies need to do



### Disrupt with resilience

- **Make innovation a discipline and invest in it.** Establish and fund processes to continuously develop and test new ideas. Take calculated risks and foster thoughtful experimentation.
- **Expand your ecosystem to find new ideas and challenge orthodoxies.** Start talking to people outside your sector, region, or country to hear fresh perspectives. Get involved in innovation ecosystems, and collaborate with startups, academic researchers, incubators, even competitors.



### Pursue tough decisions

- **Adopt a zoom out/zoom in approach to strategy.** Zoom out to tackle risk, consider potential disruptors, stay on top of trends, and counteract uncertainty. Zoom in to grab opportunities to strengthen your business and generate quick returns.
- **Play the long game and make small bets along the way.** Combine a strong “future sense” with pragmatic opportunism. Make small bets on new opportunities as they arise.



## Nurture your roots

- **Invest in people like they're the competitive advantage you say they are.** Define and cultivate a work culture and environment where your people can work the way they feel most productive and are motivated to add value as they see it.
- **Focus on what technology enables you to accomplish.** When you explore or invest in a new technology, make sure you clearly understand what it will help accomplish and how it will enhance your business's value proposition.
- **Get serious about the market of one.** Don't wait to capture and harness your customers' data. Act now to develop the capability to quickly transform that data into meaningful insights that you can act on. Don't assume you understand your customers; back it up with data, research, and outreach.



## Drive purpose and impact

- **Declare your organization's purpose—and live up to it every day.** Be clear about your company's purpose. Use this purpose to drive innovation, motivate your people, foster a strong, healthy work culture, and shape decisions.
- **Understand what makes you great, and make sure everyone knows it.** Zero in on what makes your business great to help set you apart in a tough market and tell a clear, compelling story that gets noticed.



## Assert global leadership

- **Champion a win-win ethos.** Embrace all opportunities to collaborate with customers, partners, vendors, and governments to understand and co-develop products, services, and strategies that bring real benefit to all involved.
- **Go global, but invest in local talent.** Capitalizing on Canada's diversity to recruit local talent can give Canadian businesses an insider's perspective on local conditions, help establish a solid foothold in new markets, and provide a way to demonstrate our unique way of doing business.

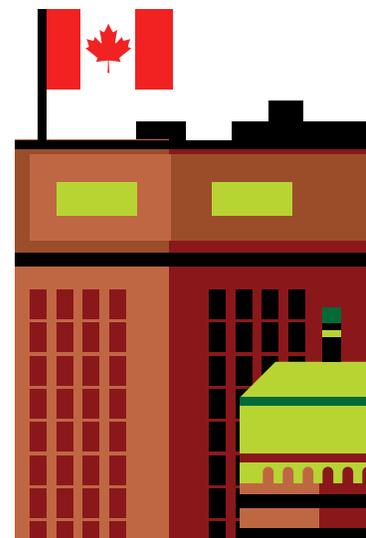
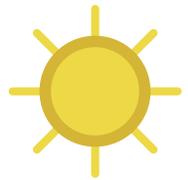
# The good news: This is Canada's moment to shine

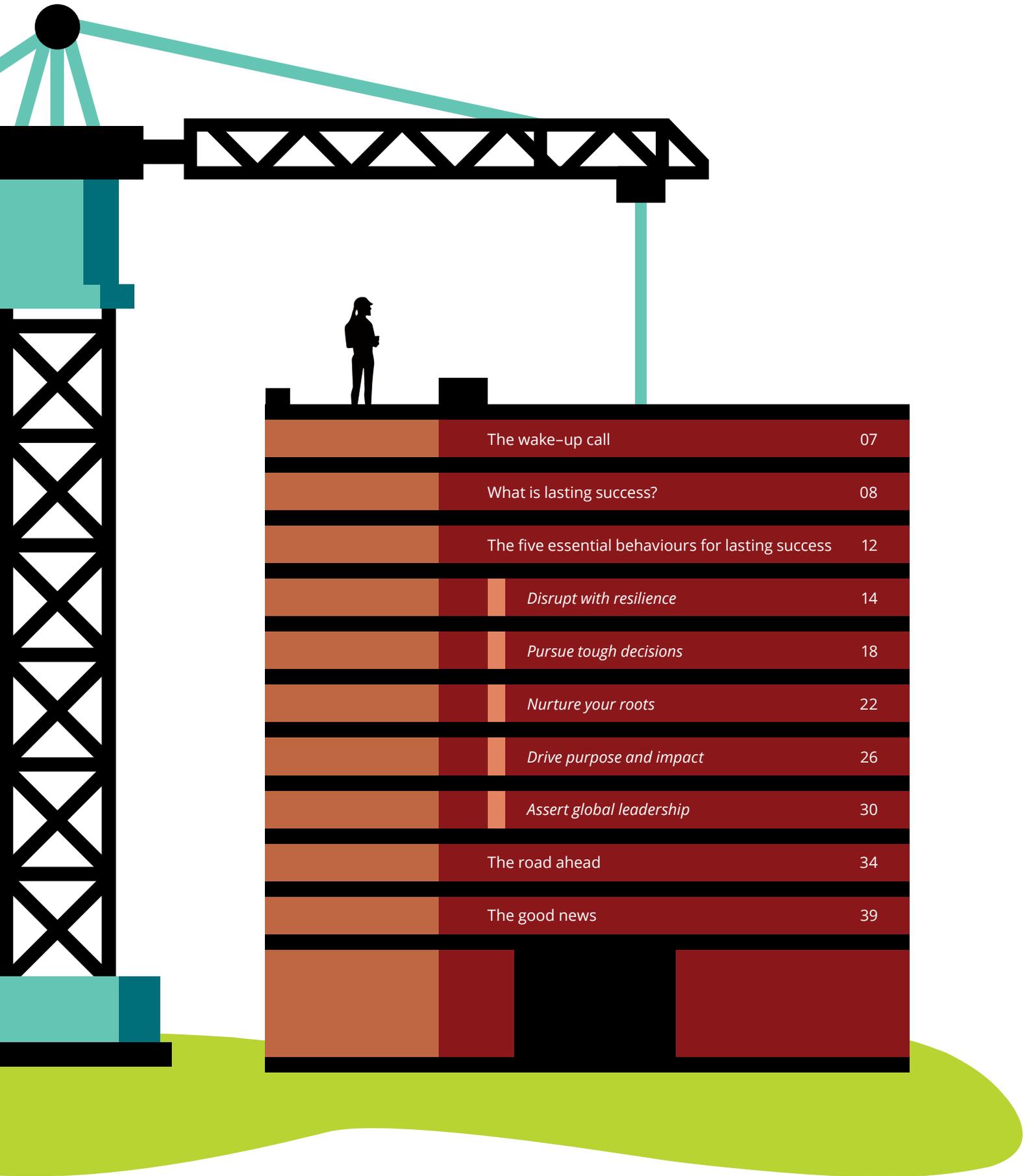
The world is a tumultuous place today. Many countries are turning inward. Attitudes are hardening and once-cordial relationships are growing frostier. Yet, in many ways, it's never been a better time to be Canadian.

At Deloitte, we're convinced Canada will remain the best place in the world to live and work when we mark Confederation's 175<sup>th</sup> anniversary. Our companies will play a critical part in achieving that vision—harnessing

innovation, creating new opportunities, and proudly expressing Canada's values.

Or at least, they will if we have the courage to take the necessary action today. We must take risks, embrace new ideas, and be willing to try—and not afraid to fail. By creating the conditions for lasting success, we can establish the foundation for a prosperous Canada for all.





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# The wake-up call

## Canada needs more companies to achieve lasting success

Deloitte believes that Canada is the world's best place to live and work and that, over the next 25 years, we can—together—set a shining example of what a diverse, inclusive, and prosperous society is. We also believe that we cannot reach this goal without strong Canadian companies at every step of the way.

Businesses drive our nation forward, creating jobs and opportunities, unleashing innovation, and showcasing Canadian business acumen and values on the world stage. In recent years, Deloitte has sought to identify what it takes to make our companies more productive, courageous, and inclusive. We've also explored how Canada itself can become more successful as a nation, describing the bold bets we need to lay the groundwork for our future prosperity.

Despite our optimistic vision, we've also been sounding the alarm. Since releasing our first report on the future of productivity in 2011, we've been warning business leaders and policymakers about Canada's lagging productivity in a time of increasing globalization and demographic change. We also cautioned that the age of disruption would bring even more urgency to these issues. Eight years later, the challenges that were on the distant horizon are right in front of us. We're still not prepared.

The advent of the steam engine and cotton gin launched a revolution that fundamentally changed the world. We're at a similarly pivotal point today. Over the next quarter century, the world will transform in ways we can now only imagine, and in ways we won't see coming. It will challenge everything we know about what it takes for businesses—and nations—to thrive over the long term.

*The infinite organization* offers Deloitte's perspective on the critical company behaviours that we believe will enable Canadian businesses to compete and win in tomorrow's world. Because if we want Canada to remain the best place to live and work for generations to come, we're going to need many more enduringly successful companies than we have today.



# What is lasting success?

We're interested specifically in *lasting* success: how companies that reach the top stay there as markets and societies evolve. It's not about simple longevity. Being able to stay in business isn't the same as building a business that adapts, thrives, and continues to succeed year after year.

Technological disruption and a rapidly increasing pace of change are shaking up the business landscape. Companies that have cruised along for decades will no longer be able to get by on being good enough.

Large, high-impact firms that push the boundaries of global productivity will be essential to future growth and prosperity.<sup>1</sup> Fuelled by top talent and cutting-edge technology, the world's leading companies are pulling away from the pack and reshaping their industries.<sup>2</sup> These frontier firms are disproportionately responsible for global productivity growth and innovation.<sup>3</sup> They're also critical to driving prosperity in their home countries. They bring global best practices to the national market and play an outsized role in terms of job creation and GDP growth.<sup>4</sup>

We need more companies like this.

**"The world today is a global village, and we need to be at the top of the game. To win you have to be at the forefront of innovation—not just in Canada, but globally."**

**Frank McKenna, deputy chair of TD Bank Group**

## Many Canadian companies are lasting, but not enough are thriving

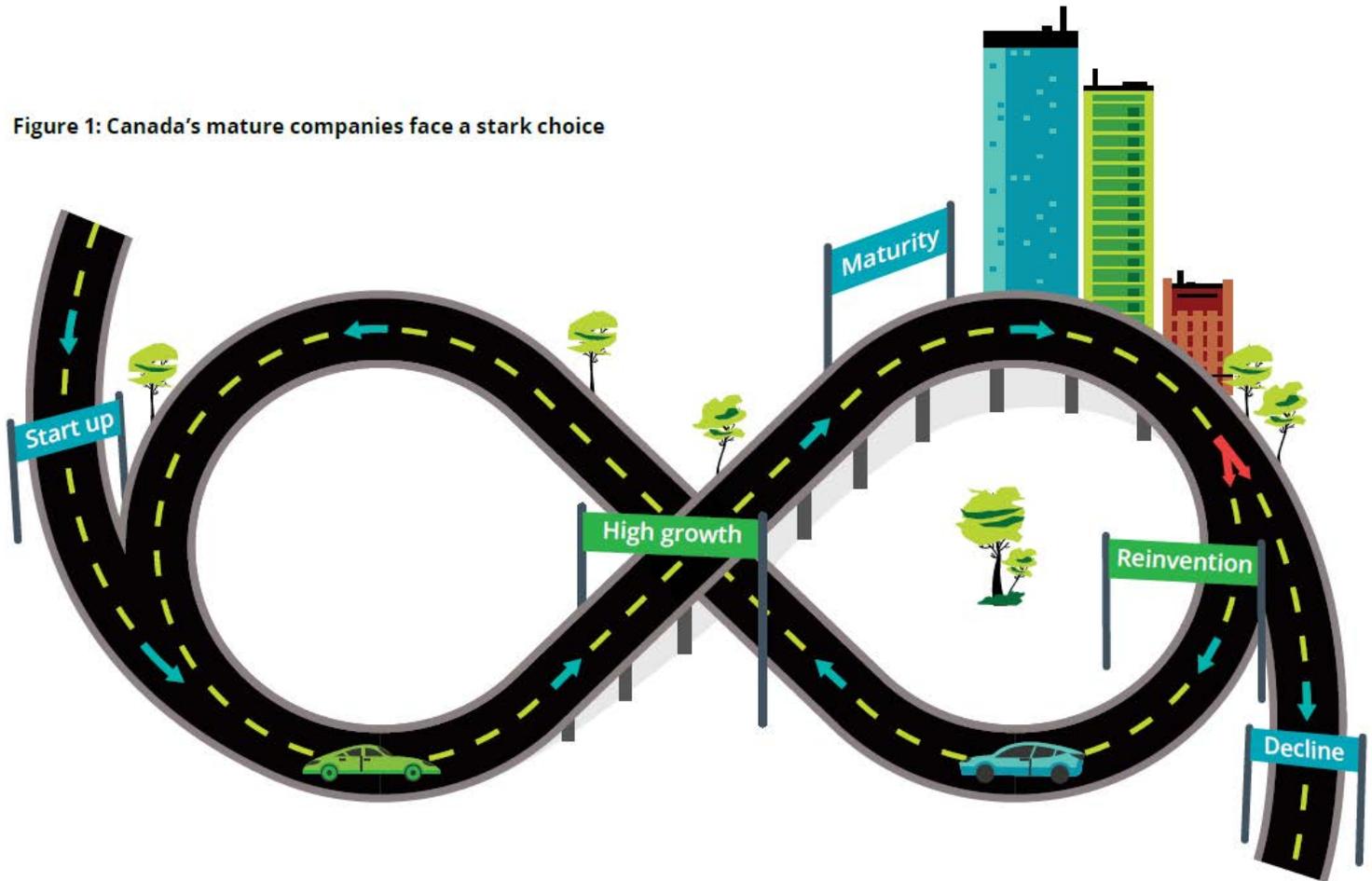
Unfortunately, what Canada has in abundance are older, low-growth companies that simply exist. As of 2016, over 40 percent of Canadian businesses, both public and private, can be considered mature (aged 15 years or older), up from just over 30 percent a decade before.<sup>5</sup> While some of our businesses are growing, many are watching their revenues stagnate or shrink. In fact, each year from 2009–2016, roughly 40 percent of all Canadian companies experienced negative or stagnant three-year revenue growth rates, with older firms faring slightly worse.<sup>6</sup>

From a business-cycle perspective, that means Canada has a relatively large number of companies on the cusp of slow decline (Figure 1). These businesses face a critical choice: make do with the status quo and risk succumbing to the decline, or reinvent themselves to kick-start a new cycle of growth.

Not every company will be able to reinvent itself, and that's okay. Business exits are an essential part of a vibrant economy: they release talent and capital that can be used to fuel new high-growth firms. That's creative destruction.

But that's not what's happening in Canada today. Exit rates are steadily declining and currently sit at the lowest level seen in decades.<sup>7</sup> Instead of following the natural business cycle, we have too many businesses stuck in neutral, neither exiting nor continuing to grow.

Figure 1: Canada's mature companies face a stark choice



**Canada may have a zombie problem**

The Organisation for Economic Co-operation and Development (OECD) defines zombie companies as older firms (aged 10 years and up) that have persistent troubles meeting their interest payments but still manage to survive.<sup>8</sup> They are a drag on productivity because they divert key resources away from more productive firms and hinder the ability of younger, more dynamic businesses to flourish.

The number of such businesses is on the rise around the world. The Bank for International Settlements estimates

that zombie companies, which barely existed in 1987, now make up about 10 percent of public companies across OECD member countries.<sup>9</sup>

We wanted to know how many zombie companies exist in Canada. We found that our outbreak might be worse. Analyzing the financial data of 2,274 companies listed on the TSX and TSXV from 2015 to 2017, we discovered that at least 16 percent could be considered zombies.<sup>10</sup> That means more than 350 public companies don't earn enough to meet the interest payments on their debt. Combined, they hold around

\$130 billion worth of capital on their balance sheets.

Because only a few thousand Canadian companies are publicly traded, it's difficult to gauge the full extent of the country's zombie problem. Regardless, it's clear that significant amounts of capital and talent are locked up in underperforming companies and that this untapped potential is a drag on our economy. The situation needs to change to prevent Canada's future business landscape from being one of low growth and slow decline.

# In times of profound change, you can't rely on what made you successful in the past

Canada needs more of its companies to achieve lasting success. But what is it that allows some companies to achieve it while others, despite their best efforts, fail to find that seemingly infinite capacity for reinvention?

## The business landscape is shifting dramatically

Companies and their leaders are operating in a world of accelerated change, increasing complexity, and rising ambiguity. The long-standing rules of the game are changing:

### Scale and market position aren't the advantages they used to be.

Digital offerings and new technologies enable smaller entrants to challenge large competitors more easily than ever.<sup>11</sup> For example, Netflix announced it would begin streaming content online in 2007—by 2010, rival Blockbuster had filed for bankruptcy.<sup>12</sup>

### Industry boundaries have blurred.

Competition can come from anywhere, as technological platforms allow companies to diversify into previously unrelated industries. Google started as an online search engine; now its parent company, Alphabet, is an autonomous car manufacturer, airborne wind turbine producer, and payments platform.<sup>13</sup>

### Businesses must compete based on ideas and know-how.

Attracting and mobilizing highly skilled talent is increasingly vital. High-skilled occupations accounted for all new job creation in the Canadian economy between 2007 and 2016, and they're expected to comprise 76 percent of projected employment growth over the next 10 years.<sup>14</sup>

Rapid technological development and globalization have changed—and will continue to change—how we live, work, and conduct business. (See *The business landscape is shifting dramatically*.) The magnitude of these changes is challenging what we know about what it takes for businesses to succeed. The attitudes and behaviours that made companies successful in the past may no longer be the best or most reliable predictors for success in the future.

To compete, win, and endure, companies must anticipate the changes that are coming and accept the ambiguity that surrounds them. They must find the courage to embrace new ideas, approaches, and behaviours. But first, they must wake up to their predicament.

“Disruption is not hype. If BMO doesn’t keep pace, it won’t be government policy that killed us. Business is tougher, everything is faster. The real challenge we face is innovation and new entrants. We need a tremendous focus on seeing everything through the eye of the customer if we’re going to survive in this hyper-competitive landscape.”

**Robert Prichard, chair of the Bank of Montreal**

**Shifting consumer expectations are redefining the relationship between businesses and customers.**

In a digital world, consumers expect instantaneous satisfaction and services tailored to their unique needs. With a click, customers can share their feedback or take their business elsewhere. This “tyranny of choice” makes it easier for customers to exert their power and harder for businesses to keep up.<sup>15</sup>

**The definition of leadership is evolving.**

Democratized access to information has made people more skeptical and distrustful of institutions. CEOs are being asked to fill the vacuum. *Fortune* magazine has dubbed this era the “Age of the CEO Statesman,”<sup>16</sup> and almost 70 percent of Canadians believe CEOs and businesses should take the lead on creating change.<sup>17</sup>

**Power is shifting from West to East.**

Canada’s continued reliance on the United States as its key trade partner could leave Canadian businesses in a difficult position as Asia-Pacific countries continue to gain economic and geopolitical clout. Asian and Oceanic economies are forecast to generate 38 percent of the world’s GDP by 2030, up from 32 percent in 2015.<sup>18</sup> US retrenchment on global free trade, including NAFTA, underlines the consequences of this shift in gravity.

# The five essential behaviours for lasting success

The rules of the game are shifting. Based on our understanding of the changes on the horizon, we identified five behaviours that we believe will be critical for companies to develop for the road ahead.

We sat down with more than 50 leaders of prominent Canadian companies—companies that are no stranger to success, longevity, and disruption—and asked them what they think it will take to win in the future. More importantly, we asked them what they were doing to prepare. We then took a hard look at whether today's conditions for success will hold up in tomorrow's constantly evolving world.

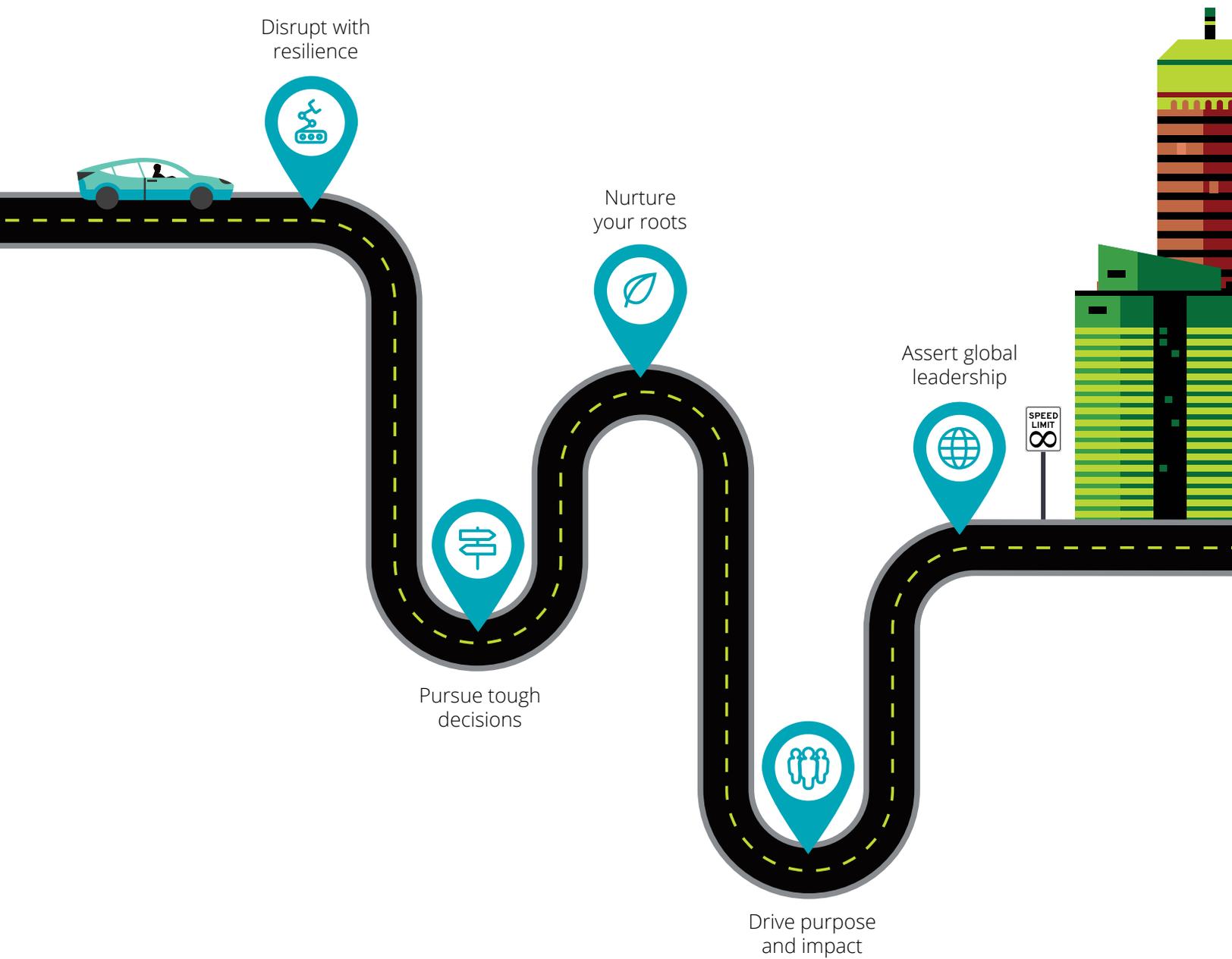
We heard diverse views, but all agreed that what drives organizational success today is likely not going to be enough to guarantee success in the future. While leaders look to the past for motivation and inspiration, they know they will have to act differently in the years to come. Despite the uncertainty ahead, the leaders we spoke to were also profoundly optimistic about the opportunities for their businesses and our country.

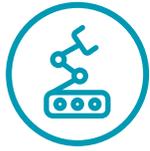
Their insights helped us to uncover five essential behaviours that we believe companies must cultivate if they want to thrive in the years ahead (Figure 2). Our research has made it clear that we need businesses that can disrupt with resilience. Companies that aren't afraid to pursue the tough decisions. We need organizations that invest today in nurturing the things that will make them great tomorrow, driven by their purpose and desire to make an impact. And we don't just need companies that do this at home—more than ever, we need Canadian companies to do this on the world stage.

## Our approach

How many of Canada's companies currently exhibit the five essential behaviours for success? To find out, we surveyed more than 700 businesses representative of the Canadian business community to analyze their future-focused attitudes and practices. All survey group comparisons are statistically significant to a 95 percent confidence level, with a margin of error of +/- 3.7 percentage points. The survey was in field during the month of April 2018.

Figure 2: The five essential behaviours for lasting success





# Disrupt with resilience

To disrupt with resilience means taking steps to increase the likelihood that your company is among the disruptors—not the disrupted. It requires building organizational resilience so that your business can nimbly pivot at setbacks and withstand shocks. The most successful companies will be the ones that combine resilience and the capacity for disruption to become agile, forward-looking businesses that see change as an opportunity to experiment, learn, and grow.

## What are companies facing?

From the advent of the steam engine to the internet age, businesses and industries have always faced technological disruption. What's different today is the pace at which it is occurring and the ease with which new players can enter the market. An advance in technology in a seemingly unrelated field can completely upend an industry in short order.

## Businesses will need to cultivate the capacity for self-disruption.

The president and CEO of Cineplex, Ellis Jacob, put it this way: "Being a little paranoid can be healthy in business. It has certainly helped us to be determined and forward-looking in our approach to innovation and has ensured our resiliency in the face of market disruptions." This type of attitude will serve companies well. We predict that the companies that manage to thrive over the years ahead will be the ones that pair robust future-sensing capabilities with a disciplined commitment to problem-solving and experimentation throughout the organization.

## Organizational resilience will be critical to navigate change and withstand setbacks.

What it takes to be resilient can be hard to pin down, but researchers have attempted to define it: resilient companies have a staunch acceptance of reality, find meaning and purpose in the face of hardship, and develop an uncanny ability to improvise solutions when it seems there are none.<sup>19</sup>

Leaders will play a key role in fostering resilient, innovative cultures within their organizations. By necessity, enduringly successful businesses will develop workplace cultures that embrace change, encourage experimentation, and celebrate new ways of thinking and doing.

But resilience will come down to more than culture. A company's ability to withstand volatile market shocks or nimbly execute a strategic pivot will also rely on the assets and resources it has at its disposal.

"Being a little paranoid can be healthy in business. It has certainly helped us to be determined and forward-looking in our approach to innovation and has ensured our resiliency in the face of market disruptions."

**Ellis Jacob, president and CEO of Cineplex**

**Risk and failure will be an important part of the equation.** Failure is part of success, and any company that is going to disrupt with resilience has to recognize that. The boldest organizations will see a setback as a learning opportunity and speak openly about it. In fact, they might even praise it. Not every failure warrants praise, but those that stem from thoughtful experimentation and the courage to try are key to an organization's growth and innovation.<sup>20</sup> (See *Spin Master*.)

At times, it might be helpful to think of “disrupt with resilience” as a first principle rather than a behaviour, since the actions that company leaders must take to achieve it are so closely linked to the four other behaviours.

“In our business, we always say you want to bat 0.600.”

**Ronnen Harary, co-CEO of Spin Master**

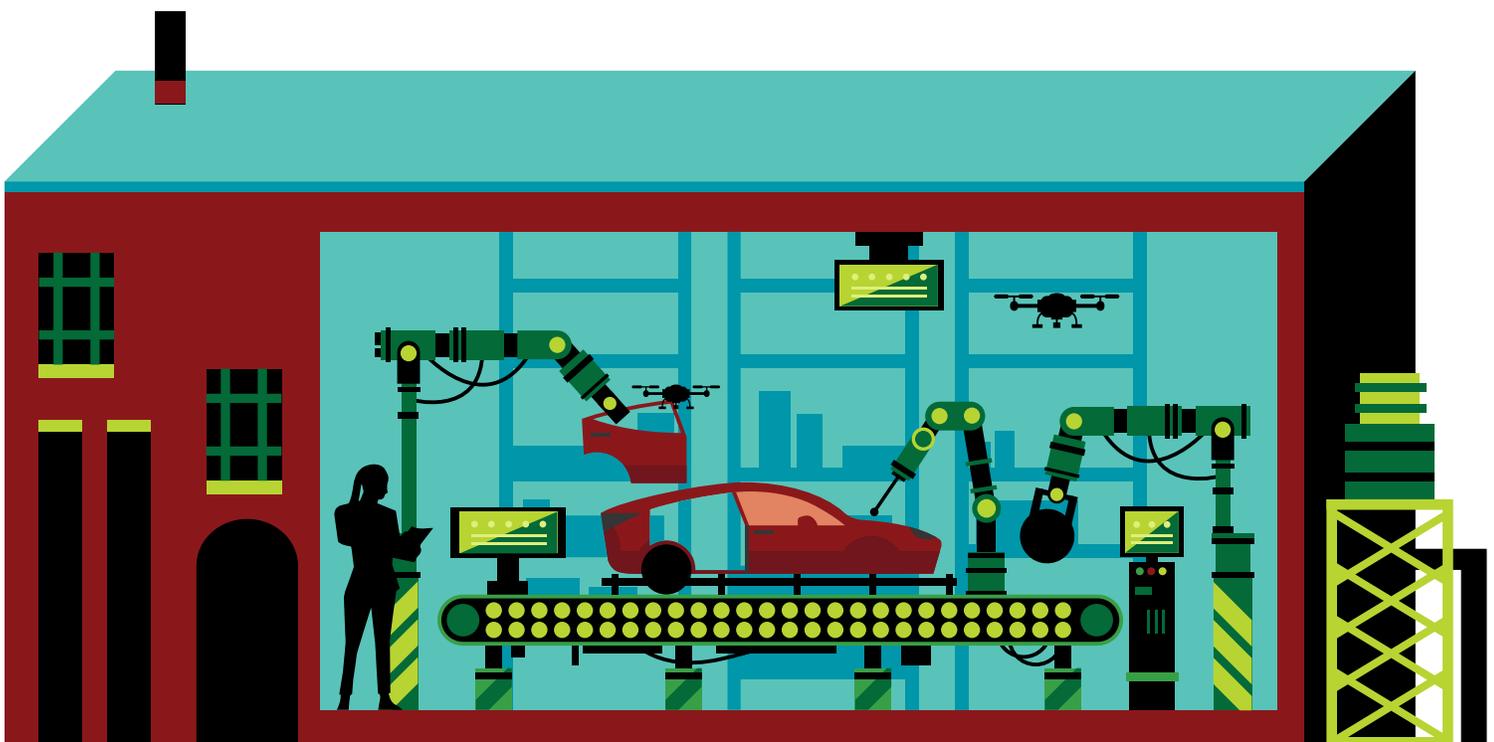
### A disciplined approach to innovation at Spin Master

Spin Master believes that good things happen when you're out of the office. On its mission to “Make Life More Fun,” Spin Master has cultivated an impressive global network of investors and innovators that are blazing a trail in children's entertainment, generating more than 3,000 ideas every year.

But it's not enough to simply have good ideas. Spin Master has made perpetual disruption a discipline, critical for survival in an industry with short product lifespans. “We're almost paranoid about filling our pipeline and getting out of businesses that aren't working well,” says co-CEO Ronnen Harary.

When a sluggish product is identified, Spin Master moves quickly to replace it. The company's 36-month brand innovation process allows them to continuously forecast and evaluate a product's development and ensures that Spin Master always has a robust product pipeline.

What if a great idea doesn't work out? Harary says they don't play the blame game. The company quickly reallocates resources and sets its sights on the next big thing. “In our business, we always say you want to bat 0.600.”



“In an effort to manage risk, companies often avoid taking on unproven things. It’s important to separate what could be good opportunities from other options and take time to test, iterate, and build.”

**Mark Little, COO of Suncor**

### How are Canadian companies faring?

They’re not doing at all well in this area. Many companies struggle to nurture the cultural elements necessary for disruption to happen, and lack the processes and systems to make it an ingrained habit.

### Our largest firms hesitate to embrace new thinking and challenge the status quo.

When it comes to creating a resilient, innovative culture, 62 percent of the Canadian businesses we surveyed indicated they have a culture that is open to new ideas and ways of doing things. When we dug deeper, however, we discovered that only 35 percent of very large companies reported they were open to a ‘great extent’, compared to 65 percent of smaller firms. (Figure 3).<sup>21</sup>

### When it comes to embracing failure, Canadian companies may say one thing but do another.

Senior respondents (C-suite and senior managers) felt leadership spoke openly about failure, but middle management and below were much less likely to agree (37 percent) (Figure 4). The leaders we interviewed were sensitive to this predicament. As one interviewee said: “Everyone agrees with testing and failing—until you fail. Then it’s unacceptable. The mentality of failure as a career-ending move needs to change if companies want to innovate.”

### They continue to struggle with the discipline of innovation.

Forty-two percent of our survey respondents described their company as one that continually invests its resources in developing innovative solutions, but few companies reported having processes in place to actually test and scale innovations (Figure 5). These findings align with research Deloitte released earlier this year that found only 6 percent of Canadian companies have developed their innovation capabilities to the point where they could be considered a true organizational competency.<sup>22</sup>

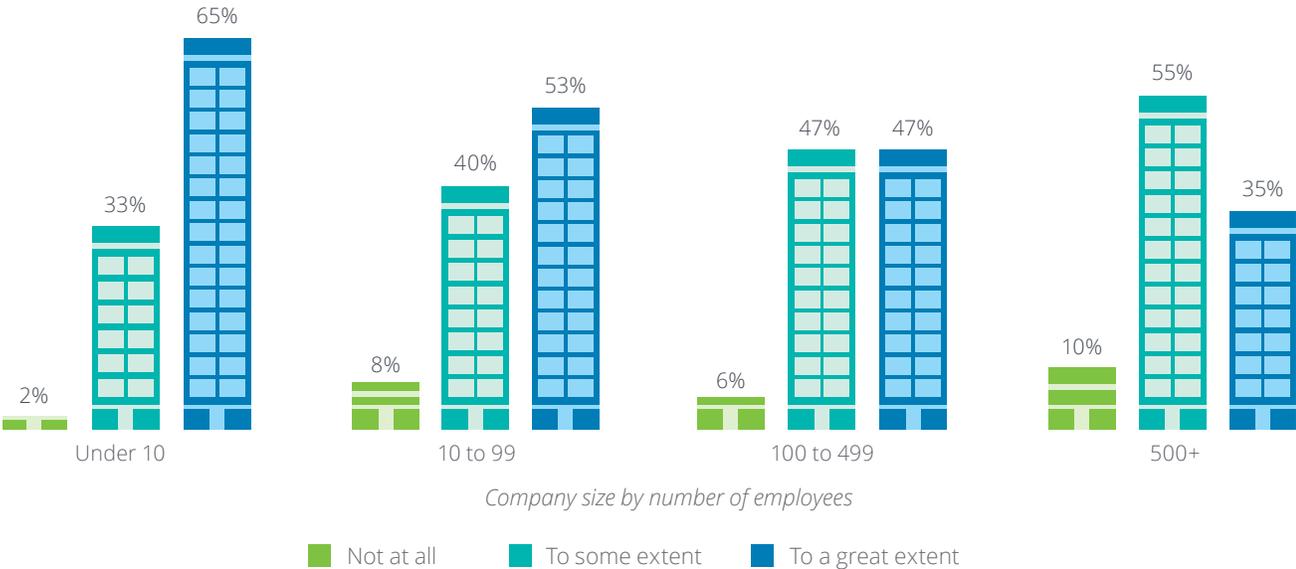
Mark Little, chief operating officer at Suncor, expressed to us the importance of embedding innovation within organizations as an operational discipline: “In an effort to manage risk, companies often avoid taking on unproven things. It’s important to separate what could be good opportunities from other options and take time to test, iterate, and build.”

For Suncor, this approach recently led to an important breakthrough: the implementation of autonomous trucks, the first time this technology has been successfully implemented in a northern climate while mining soft material like oil sands. “This not only reduces costs and improves safety, but also reduces our overall emissions. A real win-win.”



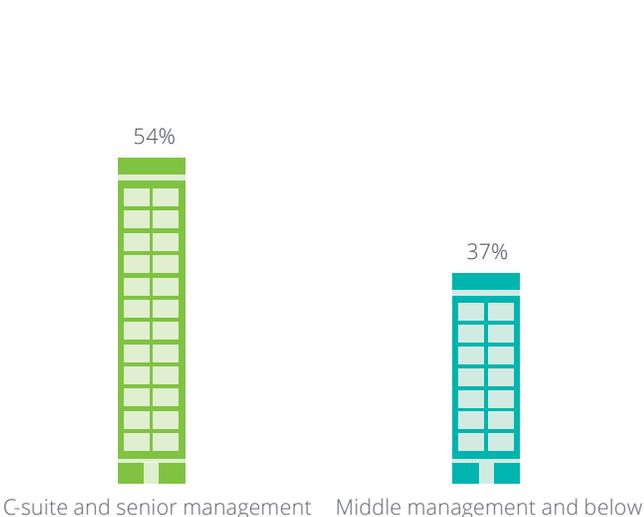
**Figure 3: Large organizations struggle to nurture a culture that's open to new ideas**

To what extent does your organization "have a culture that is open to new ideas and ways of doing things"?



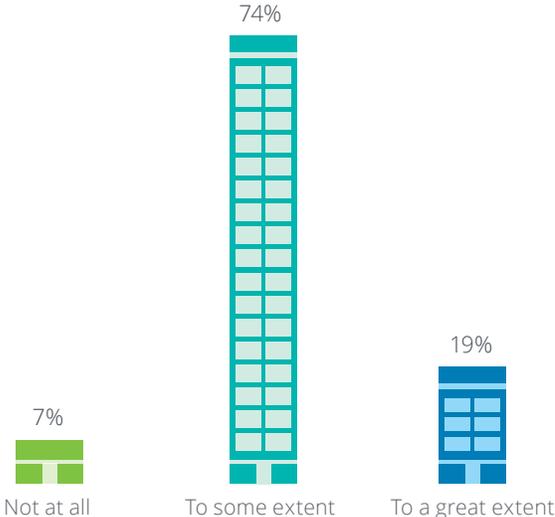
**Figure 4: Speaking about failure**

Does the leadership at your organization speak "openly about failure or setbacks" to a great extent?



**Figure 5: Only 1 in 5 Canadian companies test new improvements on a small scale**

To what extent does your organization "pilot new improvements on a small scale before implementing them more widely"?





# Pursue tough decisions

Recognize that you'll have to make some tough choices to succeed over the long term. Navigating a faster-paced, more competitive environment will require finding ways to combat the uncertainty that comes along with it. Companies will need to take the long view and proactively make choices and investments in the near future for the distant future.

## What are companies facing?

The need for business leaders to make tough decisions is certainly not new. But the increased pace of change and competition is pushing them to make such decisions more quickly, without as much time to gather information and plan a course of action. Combined with the growing complexity of the business environment, many leaders are feeling uncertain about the future. In fact, when we surveyed over 730 leaders in mid-2017, 49 percent of them felt that it will become harder to grow a business for long-term success in the future.<sup>23</sup>

When faced with change and uncertainty, it may feel natural to put off decisions until things become more certain or clear. The challenge is that they won't. Companies need to adjust their approach by focusing on the long term more than ever and actively pursuing the tough challenges they see on the horizon today, on their own terms. They cannot wait until being forced to take action—that's already too late.

**Taking the long view will be an important antidote to ambiguity.** Making decisions is easier with strategic clarity. Yet, the five-year plan looks sorely out of date in a world where

strategic decisions must be made rapidly and the medium-term future is hazy. Leaders must combat shortsightedness. They need to be able to think long-term and develop forward-looking strategies based on a strong understanding of where the world around them is going. To prevent being blindsided by disruption, they will need to adjust their timelines to look even further into the future—beyond the five-year plan—and pair it with a short-term nimbleness to capitalize on immediate opportunities.

(See *Linamar*.)

**Making small, but smart, bold bets will pay off in the long run.** Companies can't assume their current winning formula or unique advantage in the market will last over the long haul. Successful organizations will recognize the need to make investments that don't come with an immediate payoff. David Labistour, CEO of the outdoor recreation retailer Mountain Equipment Co-op (MEC), framed it like this: "We're in an age where you can't bet the farm anymore. Things are moving too fast. Instead, we're testing the market in small ways and iterating to the next level. I think companies have to get used to making small bets all the time. You don't know which ones will pay off, but some will."

### Linamar takes the long view

Linamar Corporation has come a long way from its one-man shop in founder Frank Hasenfratz's basement. Current CEO Linda Hasenfratz attributes much of that success to the company's ability to make the tough decisions that will seed its future success. Those decisions have kept Linamar well positioned to capture opportunities when they arise.

At Linamar, thinking five or 10 years ahead is considered short-term planning. The company works from a 100-year plan, which completely changes how the leadership makes decisions. Take, for example, the recent trend in manufacturing to offshore labour to lower-cost countries. Linamar considered the strategy too short-term.

"We didn't think it was a smart idea to disrupt a mature, thriving business for 15 years of labour savings that aren't necessarily guaranteed," said Hasenfratz. Labour costs in many low-cost countries have since risen rapidly. By resisting pressure to send production offshore, Linamar preserved precious resources—particularly leadership time—and kept its focus on increasing its value-add rather than on playing the cost game.

"We're in an age where you can't bet the farm anymore. Things are moving too fast. Instead, we're testing the market in small ways and iterating to the next level. I think companies have to get used to making small bets all the time. You don't know which ones will pay off, but some will."

**David Labistour, CEO of MEC**



“Leading a large organization requires you to think out years and years into the future. But you don’t get to do that unless you perform quarter to quarter. It’s an important balance between planning for the long term and taking action today.”

**Michael Medline, president and CEO of Empire and its wholly owned subsidiary Sobeys**

### How are Canadian companies faring?

Not enough are actively preparing for tomorrow and making the investments now that are needed for the long term.

**They take the long view, but aren’t following through with action.** Half of our survey respondents described their organization as one that takes the long view and, overall, businesses reported that long-term value influences decision-making more than short-term pressures (Figure 6). However, only 38 percent of respondents described their leadership team as one that actively prepares for the challenges of tomorrow (Figure 7). “Leading a large organization requires you to think out years and years into the future. But you don’t get to do that unless you perform quarter to quarter” said Michael Medline, president and CEO of Empire and its wholly owned subsidiary Sobeys. “It’s an important balance between planning for the long term and taking action today.”

**They are not making the small bets needed to diversify and change directions in tough times.** Many of the leaders we interviewed emphasized the

importance of consistently making small bets, even when times are tough, and especially when an organization is the market leader. The investments companies make to build their competencies are closely linked to their ability to self-disrupt, and these competencies become critical when an organization needs to shift its focus.

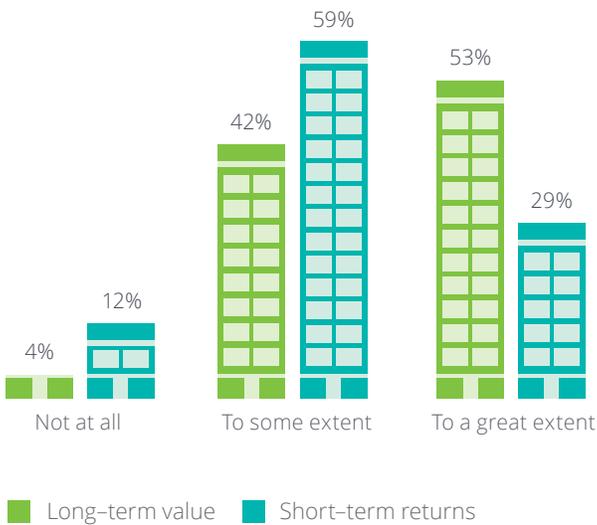
Many of the interviewees we spoke to emphasized that, while you have the leadership position, you need to invest in other opportunities and adjacencies that are in front of you. As one interviewee put it, “feed those new opportunities for a few years and they might carry your weight in the future.”

Unfortunately, not enough Canadian companies are investing with a view to the long term—only 20 percent reported putting money into products and services that won’t come to market for at least a year (Figure 8). Worryingly, only 35 percent of organizations said they put high levels of investment into developing new products or services at all, suggesting the majority think they can continue to rely on what’s worked for them in the past (Figure 9).



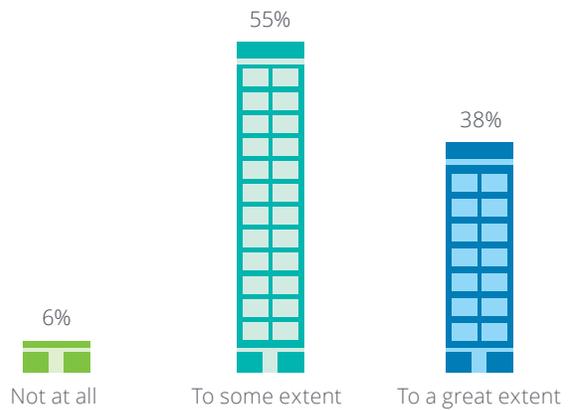
**Figure 6: Companies say long-term value influences daily decision-making more than short-term financial returns**

To what extent do “the long-term value of the organization” and “short-term financial returns” influence day-to-day decision-making at your organization?



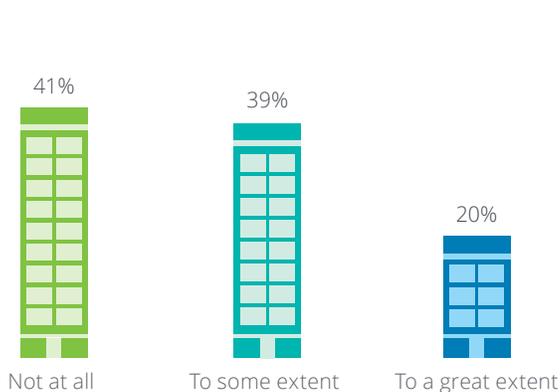
**Figure 7: Less than half of firms report that their leaders actively prepare for future challenges**

How accurately does “actively prepares for the challenges of tomorrow” describe the executive leadership at your organization?



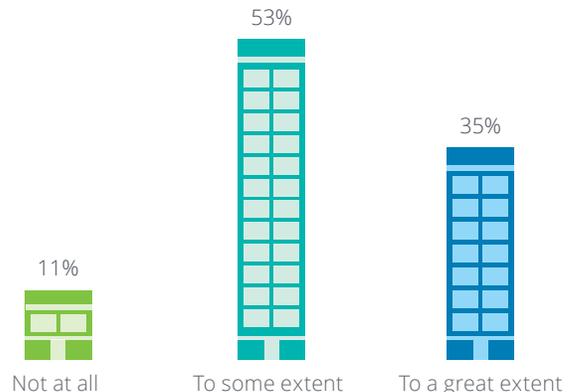
**Figure 8: Firms are not investing with a view to the long term**

To what extent does your organization consciously “set aside funds for products or services” that won’t come to market for over a year?



**Figure 9: Many businesses are not investing in new products and services at all**

To what extent does your organization invest resources in “developing and implementing new products or services”?





# Nurture your roots

Achieving lasting success will depend on developing roots that are strong and deep enough to sustain robust growth and withstand constant challenge. Companies must carefully examine theirs with a critical, forward-looking eye to determine what they carry ahead, modify, or create. We think that means companies must nurture their customer connection and ability to mobilize people and technology.

## What are companies facing?

### Customers

Firms have long known the value of delighting the customer.<sup>24</sup> However, digitization and the availability of data have changed the way businesses interact with customers, throwing the market-of-one concept into overdrive.

**The businesses most adept at anticipating customer needs will pull ahead.** The lure of personalized service has empowered customers to surrender their data to the companies that provide them with relevant and useful products and services.<sup>25</sup> These same technologies have lowered the barrier to entry for competitors looking to poach customers with offerings more specific to their needs. It's one of the ways companies like Amazon take on more established competitors.<sup>26</sup>

Successful companies are actively using digital tools, data, and predictive analytics to learn about their customers and improve their experiences. However, the power of data lies in its ability to inform decision-making and improve outcomes. To create a profound customer connection, businesses must be able to reliably translate insights into tangible action.

### People and technology

Companies are increasingly competing based on ideas and know-how<sup>27</sup>, but their tendency to view people and technology as separate and

contending assets is holding them back from realizing the full potential of their investments in these areas.<sup>28</sup>

**Unlocking the value at the intersection of technology and talent will be critical.** For the most part, businesses already have the raw materials to win—people and technology. It will be their ability to mobilize these together that will spark creativity and innovation.<sup>29</sup>

A business today can't get ahead based on only technology or only people power. Without technology, humans cannot hope to consume information and make decisions at the pace that global competition requires. Likewise, as it stands, technology cannot replace human-style judgment, empathy, and intelligence.<sup>30</sup> For the foreseeable future, they will need to coexist.

To capitalize on this, business leaders will need to create environments that foster the symbiotic relationship between humans and machines, with the strengths of each working together to augment the limitations of the other.<sup>31</sup>

For businesses to realize this synergy, they'll need to avoid falling back on bad habits: undertaking piecemeal technology implementations, investing in R&D or the latest emerging technology without a clear purpose in mind, and perhaps most insidiously, underinvesting in their people.<sup>32</sup>

### Bringing people and technology together at Four Seasons

The hotel industry is no stranger to disruption: see the rise of new competitors like Airbnb. In order to remain an industry leader, Four Seasons Hotels and Resorts recognizes the importance of continuing to invest in what has always been its greatest strength—its people—while also introducing the technological advances necessary to compete in a digital world.

Guests today expect hyper-personalized service. This requires investments in technology that enable Four Seasons to connect with its guests in innovative ways that are high-tech yet high-touch. Recent investments include a comprehensive customer relationship management system and an omni-channel chat function that translates into more than 100 languages.

But the real differentiator? The people.

Four Seasons knows it is the people who make a stay memorable. “Our people are our greatest asset. We are dedicated to empowering our employees to deliver the highest levels of service,” said John Davison, the company’s executive vice president and chief financial officer. “Today, that service is being enhanced and delivered through technology, which allows us to get to know our guests better and meet their needs. At Four Seasons, technology will never replace people, but will empower them to do what they do best—provide guests with the world-class service that Four Seasons is known for around the world.”

“Our people are our greatest asset. We are dedicated to empowering our employees to deliver the highest levels of service.”

**John Davison, executive VP and CFO of Four Seasons**



“We are in the midst of a technological revolution. To grow and thrive, it is critical that organizations invest equally in emerging technologies that will enhance the lives of their customers, and in their people who will lead and drive the organization. The two go hand in hand, and leveraging the connection between them is when the magic happens.”

**Joe Natale, president and CEO of Rogers Communications**

### How are Canadian companies faring?

Investment in talent and technology in this country continues to be alarmingly low. And few Canadian organizations are actively seeking out information on their customers, let alone translating it into action.

### They're serving customers without truly understanding them.

Though half of the Canadian companies surveyed said they are investing in creating top-notch customer experiences, only 26 percent said they're conducting extensive research about their customers (Figure 10). This may signal that firms aren't paying as much attention to sensing and business development as they should.

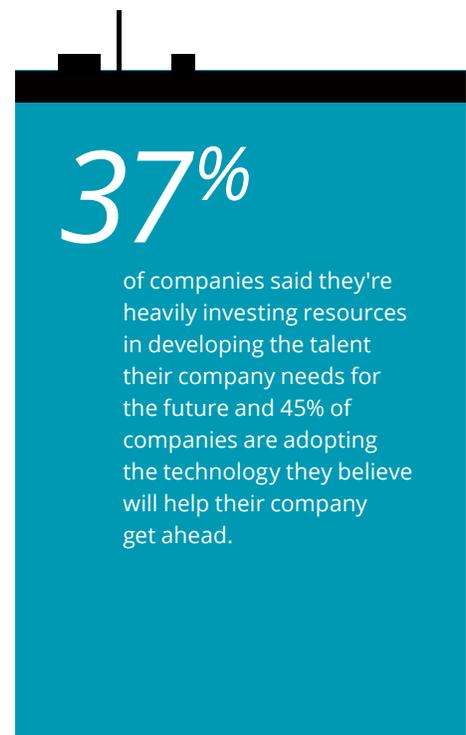
Interestingly, those that are investing in their people are much more likely to be investing in customer experience (Figure 11). These firms likely understand the important link between empowering their people and serving their customers better. (See *Four Seasons*.)

### They're not well positioned to mobilize people or technology.

Less than half of companies reported making the investments in the people and technology they said they need for the future. Only 37 percent of companies said they're heavily investing resources in developing talent, and just 45 percent are investing heavily in the technology they believe will help their company get ahead (Figure 12).

### Many businesses claim people are their competitive advantage, but few are investing in them.

Sixty-two percent of Canadian companies identified their people as a competitive advantage, yet they don't seem to be investing significantly more than the companies that don't see it that way (44 percent compared to 37 percent). Our interviews underscored the importance of closing this gap. When asked how Fortis would last another 100 years, the president and CEO of the utilities company, Barry Perry, had only one answer: “Picking the right people.”



37%

of companies said they're heavily investing resources in developing the talent their company needs for the future and 45% of companies are adopting the technology they believe will help their company get ahead.

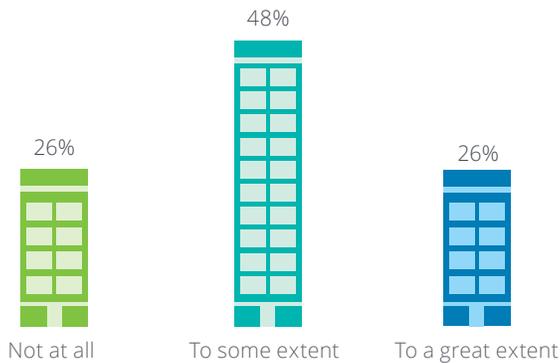


26%

of companies said they're conducting extensive research to better understand customer needs.

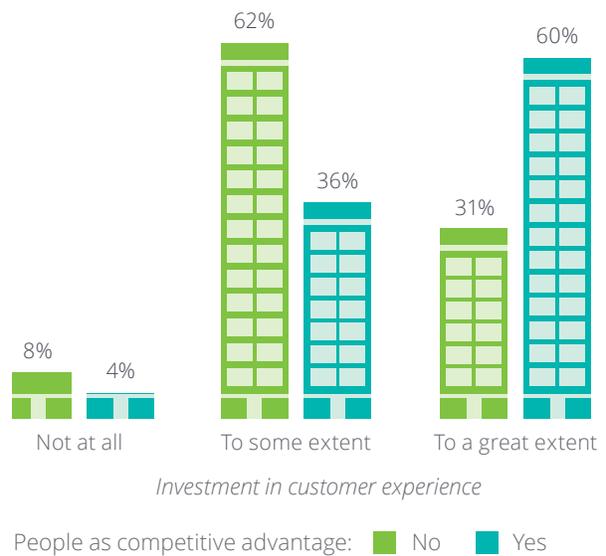
**Figure 10: Canadian companies are not conducting extensive research into changing customer needs**

To what extent does your organization “conduct extensive research or outreach to understand the changing needs of its customers”?



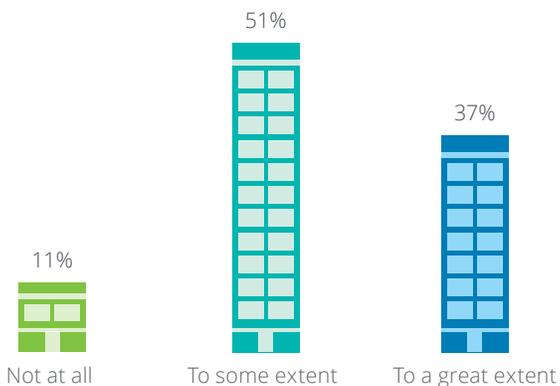
**Figure 11: The people–customer link**

Resources invested in “improving customer experience” by companies that report “the skills of our people” as a competitive advantage.

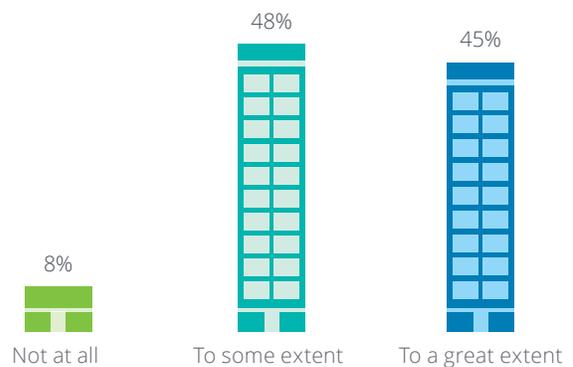


**Figure 12: Canadian firms continue to under-invest in people and technology**

To what extent does your firm invest resources in “developing the talent our organization needs for the future”?



To what extent does your firm invest resources in “adopting or making better use of technology that will help our organization get ahead”?





# Drive purpose and impact

Leaders must instill purpose and impact throughout their company. An organization's purpose can serve as an important touchstone in moments of crisis and it can be a critical filter for future decision-making.

## What are companies facing?

Business literature has focused on the importance of purpose for many years. We already know that it improves employee engagement and inspires innovation.<sup>33</sup> In the future, purpose will take on another important role: it will serve as a critical building block for resilience.

**Successful companies come back to purpose during tough times.** With the advantages of scale and market position eroding, companies must be prepared to pivot more often. This means more difficult decisions and maybe even periods of organizational crisis. With shifting societal expectations, having purpose requires a clear reason for existing beyond making money. We predict that companies with a strong purpose will be more resilient in times of adversity and be able to bounce back with a renewed sense of focus. With a clear vision for their future in mind, they always find a way to chart a path forward and make better decisions under pressure.<sup>34</sup>

## Driving organizational purpose will require leaders to get buy-in from their people.

The benefits of purpose don't accrue unless it's disseminated throughout the organization and meaning is shared. Purpose comes to life when everyone lives it: the decisions employees make every day are more likely to be on-brand and move the organization closer to delivering on it.<sup>35</sup> It starts with leadership communicating firm values clearly and often.

**Beyond the *why* of what they do, companies must also consider the *how*.** Companies are increasingly being measured on more than their financial performance. Their leaders are facing mounting pressure to consider the social and environmental impacts of how they do business.<sup>36</sup> This will grow in importance in the race for talent, since millennials value working for an organization that positively contributes to society, even more so than their boomer parents.<sup>37</sup>

### MEC on the power of purpose

MEC CEO David Labistour agrees that planning for the long term is becoming more difficult. So how does MEC combat the rising uncertainty? It always comes back to purpose.

“We always ask ‘What is our purpose?’ and ‘What do we want to be in the future?’ and then we work toward that no matter what comes along the way,” he said.

To achieve its purpose—inspiring and enabling everyone to lead active outdoor lifestyles—MEC has adjusted its goals over the years while staying true to its North Star. When a recent ParticipACTION study that MEC financed found that only 17 percent of Canadian adults get enough exercise, the company realized it had to change tactics. It recognized that the first step to getting Canadians outdoors was to get them active; its focus on “self-propelled wilderness recreation” wasn’t resonating with the majority of Canadians.

Armed with the insight that it needed a more inclusive approach to exercise, MEC began to offer a wider variety of goods, including a greater selection of indoor- and urban-focused gear like yoga wear. It understood the key to making an impact was reaching customers where they are today. The way MEC might do that will change with time, but the ultimate purpose stays the same.

“We always ask ‘What is our purpose?’ and ‘What do we want to be in the future?’ and then we work toward that no matter what comes along the way.”

**David Labistour, CEO of MEC**



“Now that we have close to 15,000 employees, it is hard to meet everyone. Now we use a system of ambassadors. If I can motivate 20 people, they can motivate 20 people, and so on.”

**Lino A. Saputo Jr., chair of the board and CEO of Saputo**

#### How are Canadian companies faring?

The good news is that driving purpose and impact is something Canadian companies do relatively well.

#### They know their organizational reason for being.

More than half (57 percent) of firms surveyed agreed they have a clear purpose beyond simply making money (Figure 13). The belief also came through clearly in our interviews, during which leaders repeatedly spoke of purpose during conversations about the actions companies are taking today and the ones they plan to take in the future.

#### Leaders think they're communicating firm values clearly and often.

Nearly half of companies said their leaders communicate their organizational values clearly and often (Figure 14). However, the message may be getting lost in translation: only 33 percent of middle managers agreed.

In our interviews, leaders spoke openly about the difficulty of disseminating purpose, especially at large organizations. “Now that we have close to 15,000 employees, it is hard to meet everyone,” said Lino A. Saputo, Jr., chair of the board and CEO of dairy giant Saputo. “Now we use a system of ambassadors. If I can motivate 20 people, they can motivate 20 people, and so on.”

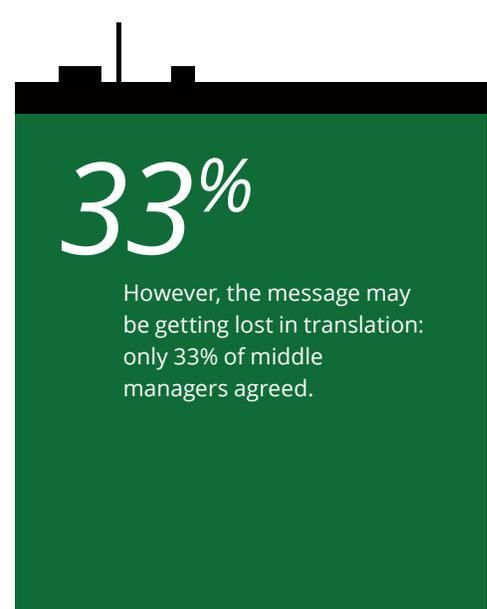
#### When it comes to the business of society, Canadian companies are getting the message.

Sixty-two percent of the companies in our survey ranked a community-driven value as their top responsibility as an organization (Figure 15).



44%

of companies said their leaders communicate their organizational values clearly and often.

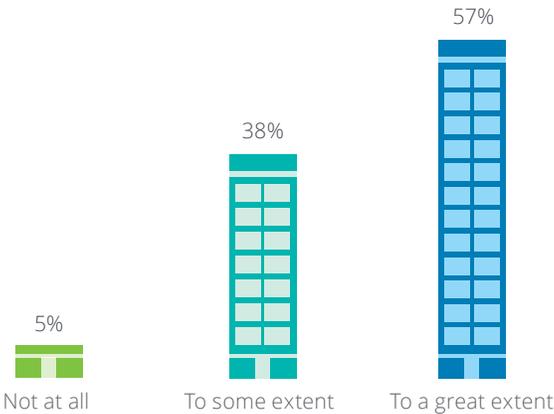


33%

However, the message may be getting lost in translation: only 33% of middle managers agreed.

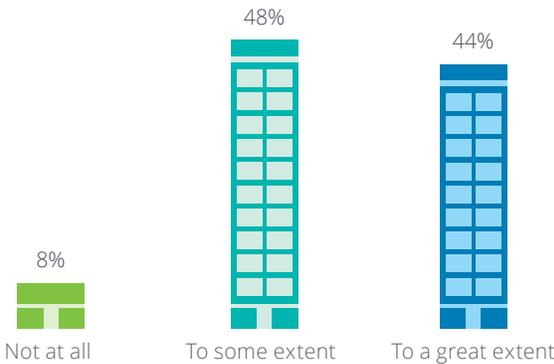
**Figure 13: Canadian organizations have purpose**

How accurately does “has a clear vision and purpose beyond just making money” describe the organization where you currently work?



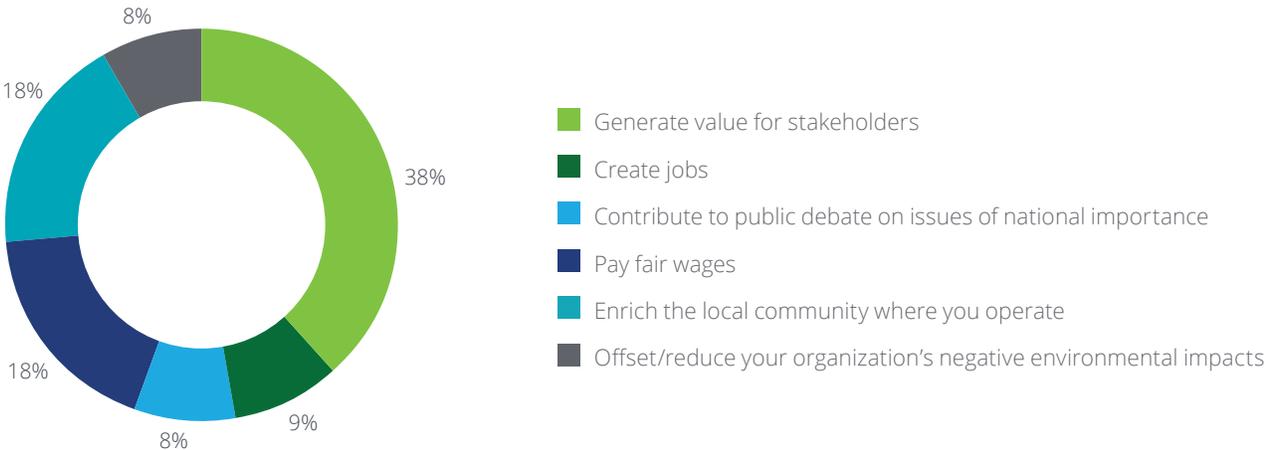
**Figure 14: Leadership communicates values clearly and often**

How accurately does “communicates our values clearly and often” describe the executive leadership at your organization?



**Figure 15: Canadian firms feel a sense of responsibility toward the communities in which they operate**

In terms of your firm’s responsibilities, which of the following would you rank first?





# Assert global leadership

A global orientation is uniquely important to Canadian companies due to the limited size of our domestic market, yet few make the leap abroad to grow. As global competition heats up, they will need to step onto the international stage at the highest levels to keep the country from being left behind.

## What are companies facing?

Time and again, studies have shown that companies that export are more productive and resilient.<sup>38</sup> Shifting trade dynamics that are pushing economic power from the West to the East and the increasingly global nature of innovation are making an international focus more important than ever. Despite the known benefits—and growing imperative—of going global, only 3.6 percent of Canadian companies export.<sup>39</sup>

**Global champions are pulling away from the pack.** Research shows that firms operating on the global frontier of innovation are drawing on the world's top talent and cutting-edge technologies to reshape their industries.<sup>40</sup> These frontier firms also play a critical role in diffusing innovation in their home jurisdictions. Nations that want to get ahead need more firms on the global productivity frontier.

## It's not just about sales—it's about sharing knowledge and building networks.

The leaders we spoke to stressed that having a global orientation isn't just about exporting goods and services. A company that can comfortably operate in international waters can access the wide-ranging ideas, networks, and partnerships that are so vital in an innovation economy. Fortunately, it's never been easier to collaborate with others around the world and access the best thinking and innovation.

**You don't need to leave Canada to go global.** The barriers to reaching consumers and partners around the world have never been lower. A physical presence in a given market is no longer a requirement: online services account for \$2.8 trillion of international trade.<sup>41</sup> Canadian organizations can choose to see this as a challenge—as foreign companies encroach on home turf more easily—or as an opportunity to bring the best of themselves to the world.

“The rules were created by others—in Paris, New York, or London—and so, if we play by the rules, we are bound to be followers. How can we grow if we are followers? Let's play the game with our own rules and be disruptors.”

**Jean-Christophe Bédos, president and CEO of Birks**

## Birks on the Canadian definition of luxury

Operating as a luxury brand in the Canadian market presents a unique set of challenges. When Birks president and CEO Jean-Christophe Bédos joined the company, he recognized an inherent tension between what it means to be luxury and what it means to be Canadian. Luxury is often about exclusivity, differentiating yourself from others, while inclusion and equality are core Canadian values. Birks took a different approach, focusing on developing a uniquely Canadian definition of luxury.

The company found design inspiration in the landscape itself—maple leaves, freshwater lakes, snow—and looked to emulate this freshness and purity. It also sought to capture feelings; in particular, the people's warmth, friendliness, and smiles. Then it focused on special luxury moments, harkening back to the happiness many Canadians have experienced when receiving (or giving) a Birks Blue Box.

Being Canadian also provides the jeweller with a unique advantage. Few competitors can claim locally sourced diamonds. Like a fine wine, the Canadian "terroir" and proof of provenance offer a powerful value proposition to consumers.

On the global scene, Birks knows it's an industry challenger but it also knows it has unique points of differentiation. "We don't want to play by the rules of the game," said Bédos. "The rules were created by others—in Paris, New York, or London—and so, if we play by the rules, we are bound to be followers. How can we grow if we are followers? Let's play the game with our own rules and be disruptors."

## How are Canadian companies faring?

They have an opportunity now to assert global leadership, but they need to step up. Of the five behaviours, this is where Canadian business is faring the poorest.

### Few organizations actively explore global opportunities; half don't explore them at all.

The leaders we interviewed told us that a global orientation is about more than international sales. Increasingly, it's about accessing innovation networks and creating the types of partnerships that companies will need to compete. However, only 22 percent of survey respondents reported spending significant amounts of time and resources on exploring new markets and opportunities outside Canada (Figure 16). Perhaps of more concern, 48 percent reported they aren't exploring international opportunities at all.

To get ahead, Canadian companies must work continuously to extend their global networks and gain exposure to new ideas, top talent, and potential partners. Food and pharmacy retailer Loblaw Companies Limited might only operate in Canada, for example, but it doesn't stop the company from looking far afield for the best ideas to try at home.

"The management team routinely talks to Canadian and international companies for leading solutions. We recently went down to Silicon Valley and met with firms who could teach us about agility and customer focus," said Sarah Davis, Loblaw's president. "Our goal is to challenge ourselves with new thinking, wherever that comes from."



“I think being Canadian—and not being afraid of talking about that—is an important factor to our success around the world. We are proud to be ‘Made in Canada’ and are a vocal champion for the brand of Canada on a global stage. Too often, I think Canadian companies dismiss that as a competitive advantage and they miss out on opportunities because the world loves Canada, especially now.”

**Dani Reiss, president and CEO of Canada Goose**

**We must capitalize on our strengths and overcome what’s holding us back.**

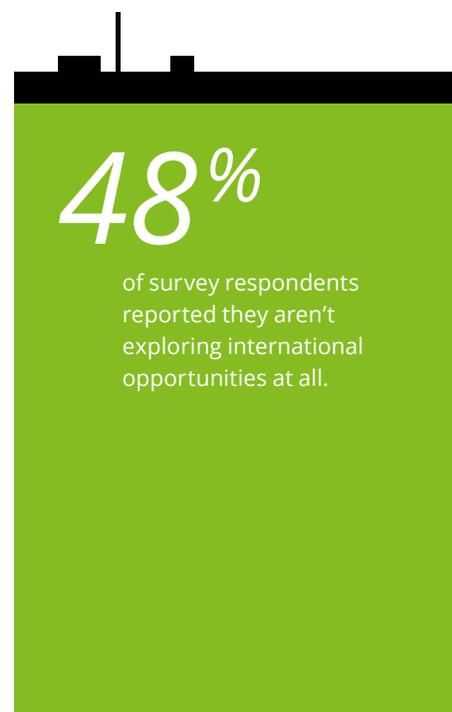
The leaders we interviewed told us that Canadian companies have to do a better job of capitalizing on the country’s areas of advantage. The diverse, highly educated workforce is an asset, they noted. And half of our survey respondents described their organization as one that brings together diverse perspectives to solve tough challenges (Figure 17).

We also asked what holds Canadian companies back from participating more actively in global markets. Of course, risk aversion came up. Sixty-three percent of our survey respondents described their leaders as somewhat risk-averse, while another 16 percent considered their leaders very risk-averse (Figure 18). However, many of our interviewees suggested the only thing holding us back is a Canadian tendency to second-guess ourselves. (See *The Canada advantage*.)

**The Canada advantage**

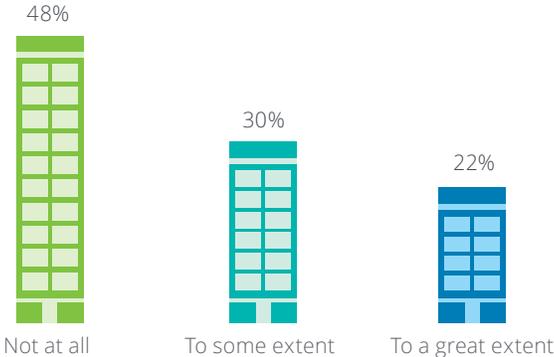
Our interviewees argued that our country has a lot going for it. In many ways, it’s never been a better time to be a Canadian on the world stage. Brand Canada is strong right now. Amid international turmoil, Canada remains well respected and admired, and our brand as a nation carries cachet. We have a capable, educated workforce and an open culture that welcomes the world’s top talent. We have abundant natural resources, and our labour and production costs are lower than in much of the G7.<sup>42</sup>

Our strengths and values as Canadians also set us apart. We’re seen as fair, authentic, and trustworthy. We’re resourceful problem-solvers. When we do business, we want both sides to win. These days, that counts for a lot more than we give ourselves credit for.



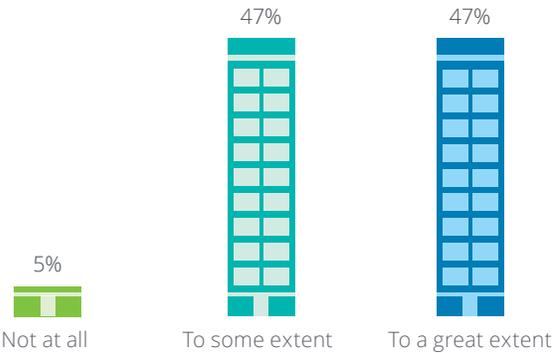
**Figure 16: Few companies are investing heavily in exploring new markets and opportunities outside of Canada**

To what extent does your firm invest resources in “exploring new markets and opportunities” outside Canada?



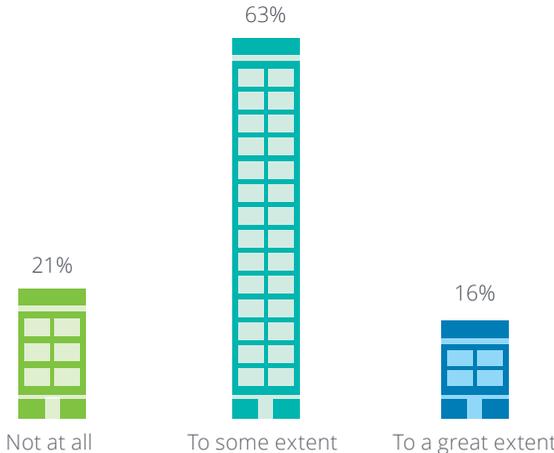
**Figure 17: Capitalizing on diverse perspectives**

How accurately does “brings together diverse perspectives to solve challenges” describe the organization where you currently work?



**Figure 18: Canadian aversion to risk**

How accurately does “risk-averse” describe the executive leadership at your organization?



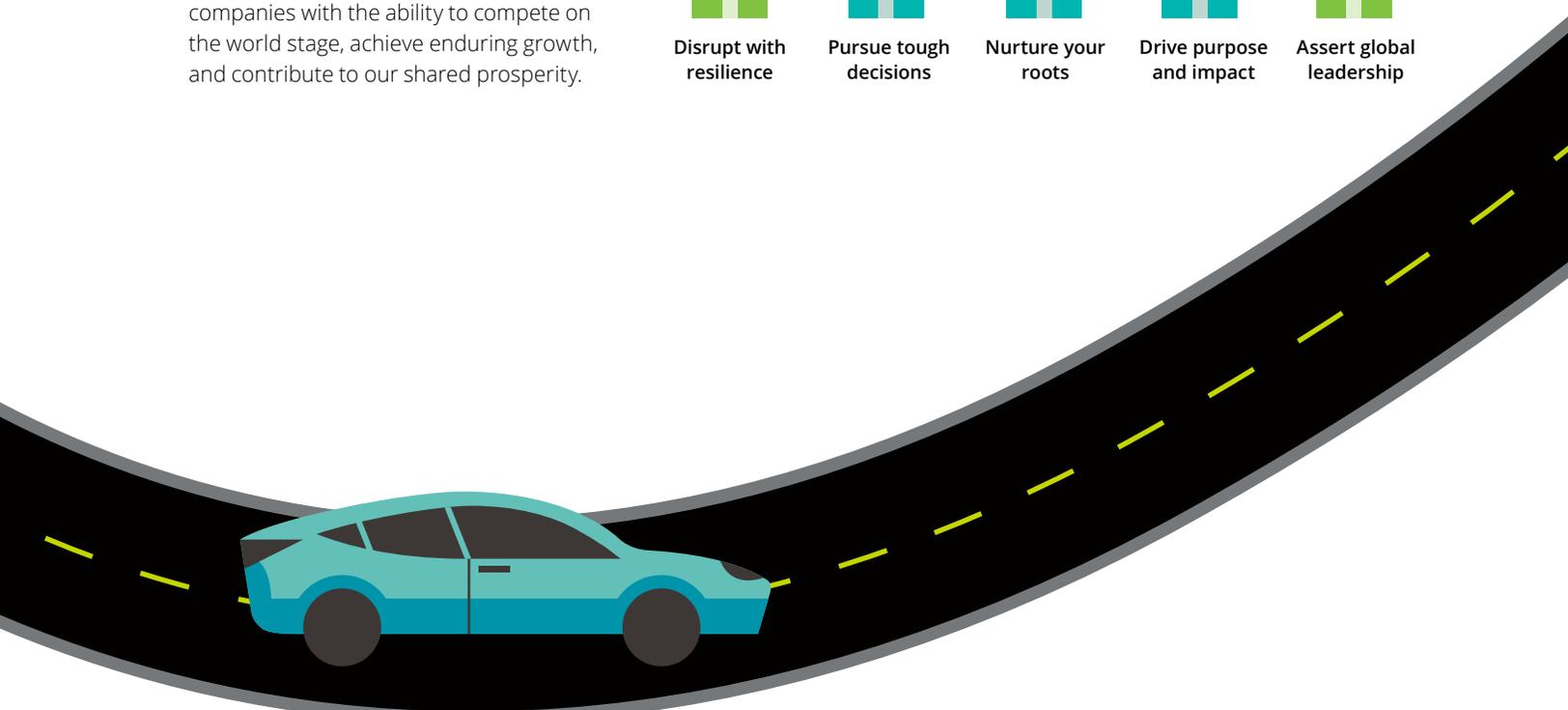
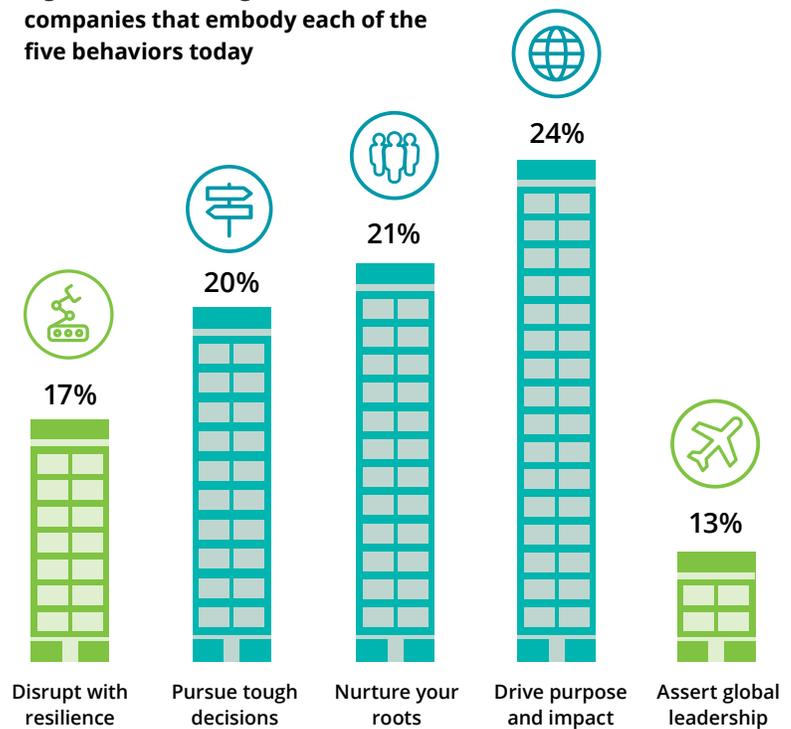
# The road ahead

## Where Canadian businesses stand

While the majority (55 percent) of Canadian companies believe they're positioned for lasting success, our analysis found that few in fact are. Canadian companies have most of the raw materials needed to achieve lasting success, but they fall short in two critical areas that would allow them to bring it all together. When measured against the five key behaviours, Canadian firms perform well on driving purpose and impact. They also work hard to pursue the tough decisions, and recognize people as their roots. But they struggle to assert global leadership and to disrupt with resilience (Figure 19). This finding is consistent with Deloitte's past research on productivity, technological disruption, and export readiness.<sup>43</sup>

We must focus our efforts on these areas of weakness if we're to develop more companies with the ability to compete on the world stage, achieve enduring growth, and contribute to our shared prosperity.

**Figure 19: Percentage of Canadian companies that embody each of the five behaviors today**





## Recommendations for building thriving businesses that last



### **Disrupt with resilience**

#### **Make innovation a discipline, and invest in it**

Don't wait for eureka moments or a crisis. Establish and fund processes to continuously develop and test new ideas and to scale innovations. Take calculated risks, encouraging thoughtful experimentation. Celebrate successes—and the failures that help you learn and move forward.

#### **Expand your ecosystem to find new ideas and challenge orthodoxies**

Finding new ways to combine or apply common ideas can create significant value,

but you may not find fresh thinking if you only stick to your industry. Talk to people outside your sector, region, or country. You may find a new source of competitive advantage in unexpected places, or discover that your long-standing business orthodoxies, processes, and activities may be holding your business back, or adding zero value. Start to actively take part in innovation ecosystems in Canada and elsewhere. Search for and take advantage of opportunities to collaborate with emerging startups, academic researchers, incubators—even competitors.



## Pursue tough decisions

### Adopt a zoom out/zoom in approach to strategy

You can embrace uncertainty and be ready to adapt by adopting a two-pronged approach to business strategy that balances long-term goals and short-term opportunities.<sup>44</sup> Zoom out to tackle risk, consider potential disruptors, stay on top of trends, and counteract uncertainty. Zoom in to capitalize on opportunities to strengthen your business and generate quick returns.

To help your business zoom in and out, invest in trend-sensing and business development functions that continuously engage with customers and other stakeholders.

### Play the long game—and make small bets along the way

Successful companies combine a strong sense of the future with pragmatic opportunism. Strive to take the long view when investing by funding

products, services, and improvements that may not pay off immediately. Make small bets on new opportunities as they arise, whether inside or outside the organization. Some will be winners, some won't. But if you don't play, you can't win. The business leaders we spoke with consistently said the investments they made were critical to the success of their businesses—and the ones they didn't make were what got them into trouble.



## Nurture your roots

### Invest in people like they're the competitive advantage you say they are

Define and foster a work culture and environment where your people can bring their best, authentic selves to work and feel motivated to take charge of situations and add value as they see it. Empower your people to work how they work best, and consider them a powerful source of innovation. Successful companies understand that if they take good care of their people, their people will take good care of their customers.

### Focus on what technology enables you to accomplish

Investing in technology won't automatically improve your business. It's what technology enables your business to do that makes a difference. When you explore or invest in new tech, make sure you clearly understand what it will help accomplish and how it will enhance your business's value proposition. Will it help you better serve customers? Speed up back-office processes? Cut costs? Technology is a tool. Know why you're buying it.

### Get serious about the market of one

Take steps now to capture and harness your customers' data, and develop the capability to quickly transform that data into insights you can act on. Understanding your customer value proposition is vital: don't just assume you understand your customers, back your impressions up with data, research, and outreach.



## Drive purpose and impact

### Declare your organization's purpose, and live up to it every day

Be clear about your company's purpose—its reason for being—and make sure everyone knows it. Use this purpose to drive innovation, motivate your people, foster a strong, healthy work culture, and shape decisions. Strategies, missions, and goals can and will change as companies evolve and the business environment changes, but they do so to fulfil the organization's greater, enduring purpose. Leadership must set and champion this purpose, especially in moments of truth.

### Understand what makes you great and make sure everyone knows it

Look to both your past and future with a critical eye. If you can't identify the unique value your business offers, you can be sure your customers can't either. Trying to occupy several value positions makes it almost impossible to invest in a way that secures any competitive advantage. Zeroing in on what makes your business great can help set you apart in a tough market and tell a clear, compelling story that gets noticed.



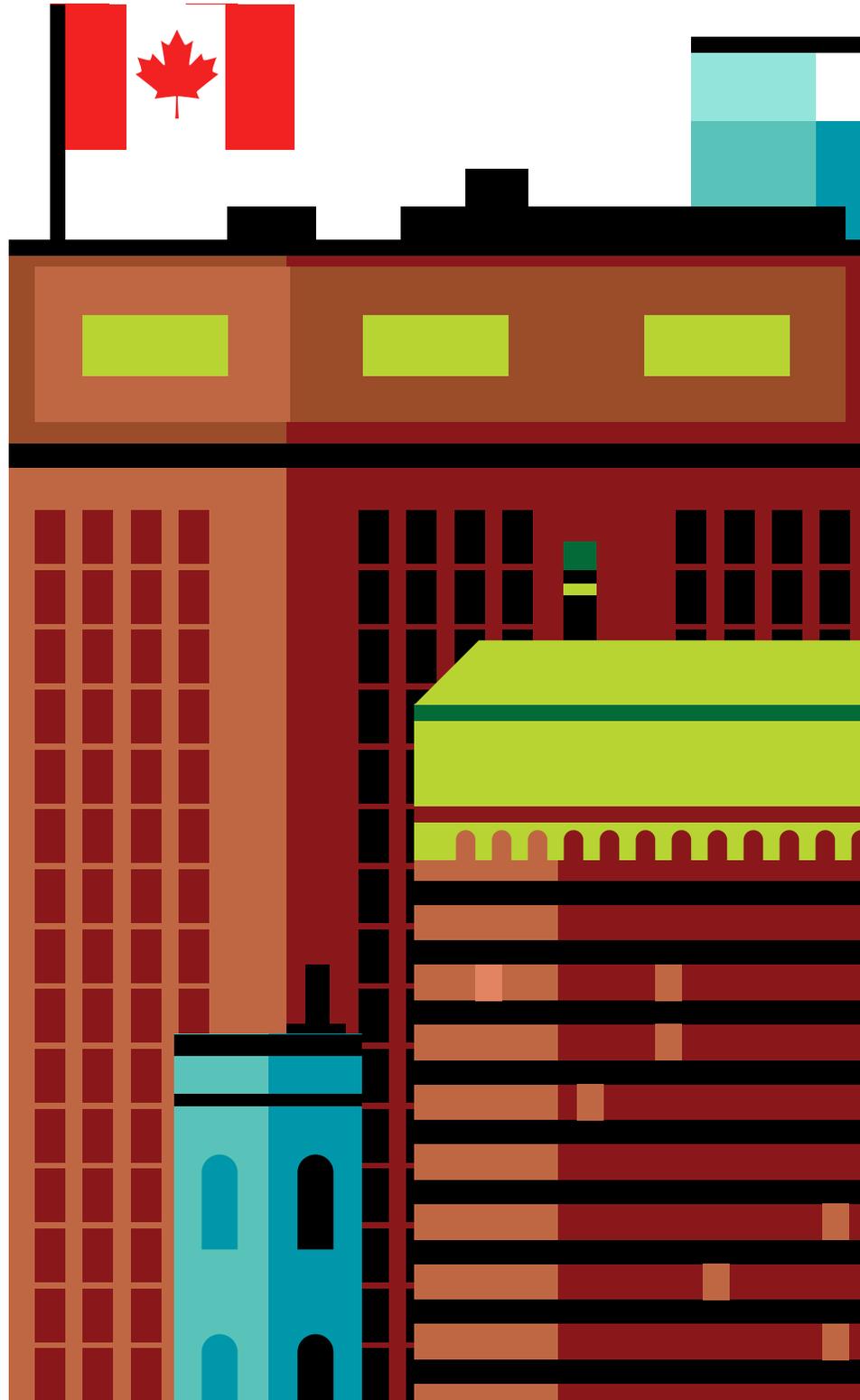
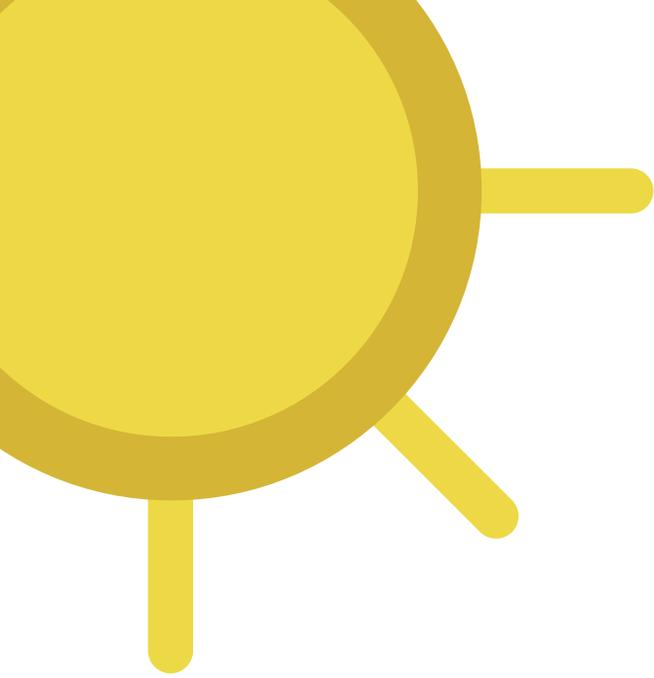
## Assert global leadership

### Champion a win-win ethos

The leaders we interviewed consistently asserted that the best solutions are the ones where everyone wins. Canadian companies should seize opportunities to collaborate with customers, partners, vendors, and governments to understand and co-develop products, services, and strategies that bring real benefit to all involved. Zero-sum is a loser's game.

### Go global, but invest in local talent

Companies that do business internationally can run into many challenges: byzantine regulations, different business cultures, unexpected customer behaviors, language barriers, unsettled expatriate staff, and more. Building relationships with local talent in other markets and jurisdictions can make a big difference, and Canada's diversity can help companies make those local connections. Recruiting local talent can provide Canadian companies with an insider's perspective on local conditions and business culture and help build a solid foothold in a new market. Moreover, this local talent can help companies articulate and express the distinctive Canadian way of doing business.



# The good news: This is Canada's moment to shine

Today's world is a tumultuous place. Many countries are turning inward, turning their back on the world in the process. Attitudes are hardening as populism grows. Once-cordial relationships are growing frostier. Yet, in many ways, it's never been a better time to be Canadian.

At Deloitte, we believe Canada will remain the best place in the world to live and work by 2042. That's when we mark our next major milestone: the 175<sup>th</sup> anniversary of Confederation. Our businesses will play a critical part in achieving that vision, by harnessing innovation, creating new jobs and opportunities, and bringing Canada's values to the world.

Or at least, they will if we take bold action today. Too many Canadian companies settle for being good enough and content themselves with slow, steady decline. These old, often large companies tie up valuable investment dollars that could be put to more dynamic use.

If the country is going to thrive in the years to come, the majority of Canadian companies need to start changing without delay. They need to drive purpose and impact. Pursue and make tough decisions. Nurture their roots. Disrupt with resilience. And bring more Canada to the world. We must take risks, embrace new ideas, and be willing to try—and to fail.

By creating the conditions  
for lasting success, we can  
establish the foundation for  
a prosperous Canada for all.

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# CANADA AT 175

**Canada at 175** refers to Deloitte's vision for the future of our nation's prosperity by July 1, 2042. Now is the time for Canada to redefine what it means to be a global leader.

Our ambition as a nation must be bolder—we must aim to not only achieve economic prosperity, but to elevate our quality of life for our vast and diverse population.

Deloitte believes that in the years leading up to our 175<sup>th</sup> anniversary Canada can remain in a class by itself—not one of the best, but the best place in the world to live and work. To do this, we must adopt an unrelenting commitment to developing courageous leaders who embody an inclusive way of being.

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