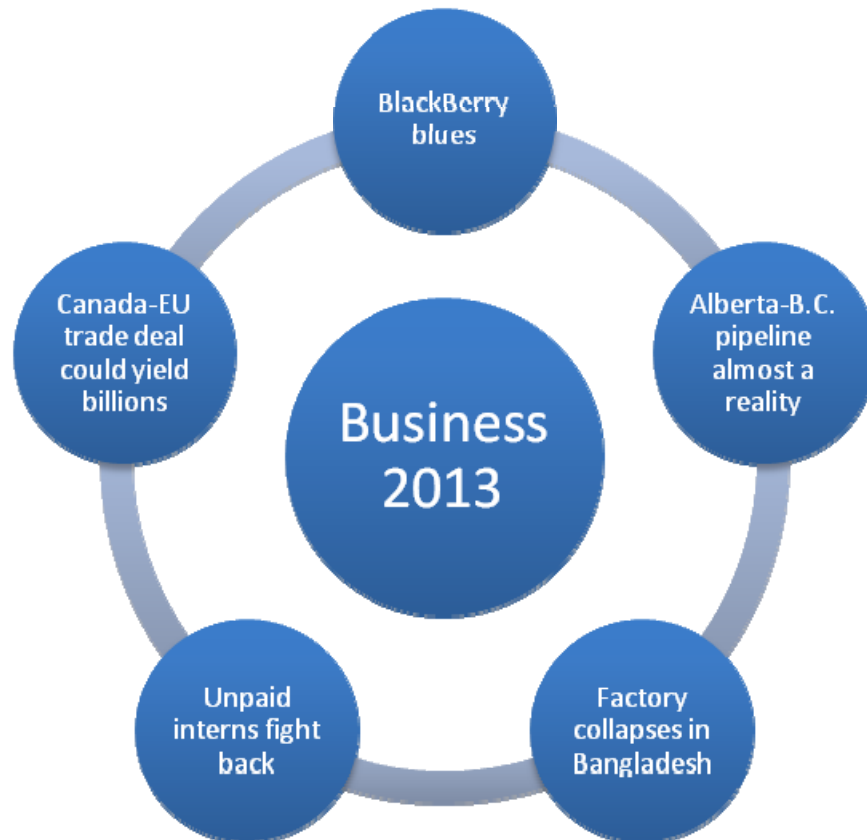


## A Look Back at Business 2013

### Minds On

Examine the graphic and try to find a theme that links all five stories together. Write your theme down and then share it with a classmate.



### SETTING THE STAGE

It was a year of deals and disasters. With the bottom line ever present, the Canadian business community was forced to collectively examine how it conducts its affairs. From the slowly sinking ship called BlackBerry to the tragic death of over 1 000 workers after a factory collapsed in Bangladesh, business leaders were challenged to explain just how far they would go to make a profit.

### BlackBerry blues

While 2013 started on a promising note with the release of the highly anticipated Z10 and Q10 smartphones, the beleaguered high-tech firm failed to make any kind of dent in the lucrative personal handset market. After the early buzz around the Z10 and Q10 petered out, BlackBerry knew they were in trouble. By August, the company put itself up for sale. When one bidder stepped up and then promptly stepped away, the company fired their CEO, brought in a “turnaround specialist,” and hoped they could beat the odds and survive for another year.

### Alberta-B.C. pipeline almost a reality

While campaigning in the general election in British Columbia this past spring, Liberal Leader Christy Clark emphasized her concern over the environmental impact of the proposed Northern Gateway Pipeline. Meanwhile, her interactions with Alberta premier Alison Redford were described as tense and antagonistic. By the time Clark led the B.C. Liberals to their fourth consecutive majority government, her tune had changed. She claimed that the pipeline could become a reality if it met certain conditions — including a healthy chunk of Alberta oil money for the province of British Columbia.

### Factory collapses in Bangladesh

On April 23, deep cracks appeared in the walls of a factory complex in Bangladesh, and the police ordered the building evacuated. Despite this, concerned workers were ordered to either get back to work or lose their jobs. Faced with the prospect of joblessness and utter destitution, most workers headed back to the factory floor. Tragically on April 24, the complex collapsed, killing over 1 000 people and injuring thousands more. Shortly after the collapse, Canadians learned that this factory produced Loblaw's Joe Fresh brand of clothing. The tragedy forced Canadians to evaluate their "rock bottom price" mentality and compelled Joe Fresh to rethink its sense of corporate social responsibility.

### Unpaid interns fight back

A growing trend in the wake of the global economic downturn is the emergence of unpaid internships. Desperate job seekers — mostly young and fresh out of university and college — agree to work for companies for free in order to gain valuable training and work experience. The carrot employers dangle at the end of the internship is a paying job. However, many interns believe that they are really just helping big companies turn a profit with most interns sent packing at the end of their contracts. One frustrated intern decided to take on Bell Mobility, suing the media giant for back pay after a five-month internship that she claimed only benefited Bell's bottom line. She ultimately lost her bid but the debate over unpaid internships raged on for most of 2013.

### Canada-EU trade deal could yield billions

In the fall of 2013, Prime Minister Stephen Harper flew to Brussels and signed one of the most significant trade agreements in Canadian history. In essence, the deal established a free trade relationship between Canada and the European Union's 28 member nations. This will give Canada access to roughly 500 million European consumers and a market that generates \$17 trillion in economic activity in a given year. However, critics of the deal worry that European nations will reap the most benefits as Canada's more modest economy struggles to compete.

### To consider

Which topic do you think constitutes the most important business story of 2013? Be sure to give two or three reasons for your choice.

## VIDEO REVIEW

### BlackBerry blues

1. Which companies managed to crush the once venerable BlackBerry with their smartphone innovations?  

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2. Why were the BlackBerry Z10 and Q10 smartphones deemed failures by many observers?  

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3. If BlackBerry is to survive in the smartphone market, what do many industry insiders think needs to happen?  

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4. What steps has BlackBerry taken to try to reverse its fortunes?  

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### Alberta-B.C. pipeline almost a reality

5. What are the arguments for and against moving oil and gas by pipeline?  

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6. Why did British Columbia Premier Christy Clark suddenly become open to the idea of pipelines carrying oil and gas from Alberta across her province to the sea?  

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7. Why did her critics accuse her of flip-flopping?  

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8. What challenges will the oil companies have to face while they try to get their pipeline projects approved?

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### Factory collapses in Bangladesh

9. How many people died when a clothing factory complex collapsed in Bangladesh in April 2013?

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10. Why is it difficult for companies to assure their customers that their clothing has been ethically produced in safe and humane working conditions?

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11. What does Mountain Equipment Co-op do to try and make sure their suppliers are operating ethically?

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### Unpaid interns fight back

12. Why did Jainna Patel lodge a complaint against Bell Mobility to federal authorities?

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13. What tasks did Patel perform for Bell? In your view, were these tasks that could enhance Patel's career?

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14. How many young Canadians does lawyer Andrew Langille estimate are working as unpaid interns?

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15. a) What did Human Resources and Skills Development Canada instruct Bell to do with regard to the Patel case?

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b) What was the outcome of the case?

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### **Canada-EU trade deal could yield billions**

16. Why is the Canada-European Union (EU) trade deal considered to be historic, ambitious and comprehensive?

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17. How will the elimination of EU tariffs benefit Canada?

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18. In which three areas were Canadians forced to give ground to their European trading partners?

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## BLACKBERRY BLUES

The prospect of their survival has been described as an unlikely longshot. Bleeding profits and failing to make a dent in the highly competitive smartphone market, BlackBerry appears to be on the verge of becoming a footnote in the ever-changing world of technology.

So how did this one-time giant — the inventor of the smartphone — suddenly find itself on the verge of extinction? Well, BlackBerry has become a tragic business tale of a company standing still while other companies ploughed ahead.

After taking the world by storm by integrating e-mail with standard mobile phone handsets, BlackBerry maintained its technology but failed to expand its smartphone functionality beyond business applications. Meanwhile, Apple and Google seized the moment and capitalized on the huge appetite for efficient, practical and fun smartphones, taking the technology from the business crowd to everyday people. In the process, these companies generated enormous profits thanks to a combination of ingenuity and grit that took the smartphone to the next level.

BlackBerry stood still as their competitors vaulted ahead and took control of the profitable consumer smartphone market. After failing to succeed in, and eventually abandoning, the



tablet market and then reporting dismal sales of the much-delayed BlackBerry 10 phones, the company found itself on shaky ground through most of 2013. In August, they put themselves up for sale. Three months later they took themselves off the market, mainly because a tangible offer never surfaced. They announced a restructuring of their finances, the firing of their CEO, and the hiring of “turnaround” specialist John Chen to make a last-ditch effort to save the company.

While the writing of a formal obituary might be premature, many industry experts believe that it will take a small miracle for Chen to keep BlackBerry alive. Meanwhile, smartphone giants like Apple and Google lay in wait to gobble up even more market share.

### To consider

1. How did BlackBerry go from a smartphone giant to a company on the verge of extinction?
2. What challenges do you think “turnaround” specialist John Chen will have to face if he hopes to save BlackBerry?

## ALBERTA-B.C. PIPELINE ALMOST A REALITY

During British Columbia’s spring election campaign, Premier Christy Clark made several comments that appeared to put her at loggerheads with Premier Alison Redford of Alberta. The comments dealt with the proposed Northern Gateway Pipeline — an oil and gas line that would run from just outside Edmonton to the coastal port of Kitimat, B.C. Besides assurances that a pipeline would be ecologically safe, Clark maintained that B.C. would need to receive a sizable chunk of Alberta’s oil revenue if the Northern Gateway Pipeline was to ever see the light of day. Redford shot back that B.C. should remember that it’s a part of Canada and a pipeline was in the best interests of all Canadians. By election night, many thought the Northern Gateway Pipeline was destined for lengthy delays as both provinces dug in.

However, things changed pretty quickly after Christy Clark’s Liberals won a majority government in the spring of 2013. Suddenly, the tension evaporated, and B.C. and Alberta looked like they were ready to make a deal. Clark told Redford that five conditions had to be met for B.C. to agree to a pipeline from Alberta over the mountains to the Pacific.

1. An environmental review of the potential impact the pipeline
2. A state of the art marine spill response mechanism
3. A similar mechanism in the event of a spill on land



4. Negotiations dealing with Aboriginal treaty rights and benefits for Aboriginal stakeholders
5. A fair share of revenue for B.C.

Alberta’s main concern was the concept of a “fair share” of revenue for B.C. Negotiations around this point eventually led to a general agreement that B.C. should deal directly with the oil and gas companies about compensation. After all, it is the product of these companies — namely oil, gas and bitumen — that was slated to make its way through the province enroute to Kitimat.

While things looked grim for the Northern Gateway Pipeline for the first half of 2013, things changed dramatically by year's end. Clark and Redford looked like they were finding a way to make the project work for both sides. Rather than getting caught up in lengthy delays (like the

ones holding up the Keystone XL Pipeline), B.C. and Alberta looked like they were ready to strike a balance between the environmental concerns of their constituents and the economic hopes of the business community.

### **To consider**

1. Why did the Northern Gateway Pipeline look like it was destined for lengthy delays prior to Christy Clark's election victory?
2. Which of Clark's five conditions do you think is the most important? Explain your answer.





## FACTORY COLLAPSES IN BANGLADESH

When building inspectors visited Rana Plaza in Bangladesh in the spring of 2013, they declared the building unsafe, prompting many of its main floor retail and banking outfits to shut down. However, the tenants of the upper floors — mostly garment producers — balked at the suggestion. They ordered their employees to get back to work making brand name clothes for lucrative overseas markets. Shortly after 9:00 am of April 24, the building gave way and crashed to the ground. Over 3 000 workers were in the building at the time and even more people were walking along the busy street below. In all, 1 129 people died and close to 2 500 were injured when Rana Plaza collapsed.

While rescue workers frantically searched for survivors, it soon became clear that the collapse of the building was an accident waiting to happen. The building was originally designed to house retail stores and offices. However, as Bangladesh became more and more involved in the production of garments for a variety of popular brands, Rana Plaza started to build

additional floors on the existing site *without a permit*. Suddenly what was once deemed retail space was transformed into a garment factory. A combination of shoddy construction, poor engineering, heavy machinery and an influx of personnel put unprecedented physical stress on the building and it fell to earth.

Amidst the rubble, photos of the popular Canadian brand Joe Fresh were shared with the world. Loblaw, the parent company that produces Joe Fresh, thought it had done its homework. Thinking it had pursued a path of corporate social responsibility in its selection of manufacturers, Loblaw was blindsided by the collapse of Rana Plaza and the subsequent shaming that became associated with its brand. After all, how does a grocery giant like Loblaw allow its brand to be produced in a substandard facility by people who are barely making \$40 a month — the cost of a couple of Joe Fresh shirts? It is a question that Loblaw is still trying to answer.

## To consider

1. In an effort to help the victims of the Rana Plaza (and to rescue the reputation of their Joe Fresh brand), Loblaw announced a \$77 million compensation fund for the victims' families. Is this enough? Why or why not? What else could Loblaw do to make up for the Rana Plaza collapse?
2. When Loblaw hired Club Monaco founder Joe Mimran to start up the Joe Fresh line of clothing, Mimran said his goal was to strike a balance between “integrity of product design and killer price points” (Canadian Business, July 15, 2013). What has the Rana Plaza collapse done to Joe Fresh's “integrity of product design”? At what cost have they achieved their “killer price points”?
3. Garment factory workers in Bangladesh have maintained that they are not being fairly paid for the work they do. At the time of the Rana Plaza collapse, the minimum wage for a garment factory worker was \$38 per month. In late 2013, this figure was raised to \$66.25. This will likely mean higher clothing prices.
  - a) How does this make you feel as a consumer?
  - b) How important is a rock-bottom price point to you when you are shopping?
  - c) Does it matter to you that a person is working for \$66.25 a month making the clothes that you will be purchasing here in Canada?
  - d) Would it make any difference to you if the workers were paid more money?
  - e) Would you pay fair market prices for clothes if they were produced here in Canada even if they would cost significantly more than those produced in Bangladesh?





## UNPAID INTERNS FIGHT BACK

After five weeks of working as an unpaid intern at Bell's Professional Management Program in Mississauga, Ontario, Jainna Patel had to ask herself, "How did this internship help me become more employable?" Patel reported doing menial tasks that she felt benefited Bell Mobility but did little to provide her with marketable employment skills. In fact, she was so disappointed in the experience that she lodged a formal complaint with Human Resources and Skills Development Canada. Patel claimed she should have been paid for her five week internship because her days at Bell were spent

working as an employee, not receiving any kind of training. Ultimately, Patel's claim failed but the episode shed light on the growing problem of unpaid internships across Canada.

The increase in unpaid internships available today is a reflection of how dire the situation is for young Canadians looking for work. According to Statistics Canada, the youth unemployment rate rests at over 13 per cent — nearly double the national average.

The main problem with unpaid internships is that there are no real regulations. While all Canadian provinces provide a clear definition of what constitutes an employee, few have enforceable standards and rules regarding internships. Because of this, many internships are simply work placements without pay. Lawyer Andrew Langille claims as many as 300 000 young Canadians are working as unpaid interns — and most of those internships are illegal.

### To consider

1. Why did Jainna Patel sue Bell Mobility? Do you think she should have received back pay?
2. Do you think all interns should be paid at least minimum wage or are companies within their rights to offer internships as a form of job training?
3. What do you think of Ontario's internship guidelines? What penalties should be put in place for companies that don't follow the internship rules?

### What are the regulations?

Ontario's Ministry of Labour has made the strongest case in Canada for what does and does not constitute an internship. For an internship to be legal, the training must:

- Be similar to that which is given in a vocational school
- Be for the benefit of the intern
- Provide little or no benefit to the person or company providing the training
- Not displace or put a paid employee out of work
- Not be treated as a guarantee of future work for the intern
- Clearly inform the intern that the position is unpaid

Source: *Canadian Intern Association*  
[\(www.internassociation.ca/what-is-the-law/\)](http://www.internassociation.ca/what-is-the-law/)

## CANADA-EU TRADE DEAL COULD YIELD BILLIONS

Perspective is everything. If you talk to Prime Minister Harper and his Conservative caucus, the recent trade deal signed between Canada and the European Union is going to be an economic boom for Canadians. If you talk to opposition think tanks like the

Council of Canadians, the deal could mean a serious attack on Canadian sovereignty and the loss of some of our cultural institutions. Take a look at the arguments for and against the new trade deal and complete the activity that follows.



The trade deal between Canada and the European Union is called the  
***Comprehensive Economic and Trade Agreement (CETA)***

It was signed on October 18, 2013

### Arguments for CETA

- Canada earns access to the Europe's 500 million consumers and \$17 trillion in economic activity
- Canada stands to gain over \$12 billion per year in gross domestic product because of the deal
- Anticipated 20 percent annual increase in bilateral trade
- Open access to European markets in most economic areas including agriculture — a potential \$1.5 billion boost for Canadian farmers
- Elimination of trade tariffs on things like seafood and metals should significantly improve Canadian sales to Europe
- Canada will have tariff-free access to European cheese, wine and spirits
- Canadian automakers will be able to export 100 000 cars to Europe — 12 times the current limit

Source: *Canada-EU Trade Deal – interactive* ([cbc.ca](http://cbc.ca))

### Arguments against CETA

- Potential privatization of public services like municipal water, electrical and postal service
- Local job creation could be stunted as Canadian governments are compelled to spend their money on cheaper European alternatives
- Access to municipal water under the agreement could lead to large European companies controlling some of Canada's water supply
- Privatization of components of our health care system
- The agreement could prevent the Canadian government from improving regulations on environmentally sensitive projects (like the Alberta oil sands) because those regulations could impede trade
- Opening European access to our farms products, communications networks and labour market could lead to a loss in Canadian sovereignty as foreign ownership increases and local concerns are ignored

Source: *The Trade Justice Network* ([stopceta.ca](http://stopceta.ca))

### **Activity: Take a stand**

Which side do you agree with? In a 200-400 word newspaper report, use the main points supporting the argument you selected to build a case for your position. Use at least three points from the side you oppose and shoot down your opponents' perspective.