

**“Beyond the bottom line: a business leader’s
obligations to Canadian society”**

Notes for an address by

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Check against delivery

This morning, I spoke to a group of Richard Ivey business students at the University of Western Ontario.

Many were surprised to learn that 125 years ago today, a five-day trial for treason in Regina ended with the execution of one of the most controversial figures in Canadian history.

Whether you believe Louis Riel was a traitor or a Father of Confederation, there's no doubting his conviction for the improved treatment of the Métis nation, one of Canada's First Peoples.

More than a century later, the concept of fair treatment for Canada's Aboriginal people remains an unresolved issue for our country and Canadian business. Progress in all areas of diversity is too slow.

For women, the glass ceiling remains intact. Accommodation for people with disabilities has proven an unmet challenge. And visible minorities remain under-represented at senior levels of most corporations.

But diversity and the treatment of Canada's Aboriginal people are not the only challenges Canadians face today:

- We must find a way to protect our environment and find clean sources of renewable energy;
- We must recapture our leadership position in innovation and scientific achievement, making Canada more productive here at home and more competitive around the world;
- We must address the challenges of a rapidly changing workforce;
- And we must invest in the development of Canadian communities.

These are things government can't do alone. Indeed, many of our nation's greatest challenges must be met by the might of Canadian business.

I believe all business leaders are responsible, or even obligated, to go beyond the bottom line and help lead our country toward a better future.

Many of you share this opinion, but none more than Tom d'Aquino. Tom is a good friend, a great Canadian and someone who provided me with a career's worth of thoughtful advice.

As president of the Business Council on National Issues, and more recently, as head of the Canadian Council of CEOs, Tom spent the past three decades advocating for Canadian business and for Canada's competitive position in the world.

A recent Angus Reid corporate social responsibility poll conducted for The Home Depot found that 82 per cent of Canadians believe business leaders have an "obligation to help secure a more prosperous future for our country."

Our customers, shareholders and employees have spoken decisively. All of us must play a thoughtful and engaged role on issues that will affect Canadians for generations to come.

Tom d'Aquino's leadership raised the bar for corporate leaders. Today, our challenge is to jump over it.

Energy and the Environment

Foremost among our national challenges is Canada's energy and environmental future.

By the year 2025, Canadians will share our planet with 8-billion people, with the majority of population growth occurring in the developing part of the world. India will surpass China as the most populous nation on Earth.

And while the number of Canadians will grow at a far slower rate, a growing global population still poses a risk to Canada's energy and environmental future. It's also an opportunity for Canadian business to tackle one of our country's toughest problems.

I grew up on Cape Breton Island, and for the past five years, I've served as Chancellor of Cape Breton University. A few years ago, we began a project to bring an environment research centre to the university campus.

Our early efforts to secure funding for this project weren't as warmly received as I'd hoped. The message from the public and private sectors was discouraging: "*Another environmental project? In Sydney, Nova Scotia? Thanks, Annette, but we'll pass.*"

I had that conversation with some people in this room. And you know what? I understand. Those conversations helped paint a far better picture of this project today.

In truth, the Centre for Sustainability in Energy and the Environment is far less about the environment than it is about economic development. It's about building the knowledge-based economy of Atlantic Canada's future and developing the type of innovative technology that will transform Canada into an energy and environmental powerhouse.

The project didn't take off until we started talking about it another way. Since we began focusing on the economic benefits, we've secured more than 16 million dollars in federal and provincial funding and significant contributions from the private sector.

As a result of these investments, Atlantic Canada will see:

- *Researchers* finding new ways to tap geothermal energy from abandoned coal mines;
- *Scientists* creating technologies that will extract clean energy from Nova Scotia's vast undersea coal field.
- And *students* developing an innovative approach to reclaim contaminated land.

This project is one of the Maritimes best kept secrets, but only until it bears the inevitable fruit of economic and environmental reward.

With this project as context, you won't be surprised to hear that I believe we can find business-focused solutions to many of our country's *energy* and *environmental* problems.

And you know what? Canadians agree.

Research shows 84 per cent of Canadians believe business leaders have an obligation to “secure an environmentally sustainable future for our country.”

This is just one reason I support the Canadian Council of Chief Executives’ recent push for the development of a national energy strategy and an approach to carbon pricing that recognizes the importance of addressing climate change.

At The Home Depot, we’ve taken a number of steps to reduce our environmental footprint and we’re already seeing a return on these investments in decreased operating costs of our stores.

We’ve also focused on helping Canadians make better environmental choices for their homes by offering more than 19 hundred Eco Options products, which are certified to have a lesser impact on the environment than similar products in the same category.

By helping customers understand how these products save energy, save water, and save money – we’ve grown our Eco Options business to out-perform the rest of our assortment during the toughest of economic times.

In two weekend promotions this year, The Home Depot Canada sold more than **XX** thousand low flow toilets. Typically, we’d sell **XX** thousand a week.

By applying a business solution to an environmental problem, we drove sales and helped our customers conserve enough water to fill more than a thousand Olympic-sized swimming pools.

Innovation to drive Canadian productivity

Flushable toilets first appeared more than 4,000 years ago, so I’ll forgive anyone who believes there hasn’t been meaningful innovation in toilets in recent years.

But it was the creation of the low flow toilet that made this win for business and the environment possible.

Canadian innovation is a subject far more important to The Home Depot than the toilet bowl. And that’s saying something, because we sell more toilets than anyone in Canada.

It’s important, because innovation is the engine that drives Canadian productivity.

A few months ago, I had the good fortune to attend an address by John Manley, Tom d’Aquino’s successor as president of the Canadian Council of CEOs. John’s distinguished service to Canada as Finance Minister and Minister of Foreign Affairs needs no introduction.

But most pertinent for this discussion was his service as Minister of Industry under Prime Minister Chretien in the 1990s.

John's speech told a troubling story:

- In 2010, the World Economic Forum placed Canada 10th in its competitiveness rankings, well behind leaders such as Switzerland, Sweden, Singapore and the United States.
- The same rankings placed Canada 14th in innovation. Among OECD countries, we rank 17th in productivity.

Earlier this year, Kevin Lynch, the former clerk of the Privy Council, summed up Canada's productivity challenge this way:

Today, Canadians "work harder and harder, use up our natural resources faster and faster, while the (productivity) trap keeps us less rich, less able to provide public goods and less competitive."

Now, *that's a problem we have to fix.*

At The Home Depot, more than 100-million customers walk through our doors each year, and we like to see things from their perspective. So, recently we asked more than a thousand Canadians to identify our country's greatest ever invention:

- 45 per cent said it was insulin as a treatment for diabetes, which Banting first tested in 1922
- 28 per cent said it was the telephone. Alexander Graham Bell. 1876
- 6 per cent pointed to the Avro Arrow. First tested in 1953
- 6 per cent picked the CanadArm, which first flew on the Space Shuttle in 1981

It isn't until we get down to four per cent of respondents that we find a notable Canadian invention from the past 15 years. That, of course, is the BlackBerry – which RIM invented in 1996.

Knowing this, it's no surprise that the Conference Board of Canada's recent innovation report card gave Canada a grade of "D" in nine of 12 categories.

But we're missing the point if we take this as an indictment of government. In fact, I think it's an indictment of all of us – because that same report card ranked Canada *second* in government funding of business spending on research and development.

The question we have to ask ourselves is: What has all this funding produced?

Too often in the past 15 years, Canadian business put all its eggs in the basket of a low Canadian dollar and a resource rich economy. We saw incredible growth, but this narrow-minded approach cost us dearly in innovation and productivity.

Between the dot.com bust that began this century and the beginning of the Great Recession in 2008, The Home Depot Canada opened *90 stores* – that's half of the 179 we operate today.

While we make no apologies for doubling the size of our business, we know we didn't push our vendors hard enough to innovate. To help address this issue, we recently announced an exciting partnership with the Ontario Ministry of Economic Development and Trade.

Known as *Innovation for Sustainability*, this program invites small- and medium-sized Ontario manufacturers to submit sustainable home improvement products for consideration by our merchants.

Manufacturers with the most promising products will be invited to a “meet the buyer” event next month in London, Ontario.

Think of it as the *Dragon’s Den* of home improvement.

Our goal is to find innovative and sustainable products for our customers, but also to offer small business the opportunity to pitch new ideas that might otherwise not reach a Home Depot merchant.

At the end of the day, we’ll stock the winning products in our stores for three to six months, and we’ll use that time to assess whether we can sell them across Canada.

It’s just one small example of how business can overcome Canada’s innovation deficit and drive productivity across the country.

Changing workforce

Another solution to Canada’s innovation deficit is immigration.

The Conference Board of Canada’s innovation report card identified Canadian immigrants as a “source of diverse knowledge and experience that can increase innovation in Canadian business.” The report concludes that “Canada should be doing more to maximize the ability of immigrants to contribute as innovators.”

Canada’s big banks deserve a lot of credit here. Not only did the stability of our banks blunt the force of the worst economic downturn in my lifetime – they’re also world leaders in the area of diversity.

And isn’t it possible that these two points are more than a coincidence? Because wasn’t it a lack of diverse thought that got our friends on Wall Street – and by extension, all the rest of us – into trouble in the first place?

The truth is we could talk about the benefits of diversity for hours. But I believe everyone in this room already understands the argument. We’ve all seen the business case. The challenge today is to increase the pace of change. And it all comes down to execution.

The Canadian workforce faces other challenges, as well. The talent shortage will demand improved productivity from already taxed employees. The solution can’t be to simply pile on hours.

Instead, what’s required are pioneering efforts to change how Canadian business interacts with its workforce. I’m talking about practical changes – things like upgrading benefits, finding better solutions for childcare, and finally addressing our national eldercare deficit.

Eldercare is one of the most urgent issues facing the Canadian workforce today.

Twenty-eight per cent of employed Canadians provide regular care to family and friends. This means the Canadian workforce provides more than 25-billion dollars in unpaid eldercare each year. Many of these caregivers juggle demanding careers, childcare and support of aging parents.

As leaders, have we done enough to recognize the business benefits of helping care for Canada's aging population? Making corporate care a priority is an opportunity to increase workforce productivity, reduce absenteeism and attract top talent. In other words, it's a strategic advantage.

The Home Depot was named one of Canada's Top 100 Employers for 2011, so I'd like to tell you we have this all figured out. But the truth is we're just getting started.

Later this month, I'm working with Judith Shamian, CEO of the Victorian Order of Nurses to host a roundtable on the subject of corporate care. The goal is to share proven practices and policies, and ultimately, to help move corporate Canada toward a more caregiver friendly future.

Taking a thoughtful look at corporate care is another way business leaders can look beyond the bottom line and fulfill our obligation to Canadian society.

Community Investment and Development

Equally important to Canadian society is the need for business to invest in community development.

This subject is too broad to cover in its entirety, so I'll focus on the issue closest to my heart. One of the most vexing problems facing Canadian society today is the lack of safe and decent affordable housing.

Growing up in Cape Breton, I knew little about Canada's affordable housing crisis until I moved to Toronto in the mid-1980s.

Today in our city, *71 thousand families* are on the waiting list for subsidized housing. Across Canada, this number grows to *1.3-million*.

A number of public and non-governmental organizations are hard at work fixing this problem, but they can't do it alone.

Since 1996, The Home Depot Canada has provided tens of thousands of skilled, volunteer labour hours, and more than 20-million dollars in cash and in-kind donations to Habitat for Humanity's housing projects across the country.

Research has proven that affordable housing improves the health of children and adults, helps children achieve better grades, keeps family units stronger and improves an individual's job prospects.

The greatest beneficiaries of this work are families in need. But I believe our employees come a close second.

By providing more than 60,000 hours of volunteer service to communities each year, our Team Depot volunteer program has become one of our most effective tools to attract, engage and retain top talent.

I'm sure you'll recall the Sunrise Propane explosion of a couple years ago in Toronto.

I was in China at the time, but came back to learn our Yorkdale store had taken the initiative to give away countless sheets of plywood, boxes of garbage bags, and skids of building supplies to help residents secure their homes.

Our people's motives were altruistic. And I couldn't be prouder of how they responded. But their instincts to 'do right by the community' were also good for business.

Consider that nearly half of all Canadians weigh a company's reputation for giving back to its community when deciding where to shop. Doesn't this make it tough to argue that investing in communities is anything but *good* for Canada and *great* for Canadian business?

Conclusion

The truth is I've always believed business leaders can do more to influence some areas of Canadian society than our elected officials.

Our recent mayoral election in Toronto and this month's midterms in the United States tell us people are more cautious than ever about public spending.

Governments will cut back, and so they should. But the demand for public services will only increase. This at a time when rising consumer debt and stubborn unemployment will limit charitable contributions, making it harder for NGOs to fill a gap that can only widen.

When we asked Canadians which type of organization was best fit to lead our country toward a more sustainable and prosperous future, an astonishing 40 per cent said they were unsure.

Twenty-two per cent picked business. Twenty-two percent picked government. And 16 per cent picked not-for-profits.

Now, isn't that telling?

Forty per cent of Canadians are still looking for an answer to this most fundamental question. And an equal number are split on whether business or government is best positioned to lead our country into the future.

So, in closing, I ask you this: How would you answer the question? And what's your vision for Canada?

Mine sees the leaders in this room stepping forward to overcome our country's most urgent challenges.

It sees Canada as a business-driven, energy and environmental powerhouse.

It sees Canadian business fostering the level of innovation and productivity needed to maintain and improve the Canadian standard of living.

It sees far greater diversity among those of us in this room, and a workforce better able to attend to the needs of an aging population.

And because a rising tide lifts all boats, it sees a permanent sea change in how Canadian business invests in its communities.

That's what I see for Canada.

That's what I see for Canadian business.

And that's what I think of the breathtaking capability of the people in this room and across this country.