



ICD Fellowship Award Recipient

Bill Anderson

OVER HIS CAREER, BILL ANDERSON HAS SAT in a director's chair in four distinct capacities: as the Chief Financial Officer of the company, as President and CEO of the company, as an appointee of the parent on the subsidiary company's board and as an independent director. These different roles reflect a career path that can be traced back to his family origins.

His father was a chartered accountant who became a successful business owner. Mr. Anderson was inspired to follow in his father's footsteps. He attended the University of Western Ontario to obtain an undergraduate honours degree in Business Administration. He found accounting courses to be interesting and challenging which confirmed his decision to become a chartered accountant himself.

At the time of his graduation in 1972, there was an enormous demand for accountants. He had the luxury of choosing from among numerous job offers. He chose Peat Marwick (now KPMG) on the basis of "good chemistry" with the people he would be working with, even though the pay was lower than what other firms were offering.

He first worked for Peat Marwick in London, Ontario obtaining his Chartered Accountant designation in 1974. During that time, the recommendations of the Royal Commission on Taxation in Canada (the "Carter Commission") were in the process of being implemented. Mr. Anderson was intrigued by these changes and he shifted away from the audit practice to become a tax specialist. Given that focus, it made sense to transfer to the Toronto office of the company to serve its Toronto-based corporate clients. In 1980, he was elected a Tax Partner in the firm.

About a decade later, Peat Marwick was in the process of merging with Thorne Riddell. This was a decision moment for Mr. Anderson - he concluded that rather than continue as a partner in the merged firm, this was

an opportunity to follow another path, although he was unsure what that path may be.

This turned out to be a career-altering decision. After a period of consulting and teaching, he accepted a position with BCE in Montreal. This move ultimately allowed him to break out of a career as a tax accountant into a broader finance role and eventually into direct operational roles. Mr. Anderson was appointed CFO of Bell Cablemedia, a UK public company in which BCE owned an interest, and he sat on its board in that capacity. He subsequently returned to Montreal and became CFO of BCE and Bell Canada. Later, he became President of BCE Ventures and CEO of Bell Canada International and sat on its board in his executive capacity. He also served as a BCE appointee on various BCE investee companies, including Bell Aliant, BCE Emergis and CGI Group.

Like that well-known advertising campaign, "Freedom 55", Mr. Anderson had hoped to leave full-time corporate employment at age 55. He missed by one year, leaving the BCE empire at age 56. It was not long before he was recruited to join various boards as an independent director of publicly traded companies. On most of the boards on which he has served, he has been a member of the audit committee. Today, he is Chair of the Board of MDS and Chair of the Audit Committee of TransAlta and Gildan Activewear.

With his background in accounting and experience on audit committees, Mr. Anderson is well-positioned to understand the many issues these boards face with the impending conversion to International Financial Reporting Standards (IFRS). While he believes that most large and mid-cap companies are reasonably well-positioned for the conversion, he is concerned about the complexity and the challenges that an IFRS conversion presents for virtually all companies. Mr. Anderson supports the move to a single set of global accounting standards; however, with IFRS coming on

top of the regulatory requirements of the certification process under the Sarbanes Oxley Act in the U.S. and similar requirements here in Canada, there is a potential issue that accounting departments in public companies are being overloaded. This can be a difficult problem in the current economic environment, as many companies are looking to reduce the costs in all corporate departments, including accounting. For the audit committee, balancing the accounting and finance department resources with the increasing workload is a matter that requires ongoing monitoring.

Mr. Anderson believes that the conversion to IFRS will result in significant changes to the financial statements of many companies. While these changes do not alter the underlying fundamentals of a company, nevertheless the change in financial statements could have significant impacts on debt covenants, credit rating agencies' metrics, performance metrics for compensation plans and investors' perception of a company's financial performance. On that basis, Mr. Anderson is concerned that, while a company's IFRS conversion may be on track, directors, investors, analysts, credit rating agencies and others may still have a steep learning curve in order to understand the true implications of the new standards.

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On balance, Mr. Anderson judges corporate governance in Canada today to be quite good, while acknowledging that practices are continuing to evolve and improve. He attributes some of the strength in Canada's corporate governance to our distinct Canadian culture. In his view, compared to U.S. boards, Canadian boards are generally more attuned to accepting consensus decision-making, are naturally less aggressive in style, but most importantly are more open to changes in governance practices. As one example, he cites the chair/CEO issue: once the non-executive chair position became a proposed best practice, most widely held Canadian companies split the roles, with the chair being an independent director. However, there

continues to be considerable resistance to this change in the U.S.

On the other hand, Mr. Anderson has concerns that the pendulum of good governance may be swinging too far too fast. For example, if the UK experience can be relied upon, "Say on Pay" may be a positive governance practice. However, there is a concern that such a policy may be misused by certain shareholders or may lead to calls for more direct shareholder/director interaction which is a practice that may be beneficial, but which requires careful thought before it is broadly adopted. Similarly, he is particularly concerned if politically motivated governance changes are imported from the U.S. without having been evaluated based on their merits for all shareholders. The current provision in the U.S. Senate finance reform bill dealing with proxy access potentially falls into this category.

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Mr. Anderson believes that, while being a good director is a continuing development process, he has learned a great deal about being a director from his career as a professional, as an executive and as a director in the different capacities noted above. He believes that most directors have a high degree of ethics, expertise and experience gained in their careers; however, it is often interpersonal skills that allow certain directors to make more significant contributions. Directors need to question management, be decisive and ensure that board decisions are consistent with their own personal standards. Doing so in a way that exhibits respect for management and fellow directors and ensures that the board can function efficiently and reach consensus on difficult decisions is absolutely critical.

Mr. Anderson has thoroughly enjoyed each of the different parts of his career, but none more than the variety of experiences and people he has been exposed to as a corporate director.

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