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Michael Denham, President, Accenture Canada - A consultant's rallying call to grow globally
Gordon Pitts, At the Top (gpitts@globeandmail.com)

Listen to Michael Denham and you can easily get anxious about Canada's chances in the global economy. Mr. Denham, president of Canadian operations for consulting firm giant Accenture, sees our companies punching below their weight in the places that will matter most over the next few decades – the emerging markets around the world. With traditional markets suffering from economic malaise, the urgency to tap fast growth regions is greater than ever, says Mr. Denham, 47, who has spent 20 years as a global consultant, and for a period, a strategy executive with Bombardier Inc. He delivered that message to the Toronto Board of Trade last week.

This is a message I've heard many times before. Why are you making it now?

One of the sources of my frustration is that we have heard it so many times before. The need for Canadian companies to go global has been out there but it's just not resonating. I haven't seen enough change. And the urgency is a lot higher now. Western Europe and U.S. markets are going to be slow for a while. We now have dozens of these emerging market multinational companies [on the rise], it is getting harder and harder to enter these markets.

Assuming you rally companies to action, won't it take some time before the results pan out?

Let's assume I convince some people to become global. If they started the next day, by the time it actually makes a difference in financial performance, it will be at least four to five years. That is why companies haven't embarked on it. There is a certain short-termism in their affairs, and things that take four to five years don't get their attention.

You talk about how Brazilian companies such as Vale and Embraer are succeeding globally. Do they have some international-business DNA that we lack?

The big difference is for that for so many years we had the U.S. and then the 65-cent dollar and why wouldn't you be running a company with a focus south of the border? Whereas Brazilians had no choice – if you're going to produce airplanes in Brazil, you need to find international markets. When you don't have a big adjacent market like we have, you've got to have a global orientation. There is nothing different in our DNA or our drive – it is the curse of being close to the U.S. with such a low dollar in the past.

We've seen a number of Canadian champions taken out by foreign bidders. Is there some character trait missing when companies get to a certain size?

A lot of these companies which had the potential to become global companies have been acquired by [foreign] companies that are more aggressive globalizers. The big issue is that there is a lack of ambition to succeed and grow globally.

If you are on the board and there is an offer for your company, you have to compare that offer to your company's internal growth plans. Is it the best thing for shareholders to accept?

The more ambitious, the bolder, the more global the company strategy, the more attractive it will be [as a continuing enterprise], compared with the offer for acquisition.

Boards are doing the right thing in accepting bids, but corporate growth strategies are insufficiently ambitious to produce more value for shareholders than what is being offered by the acquirer.

I don't know what the root cause was, but these companies didn't have the aggressive plans for growth.

What do smaller mid-sized companies do if they aspire to be global companies?

The economy needs them to aspire, because they are going to be the next generation of large companies. But it will be harder for them because there is much less scale to draw on. The opportunities are there but the key thing is to find the right partner, the right channel, the right way in.

You need to reduce risk in the first set of steps. A company whose value proposition comes from branding and extensive advertising will find it harder. But if it's more business-to-business, more service-based and less fixed-cost-intensive, there will be ways to find a partner and the channels.

For leaders of mid-sized companies, I would advise them to just start talking to people in their networks who are engaged in emerging markets.

Management consultants often lay out dire forecasts if something isn't done. Don't you just want fearful firms to hire people like you?

I think we need lots of people like me, and not just management consulting firms. We need policy makers, we need lawyers, we need investment bankers and directors of companies. We need opinion leaders who understand and get excited by prospects outside the traditional markets. We need lots of people to be engaged in a macro picture for Canada that will look much different.

You have said "we hire a generation ahead" by anticipating talent needs in regions poised for growth. How do you approach this?

All that Accenture is, in fact, is our people. If we are not going to be smart around organizing people, we will not succeed. And there are countries where we invested too early and in the wrong people. But we got Brazil right, we got China right, we got India right, and now we are just getting into Turkey. And Turkey is in the future, as well as South Africa, and even Nigeria. Africa particularly sub-Saharan Africa is a beacon of hope.

You talk about urgency but is this mood widely shared in Canada?

Accenture's recent global report, called Fast Forward to Growth, contains a survey of 600 business leaders around the world and 80 per cent said growth in emerging markets is their top priority. But if you did a similar sample at King and Bay in downtown Toronto, if you talked to 600 executives passing by, you would get a lot less than that. This lack of urgency [felt in Canada] drives that.

Michael Denham



Title:

President, Accenture Canada

Personal:

Born in Toronto in 1964: Based in Montreal

Education:

Bachelor of Arts, Princeton University

Masters of Science (Economics), London School of Economics

Career highlights:

- Worked for consulting firm McKinsey & Company from 1987 to 2001
- Joined Bombardier in 2001, became chief strategy officer
- Moved to Accenture in 2007 to head the company's Canadian management consulting practice
- Became president of Accenture Canada in December 2011