



Annual Report 2008

The Power of an Integrated Perspective





About The Conference Board of Canada

We are:

- The foremost, independent, not-for-profit applied research organization in Canada.
- Objective and non-partisan. We do not lobby for specific interests.
- Funded exclusively through the fees we charge for services to the private and public sectors.
- Experts in running conferences but also at conducting, publishing, and disseminating research; helping people network; developing individual leadership skills; and building organizational capacity.
- Specialists in economic trends, as well as organizational performance and public policy issues.
- Not a government department or agency, although we are often hired to provide services for all levels of government.
- Independent from, but affiliated with, The Conference Board, Inc. of New York, which serves nearly 2,000 companies in 60 nations and has offices in Brussels and Hong Kong.

Vision

The Conference Board will be recognized as Canada's most influential, independent source of insights for leaders.

Mission

The Conference Board builds leadership capacity for a better Canada by creating and sharing insights on economic trends, public policy and organizational performance.



Message From the Chair



Private sector leaders know only too well the serious ramifications of non-linear changes in today's business environment. Disruptive technology challenges our mental maps of how the world works; new competitors sprout from anywhere to emerge as fierce challengers; customer preferences shift with surprising speed; product life cycles get shorter; and the value of our products and services plummets if we miss the latest trend.

I have come to appreciate that such quickly shifting trends are not the preserve of the private sector. The Conference Board of Canada, now in its 54th year, accepts the challenge of change with an open and proactive mindset.

Real-time information has transformed the knowledge industry, requiring the Conference Board to rethink its value proposition to its customers. A wave of consolidation is shrinking the pool of existing companies from which the Conference Board draws its support, leading the Board to innovate in its marketing, as well as its program and service offerings. The high turnover among today's senior executives is a disquieting trend for businesses that rely on relationships; yet the Board has

been able to grow its networking business by almost 50 per cent over the last two years.

Companies wrestle with these challenges, some stumbling badly, while others seize opportunities that emerge from such disruptive changes. The Conference Board is among the latter.

The Board's ability to adapt to an environment of ongoing change is what enables it to deliver so effectively on its mission of building leadership capacity for a better Canada. A focus on creating ever greater value for customers is central to the Board's ethos. This culture is supported by a rigorous performance management system that fosters entrepreneurialism and financial success. During my term, I have watched the Board build its Research Reserve Fund to support mission-centric initiatives.

Members of the Board of Directors recognize that the Conference Board's ability to integrate three key areas of knowledge—economics, public policy, and organizational performance—give it a unique space among research institutions in Canada.

I am impressed by what The Conference Board of Canada has accomplished over the past year, and I have thoroughly enjoyed my two-year term as Chair of the Board of Directors. The unique value that the Conference Board delivers is a result of its outstanding people and leadership. We are able to attract, retain, and motivate these people because of our commitment to deliver high-quality unbiased research—research that makes a difference to Canadians.

As I turn over the chairmanship to Thierry Vandal, President and CEO of Hydro-Québec, I am convinced that the Conference Board—open to change, yet disciplined—will continue to succeed in the face of complex change. I would like to thank all members of the senior management team, headed by Anne Golden, for their devotion to the mission of the Conference Board and their commitment to excellence in all that they undertake.

A handwritten signature in black ink, appearing to read 'Ed Kilroy'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Ed Kilroy
Chair, Board of Directors

Excellence and Achievement



MESSAGE FROM THE PRESIDENT AND CEO

In 2007–08, The Conference Board of Canada strengthened its position as Canada’s foremost organization for research and dialogue on issues that matter to private and public sector leaders across the country. Our insights were enriched by the integrated perspective that we consciously bring to all projects, linking the world’s economic, social, and environmental forces. We made a concerted effort to harness the synergies that are possible, given the broad expertise of our professional workforce, in all three of our areas of expertise—economic trends, organizational performance, and public policy.

“Hollowing Out”— Myth and Reality: Corporate Takeovers in an Age of Transformation was one such project that received considerable attention. We undertook the study to help clarify the issues arising from the impact of a recent flurry of takeovers and mergers involving some of Canada’s most iconic companies. The project benefited from collaboration between our economists and public policy researchers. The findings were presented first to a widely attended public conference and then to the federal government’s Competition Policy Review Panel, chaired by Lynton (Red) Wilson. We were pleased that the Panel’s report cited our research in highly complimentary terms, and made recommendations largely consistent with our advice.

One of the most ambitious projects in Conference Board history, CanCompete, is again an extensive collaborative effort. CanCompete is a three-year program of research and dialogue to help leading decision makers advance Canada on a path of national competitiveness. It is based on five of the strategies for prosperity identified in The Canada Project, and five new research centres will focus on turning those strategies into concrete outcomes.

With approximately 250 published research reports and briefings, 47 active Networks (each meeting two to three times a year), and more than 50 major conferences across Canada last year, it is a real challenge to select highlights to feature in this year’s message.

We continue to deliver top-notch economic forecasts in the area of **Economic Performance and Trends**—the most prolific contributor to our e-Library research services. Our broad client base receives forecasts for the global economy and the U.S., as well as Canada and its provinces, cities, and key industrial sectors. We produced a first-ever report benchmarking Canada’s cities, called *City Magnets*, and we launched a series of papers on tax reform for sustainable prosperity, with more scheduled for 2008–09. The four tax reform publications this past year addressed sustainable funding for

cities; green taxes and cap-and-trade systems to address climate change; sales tax harmonization between the federal and provincial governments; and business tax reform.

Sustainable country prosperity is also contingent on the existence of high-performing organizations. The Conference Board continued its focus on **Building Organizational Capacity** through research on important issues such as talent management, learning and development, immigration, and compensation.

The Conference Board also realizes that a firm’s sustained success is linked directly to stakeholder trust. The nature of the modern corporation creates interdependencies with stakeholders where increased trust drives value. Consequently, we partnered with Deloitte on a major research project aimed at building trust between organizations and five key stakeholders: the public, investors, employees, customers, and suppliers. This project benefited from collaboration among our governance, CSR, and human resource management researchers.

Public trust entails corporate commitment to society’s well-being. A new Conference Board study, involving directors from major Canadian and international corporations, reveals that

corporate social responsibility is being elevated to the boardroom as a strategic, trust-building priority.

Our initiatives in **Public Policy** contributed to policy discussions in Canada on many fronts. Our work on national security drew international attention, eliciting many invitations to international gatherings. Our Centre for National Security brings together private and public organizations to improve Canada's ability to mitigate risks from a variety of threats, and to respond and recover effectively when disaster strikes. As part of this Centre, we released a report, *A Resilient Canada: Governance for National Security and Public Safety*. This report was undertaken as a response to leaders who mentioned to us that the greatest security threat facing Canada is poor governance.

Irrespective of actions taken to reduce greenhouse gas emissions, Canada will face the challenge of a changing climate over the coming decades. In October 2007, the Board launched a Leaders Roundtable on Climate Change Adaptation to help develop policies and strategies that effectively respond to this issue. The roundtable brings business, government, and academia together to better understand the risks, opportunities, and actions to be taken.

Our work in **Organizational Effectiveness and Learning** has advanced understanding of the impact of skills shortages on firm-level productivity and performance, and the consequences for provincial economic performance and growth. We released commissioned reports that examined the current and forecast state of the labour force in Ontario and British Columbia to 2025, and identified potential actions that governments could take to address growing skills shortages.

Regarding expected labour and skills shortages in the information and communication technology (ICT) sector, we called for greater youth participation in ICT-related education programs—such as computer engineering, software design, and physical sciences—and the hiring of more internationally trained professionals.

The Board fully met its key financial, customer satisfaction, and impact targets for 2007–08, with respect to the **Corporate Goals** by which it measures itself. We contributed \$900,000 to the Research Reserve Fund, which was created in 2006 to support mission-centric research that cannot otherwise be funded. A total of \$2.1 million has been contributed to the Fund since its inception. The first major funded project was “*Hollowing Out*”—*Myth and Reality: Corporate Takeovers in an Age of Transformation*, noted earlier.

The **Niagara Institute** and **The Directors College** both contributed significantly to our financial success this past year. Last year, The Niagara Institute expanded its Executive Coaching offering. One of our clients, Goldcorp Inc., the second largest gold mining company in the world, received a 2008 PRISM Award for “Excellence and Achievement Through Coaching” presented by the International Coach Federation. Niagara worked with Goldcorp leaders worldwide to deliver a complex program that combined leadership development programming with ongoing executive coaching.

The Directors College, our joint venture with McMaster University, is marking its five-year anniversary this autumn. This milestone falls on the heels of our most successful year ever at the college, as registrations improved 33 per cent

last year. This resulted in a strong and significant financial contribution to both partners. Clearly, word is spreading about the high quality of this college's director education program and the fact that it offers Canada's only university-accredited Chartered Director designation (C.Dir.).

Our **Networks** business substantially achieved its aggressive growth goal of 19 per cent, bringing its two-year growth to just under 50 per cent. Conference Board media coverage grew by 13 per cent over last year.

The positive impact of opening the Western office of the Conference Board (January 2007) quickly became apparent. Revenue increased from all lines of business in Western Canada. Planning has begun for a major clean energy project, to be managed and carried out from the Western office this coming year.

We are especially proud that the Conference Board has been designated as one of the National Capital Region's Top Employers again in 2009. A key to our success and reputation is our ability to attract and retain an outstanding staff, and receiving this recognition puts the Board in a much-envied position as an employer of choice.

My sincere thanks go to our dedicated Board of Directors for their invaluable guidance, especially to outgoing Chair Ed Kilroy for his leadership over the past two years.



Anne Golden
President and Chief Executive Officer

AUDITORS' REPORT

To the Members

The accompanying summarized consolidated statements of financial position and operations are derived from the complete financial statements of The Conference Board of Canada as at May 31, 2008, on which we expressed an opinion without reservation in our report dated July 11, 2008. The fair summarization of the complete consolidated financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of the Canadian Institute of Chartered Accountants, is to report on the summarized consolidated financial statements.

In our opinion, the accompanying consolidated financial statements fairly summarize, in all material respects, the related complete consolidated financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized consolidated financial statements do not contain all of the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on The Conference Board of Canada's consolidated financial position, results of operations, changes in net assets, and cash flows, reference should be made to the related complete consolidated financial statements.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Accountants
Licensed Public Accountants
Ottawa, Canada
July 11, 2008

CONSOLIDATED SUMMARIZED STATEMENT OF FINANCIAL POSITION

<i>As at May 31 (\$ thousands)</i>	2008	2007
ASSETS		
Cash and cash equivalents	\$ 4,854	3,613
Short-term investments (note 1)	8,629	8,284
Accounts receivable and other assets	4,735	4,780
Capital assets (note 2)	4,849	4,922
	23,067	21,599
LIABILITIES (note 4)		
Accounts payable & accrued liabilities	6,050	6,254
Deferred revenue	6,535	5,720
	\$ 12,585	11,974
NET ASSETS (note 3)	\$ 10,482	9,625

CONSOLIDATED SUMMARIZED STATEMENT OF OPERATIONS

<i>For the year ended May 31 (\$ thousands)</i>	2008	2007
REVENUES		
Programs and activities	\$ 35,571	35,188
Financial income, net	371	369
	35,942	35,557
EXPENSES (note 4)		
Direct and indirect program expense	26,607	27,222
Corporate expense and depreciation	8,133	7,364
	34,740	34,586
Excess of revenues over expenses	\$ 1,202	971

NOTES

- The reported value of financial instruments, including short-term investments, approximate their fair value. The 2007 amounts presented for comparative purposes are recorded at cost plus accrued interest.
- Capital assets purchased during the year totalled \$813 (2007—\$578).
- Net assets include \$1,763 of research reserve funds that have been internally restricted.
- Comparative figures have been reclassified to conform with the accounting presentation adopted in the current year.

Complete audited consolidated financial statements are available on The Conference Board of Canada's website at www.conferenceboard.ca



The Conference Board of Canada Executive Team

(Front, left to right)

Barbara Hogberg, Executive Director, Human Resources; Jean-Pierre Boisclair, Vice-President and Chief Financial Officer; Anne Golden, President and Chief Executive Officer; Gilles Rhéaume, Vice-President, Public Policy.

(Back, left to right)

Prem P. Benimadhu, Vice-President, Governance and Human Resource Management; Michael R. Bloom, Vice-President, Organizational Effectiveness and Learning; Perry Eisenschmid, Vice-President, Marketing, Sales and IT; Glen Hodgson, Senior Vice-President, Forecasting and Analysis and Chief Economist.

Cover Photo Captions (Clockwise from top left)

(Left to right) The First Secretary of the U.S. Department of Homeland Security, **Tom Ridge**, Conference Board President and CEO **Anne Golden**, and Former Canadian Deputy Prime Minister **John Manley**, took part in a “fireside chat” during the Conference Board’s April 2008 study tour, *Response and Resilience: Lessons on Information Sharing From 9/11*. The Conference Board’s Centre for National Security visited Boston, New York, and Washington to meet with and learn from organizational leaders who led the 9/11 response.

(Left to right) Conference Board President and CEO **Anne Golden**, Federal Finance Minister **Jim Flaherty** and **Dominic D’Alessandro**,

President and Chief Executive Officer, Manulife Financial Corporation, were in attendance at *The Hollowing Out and Transformation of Corporate Canada: Myth or Reality?*, held in January 2008.

L.R. (Red) Wilson, Chairman of the federal government’s Competition Policy Review Panel, was the guest speaker at The Conference Board of Canada/Spencer Stuart 2008 National Awards in Governance gala dinner in February 2008.

Ontario Premier **Dalton McGuinty** (left)—shown with **Jean-René Halde**, President and Chief Executive Officer, Business Development

Bank of Canada and **Indira Samarasekera**, President and Vice-Chancellor, University of Alberta—delivered the keynote speech at the Conference Board’s May 2008 Board of Directors meeting and dinner.

John E. Cleghorn (second from right), Chairman of the Board, Canadian Pacific Railway, and former Chairman and Chief Executive Officer of the Royal Bank of Canada, received the Conference Board’s 2007 Honorary Associate Award in Toronto in November 2007. Presenting the award were (left to right) Conference Board President and CEO **Anne Golden**; Chair of the Conference Board’s Board of Directors, **Ed Kilroy**; and 2006 Honorary Associate **Jacques Lamarre**.

The Conference Board of Canada
Insights You Can Count On



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