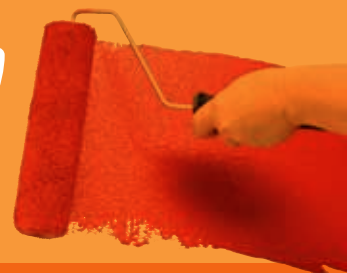


what's new



A World of Colour
Canadian Paint and Coatings Association

VOLUME 3 ISSUE 10 • CONFERENCE 2009



CPCA Chair Pierre Dufresne speaks to Association Members at CPCA Industry Conference 2009.

CPCA INDUSTRY CONFERENCE 2009 Navigating In Difficult Waters

Ninety CPCA Members, partners, staff, speakers and guests gathered in Niagara Falls September 20–21 for fresh insights on the business environment, to honour colleagues and to engage in networking opportunities.

But CPCA Industry Conference 2009 may best be remembered for a vote taken during the Annual General Meeting.

"During the last three years, we have all worked hard to build the CPCA, and we have made great strides," said CPCA Chair Pierre Dufresne, opening the Conference. "The CPCA is known as the national voice of our industry by governments across Canada.

"Facing today's new, evolving challenges, a strong national voice is important," Mr. Dufresne continued. "To help us meet these challenges, at this Conference we will propose a new model of governance, a model that will strengthen the CPCA in its work today and into the future."

The Conference began on Sunday with a tour of three of Niagara's finest wineries. That evening a comedy troupe transformed the Chair's Dinner into an 1812 Garrison Dinner—enlivening the event with gales of laughter.

PHOTOS COURTESY OF CFCM CANADIAN FINISHING AND COATINGS MANUFACTURING MAGAZINE

The Monday speakers program focused on sustainability, consumer behaviour, supply chain challenges, economic trends, and the regulatory and legislative outlook.

"We designed this Conference to reflect the realities of today's economy," said CPCA President Jim Quick. "We changed the conference format but delivered a high-value speaker program plus the networking opportunities our Members appreciate. The high attendance tells us we were on the right track."

THIS ISSUE

CPCA Annual Conference

Difficult waters
Sustainability
Supply chain
Consumers
Economy
Regulations
Awards
Governance
CPCA Board

Board of Directors,
2009-2010



MONDAY, SEPTEMBER 21

The Business Case for Sustainability Bob Willard, Ph.D.

Sustainability is smart business. That's the core message Bob Willard brought to Industry Conference 2009—along with ideas and facts to back it up.

Mr. Willard is a widely known Author and Speaker on the business case for sustainability. He had a 34-year career with IBM and holds a Ph.D. in Sustainability from the University of Toronto.

"Sustainability is a means to a future in which human and other life forms flourish," said Mr. Willard during his morning presentation. It is a way of thinking about managing assets. It is also a philosophy that leads a company through regulatory compliance to the integration of sustainability practices in business strategies.

Why bother?

Mr. Willard says sustainability practices attract customers who want green products from green companies. They also attract employees who would rather work for a company known for environmental friendliness and Corporate Social Responsibility (CSR). They help reduce environmental damage. They increase the component of a company's value that reflects its



environmental stance. And they align with a company's efforts to abide by environmental rules.

"Simply put, you want to be proactive for public relations, compliance and money saving reasons," said Mr. Willard."

Integrated CSR and sustainability strategies offer potential profit increases: 38% for large enterprises and 66% for small- or medium-sized enterprises.

For large enterprises profit increases will come from reduced recruiting and attrition costs, increased employee productivity, manufacturing and commercial eco-efficiencies, increased market share and revenue, and lower insurance and borrowing costs. Small- or medium-sized enterprises reap the same benefits.

"It's important to understand that business language applies in conversations about sustainability," said Mr. Willard. "At a time of rising stakeholder expectations and new market forces and risks, sustainability practices can protect and enhance company value and social licence to operate. There are many willing and helpful partners—and opportunities to lead by example."



Supply Chain Challenges: Stocking the Shelves

Robert James Armstrong, C.I.T.P., P.Log.

These are volatile days for the supply chain. Fuel and commodity prices are unstable, as are carrier capacity and demand. Currencies and suppliers lack their former stability. New options, such as nearshoring, tempt manufacturers.

"Unfortunately, many companies in Canada don't have a logistics plan," Bob Armstrong told Industry Conference 2009 attendees. "And that's one of our weaknesses."

Mr. Armstrong, who is the President of Supply Chain & Logistics Association Canada (SCL), also operates Armstrong Trade and Logistics Advisory Services Inc. (ATLAS) He has more than 35 years of senior management and board experience with organizations in the fields of global supply chain, international trade, cross-border logistics, and customs regulations and procedures.

To protect their supply chains during the current economic downturn, Mr. Armstrong advises manufacturers adopt two main strategies.



"The first is to collect data to clearly understand business requirements and to innovatively streamline logistics and transportation processes," said Mr. Armstrong. Many businesses hire out logistics to service companies. They can lose their internal expertise in the area and the ability to find, and act on, cost-saving opportunities. Collecting data is the first step to reverse this.

The second strategy is to be "very clear about where a business's core competencies lie and where it can leverage its capabilities through a partnership with the right third-party provider," he said. This process may not lead to a lower cost line—but it can offset assets and risk, which is very desirable during a downturn.

There are important questions to ask about a supply chain—questions about value, integrated planning, core logistics and distribution competencies, outsourcing, customer service and customs clearance.

"The time to ask those questions is now, to prepare as the economy strengthens."



Consumer Confidence: A Key Ingredient for Business Success

Diane J. Brisebois, CAE

Recession means change for Canadian consumers, retailers and manufacturers. This was the message Diane Brisebois brought to Industry Conference 2009.

Ms. Brisebois, the President and Chief Executive Officer of the Retail Council of Canada, began her presentation by providing an overview of the Canadian retail market, including the home improvement sector, which represented \$40.29 billion in sales in 2008. Discussing market share and the concentration of retail in Canada, she noted that Canada's top 10 home improvement retailers represented 61% of the market and that their share of the market would continue to grow.





As for consumers, research showed that the recession had influenced their purchasing behaviour and that many were rejecting conspicuous consumption. Research also showed that consumers were price conscious, seeking more and more bargains, shopping less frequently and evaluating brands less emotionally. Ms. Brisebois noted that this behaviour was affecting the entire supply chain—from the manufacturer to the retailer.

And as competition for the consumer's share of wallet increased, and with more and more global retailers selling a variety of products under one roof, the pressure to provide value and to differentiate was increasing exponentially. This was resulting in retailers expanding their private label offerings to differentiate and to offer value pricing. It also has resulted in retailers developing new store formats to respond to the changing needs and lifestyles of Canadian consumers.

"You can bank on constant change in retail formats and merchandising," said Ms. Brisebois. "Competition for customers will be fierce. Value shoppers will continue to put pressure on prices. And a new customer has emerged, one with no time, no money and no patience."

Worldwide Economic Trends *Mykyta Vesselovsky, Ph.D.*

The economy is recovering—but conditions need to be right for a sustained recovery. Mykyta Vesselovsky brought reason for optimism to the executives at Industry Conference 2009. But he tempered his remarks with caution.

Senior Research Coordinator in the Office of the Chief Economist in Canada's Department of Foreign Affairs and International Trade, Mr. Vesselovsky holds a Ph.D. in Economics from Carleton University.

While the Canadian economy has shrunk on a quarterly basis, June has seen a monthly GDP increase and indicators such as retail

and motor vehicle sales suggest real GDP growth is a prospect in this and subsequent quarters, he noted. Although Canadian unemployment is expected to rise into 2010, forecasts uniformly predict a return to economic growth in 2010 and 2011.

Sustained recovery depends on several factors, one of which is continued banking sector stability in the United States and Europe. This will allow consumer credit and the housing market to improve. Another condition is no more than moderate commodity price increases that are in line with exchange rate stability. In addition, the fiscal stimulus needs to generate self-sustaining private sector growth in the second half of 2009. Protectionist tendencies around the world must be contained.



Canada experienced an export-led recession. Its export contraction was in line with that of other countries. We can expect exports to rebound more quickly than GDP, said Mr. Vesselovsky, and we may find that Canadian trade continues to diversify, a trend the recession accentuated.

"Canadian exports are shifting to fast-growth countries," he said, "with the emerging market share more than doubling over the past decade."

The outlook for Canada is brighter, beginning with a weak recovery through 2010. Banking sector stability, unemployment, consumer credit and household finances will determine recovery strength and length.

Paint and Coatings Outlook for 2010: The Next Generation

Jim Quick

While 2010 promises tremendous challenge, we have the capacity—and the tools—to do the job. With this message, Jim Quick brought guarded optimism to Industry Conference 2009.

The President of the CPCA, Mr. Quick told Members that 31 of the 32 critical issues facing industry will lead to more stringent compliance requirements, higher R&D and related costs, greater capital and technology investments, and more business practice reporting.

"Increased government activity will increase the cost of doing business in Canada in 2010 and beyond," said Mr. Quick. "There will be no easing up in 2011 or 2012."

To meet the challenges, the CPCA has based its programs on a good understanding of the political and regulatory theatres of action. CPCA programs align government and industry objectives. Carefully prepared, they may be innovative—but they are always proactive.

"We play to our strengths," said Mr. Quick. "We lead with technical knowledge and support with analysis. It's a combination that gets results—as we have shown with VOCs, VAM and EG, and in many other cases."

Looking ahead, Mr. Quick expects that law-makers will continue to find support in public opinion and sound science for new rules. "You can expect new federal, provincial and municipal rules—and rules from new cross-border organizations. But you can also expect that the CPCA has the knowledge, systems and structure in place to take innovative, aggressive steps in the interest of our Members.

"With your continued support and participation, we can build on the wins of the past years in 2010, and beyond."





Actor addresses Members during the 1812 Garrison Dinner.



CPCA 2009 Industry Statesman Award winner Bruce Henderson



CPCA Roy Kennedy Outstanding Achievement Award winner Brian Edwards

2009 Industry Statesman and 2009 Roy Kennedy Outstanding Achievement Awards Presented

Bruce Henderson was awarded the CPCA's 2009 Industry Statesman Award and Brian Edwards received the Association's 2009 Roy Kennedy Outstanding Achievement Award during the Chair's Dinner at Industry Conference 2009.

Conferring the 2009 Industry Statesman Award, Pierre Dufresne, CPCA Chair, acknowledged Mr. Henderson's many years of leadership and hard work ensuring that the coatings industry was represented in the design of regulations at the federal, provincial and municipal levels. "Bruce Henderson can leave this industry knowing he has done everything possible to improve its competitiveness and enhance its future prosperity."

Accepting the award, Mr. Henderson thanked DuPont and Mr. Edwards, an executive at DuPont, for having the vision to allow him to work with the CPCA to focus industry efforts on the

regulatory process. "I have thoroughly enjoyed working with peers from across Canada, the United States and Europe to create synergistic regulations that meet the needs of government and industry."

Mr. Dufresne described Mr. Edwards as a leader who, "as Chair has been an integral part of the transformation of the CPCA into a successful, modern association." Mr. Edward's "commitment to his company is unquestionable. His dedication to the Association is unwavering. His contribution to the success of the sector deserves our admiration and gratitude."

Accepting the 2009 Roy Kennedy Outstanding Achievement Award, Mr. Edwards noted that winning "an award like this is always easy when you have great people preceding and coaching you along the way." He stressed that the success of an association comes from within, from the work of Members engaged in committees and working groups. "These people are our real heroes, our often unsung contributors."

Members Vote in New Governance Structure at AGM

CPCA Members voted in a new governance structure at the Annual General Meeting, held September 21 during Industry Conference 2009.

The new bylaws create voting and non-voting Members. The new Board of Directors will include nine to 15 members, down from the current 28. Four of every five Board members will be elected at each AGM. One in five will be appointed to the Board following the AGM, to satisfy any expertise deficits.

The terms of Directors will increase from two to three years. Half of the Directors will be from manufacturer companies. One quarter will be from suppliers.

The bylaws end the Past Chair designation, and separate the President and CEO positions. They create two standing committees: the Audit Committee and the Nomination Committee. They end the Executive Committee and make the technical committees report to the President, not the Board.

Under the bylaws, Board committees will include but are not restricted to Board members.

"The new, modern bylaws are in keeping with modern corporate governance practices and reflect a product approach to corporate governance," noted Mr. Dufresne, current Board Chair.

CPCA Board of Directors 2009-2010

- Pierre Dufresne**, AkzoNobel Decorative Paints Canada (*Chair*)
- André Buisson**, Société Laurentide Inc.
- Rick J. Duha**, The Duha Group
- Brian Edwards**, DuPont Performance Coatings
- Sharon M. Kelly**, Kelcoatings Ltd.
- Mike Klein**, Dominion Color Corporation
- Darrin Noble**, Home Hardware Stores Ltd.
- Brian Roberson**, PPG Canada Inc.
- Ed Thompson**, L.V. Lomas Ltd.
- Richard Tremblay**, Benjamin Moore & Co. Ltd.
- Fred Veghelyi**, SI Group-Canada Ltd.
- Tim Vogel**, Cloverdale Paint Inc. (*Treasurer*)

Send Us Your News

If you would like your news published in *What's New*, please send it to **Alex Robinson**. We reserve the rights to choose which stories we will publish and to edit material we receive for length, clarity and style prior to publication.

The Canadian Paint and Coatings Association (CPCA) publishes *What's New*, which you receive as a Member of the CPCA. If you have questions, or wish to suggest a story, please write the Editor.

Publisher: CPCA, 170 Laurier Avenue West, Suite 1200, Ottawa, ON K1P 5V5
T 613 231 3604 • **F** 613 231 4908



A World of Colour
 Canadian Paint and Coatings Association