



# BUILDING BUSINESS RESILIENCE AND SURVIVING CRISES

A conversation with Colleen Johnston

By: Anne Maggisano & Lisa Ritchie

The spotlight on governance has intensified due to the COVID-19 crisis. This article captures the highlights of a December 2020 conversation between Colleen Johnston, a former member of TD Bank's Executive Team, and Burgundy's vice presidents Lisa Ritchie and Anne Maggisano. Colleen shares her perspective and experience of governance during the pandemic as chair of Unity Health Toronto, and a director of Shopify and McCain Foods. While some industries saw opportunity and focused on growth, others had to prioritize sustainability of their supply chains to ensure business survival. Businesses in the health-care sector had to pivot the most as they dealt with the human cost of the virus firsthand.

**Anne Maggisano (AM):** *We are in the midst of a pandemic so before we begin our discussion of health care, governance and business in Canada, I want to ask how you are doing and how is your family?*

**Colleen Johnston (CJ):** When people ask me how I am doing, I am inclined to complain a little, but I have absolutely nothing to complain about. My family is nearby. I am safe. We live in Canada, which is a wonderful thing. But it is a tough time, and I hope we can all fight our way out of this very soon.

**Lisa Ritchie (LR):** *From your vantage point as chair of Unity Health Toronto, how are our frontline health-care workers doing?*

**CJ:** I just cannot say enough about our frontline healthcare workers, as well as their courage and the sacrifices they are making. These are people who have had to go into battle every single day to fight for the lives of patients and their families. God bless them.

**AM:** *Unity Health Toronto is an amalgamation of three Toronto hospitals: St. Michael's Hospital, St. Joseph's Health Centre and Providence Healthcare. What can you tell us about these institutions and their amalgamation?*

**CJ:** I have a personal connection to these three hospitals. My grandparents spent many years at Providence going between the nursing home and the hospital, and both eventually passed away there. My father-in-law was a resident at St. Joseph's in the early part of his medical career and my mom was a nurse at St. Michael's hospital in the 1950s. My five siblings were born at St. Michael's, my two children were born there and my mom received extraordinary care in the later stages of her life at St. Michael's. Because it was always a big part of our family history, it was an honour to join that [St. Michael's] board six or seven years ago, and now to be the chair of the amalgamated entity.

Why did the three hospitals come

together? We have fantastic health care in Canada, but the system does not always work well. There is a lot of fragmentation and moving between different levels of care can be very difficult for patients and their families and, frankly, a bit soul-destroying. The more we can do in health care to unify networks of care, the better.

had that in common, our focus was on the shared mission and values. What Catholic health care stands for is care for the disadvantaged and marginalized people in our society and the sanctity of life, and that is the true legacy of the Sisters of St. Joseph and what Unity Health Toronto stands for. It is a big part of our mission and the culture of our organization.

**AM:** *Crises can often be a time to test the resiliency of our operating systems. What areas of Unity Health have proven to be most resilient during the pandemic, and where are you seeing vulnerabilities?*

**CJ:** I have found the model to be incredibly resilient. Adjustments had to be made quickly in the early days [of the pandemic] as we started to bring COVID patients in. Obviously, we had to dial back on elective surgeries and procedures. Our CEO Tim Rutledge and his senior team—everyone—had to adapt, and they did a fantastic job.

We have seen vulnerabilities in the broader system. We have seen a crisis in long-term care and health inequity. People who are homeless, are living in shelters and are in denser living conditions are particularly vulnerable. COVID has been an enemy of all of us but not in an even way.

**AM:** *One of the developments that has come out of COVID is the accelerated digitization of health care and the shift to telemedicine. What does this mean for the future of healthcare?*

**CJ:** I think this is really a time when everyone is going to start thinking about major ways to transform the system and make it better and much more efficient for the patients and their families. Look at emergency services, where the volumes are down, partly because there are not as many people out doing adventurous things or driving. But also, fewer emergency room visits during COVID and more online visits are making more room for people who truly need that emergency care, and it is helping to eliminate long wait times and reduce so-called hallway medicine.

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Unity Health Toronto brings together St. Mike's, which is a large downtown academic and research hospital, St. Joe's, which is a west-end community and teaching hospital, and Providence, which provides complex long-term care and rehabilitation. We were trying to create a continuum of care by uniting these hospitals and making it easier for people to access their broad range of services. It is also more efficient to combine back-office and other functions to achieve savings, while scaling our business to be more effective.

It has been a huge success. The three are all Catholic hospitals and, while they



There will continue to be more use of technology in health care, more digitization of patient records and greater use of artificial intelligence.

**LR:** *As chair of Unity Health Toronto what are your governance priorities?*

**CJ:** When the global pandemic was declared last March, our board looked at all of our governance practices and made several changes. The goal was ruthless priority-setting to support management and the frontline folks who are out battling on behalf of all of us.

As an example, boards do not tend to like executive committees because these committees are considered an “inner circle,” but we knew we needed to create an executive committee to be more agile during a time of crisis. We didn’t need to invoke

in Ontario and in Canada – they have worked tirelessly to fight this horrible virus to prevent loss of life while balancing the hits to the economy. What I do know is that we need more data. We need more analysis. We need more contact tracing. You look at what has happened recently around some of the hot spots and closures of restaurants and gyms—my heart goes out to these businesses. These are businesses that have invested a lot in creating more safety, by managing capacity and putting up plexiglass. We all have a personal responsibility to be careful, whether it is with social gatherings or otherwise, to do our part for humanity. That is what I love about the Canadian spirit—that sense that “this is not just about me.” This is about all of us.

**LR:** *Let’s speak a little more about*

expects continued strong revenue growth going forward.

**LR:** *Why would an entrepreneur, a merchant, choose Shopify versus going on Amazon’s platform?*

**CJ:** If I am a merchant with my own small business, I can create my own online store and sell my goods and have a website. Shopify provides the retail operating system that gives me everything I need to manage that process.

Amazon is different. What Amazon does is create a marketplace. If you are searching for blenders on Amazon, a whole bunch of them pop up at different price points and with different ratings. If there is a very popular product, Amazon might white label it, create its own version and then compete against it on the same platform. They are

in September – not for any specific acquisition or need, but just to be opportunistic and have that capital available.

**LR:** *Does retail in the future include any bricks and mortar?*

**CJ:** I think it does. While Shopify started just in the online world, it is now expanding and supporting merchants who have physical locations as well as the omni-experience across all channels. That is still going to continue to be very much the way of life. When it comes to buying a book, I will do a lot of research online and decide what book I am looking for, but I still like to go into the store, even pick up the book and see if I like the feel of it, see if the print is large enough. Stores may start to be more the showcases of businesses, but they will still be a part of the buying experience.

**AM:** *Let’s switch now to McCain Foods, a truly global company that is famous for its French fries. COVID has presented a real challenge for the food industry as governments around the world ordered restaurants and hotels to shut down literally overnight. What was the impact on McCain Foods?*

**CJ:** McCain Foods is a great Canadian company and number one in what they do globally. They sell into 160 countries. There are three key pillars to that business. The first one is retail—that is when you go out to a grocery store, you buy McCain French fries and you cook them at home. The second is quick serve—that would be like McDonald’s or Burger King. The third is general food service, meaning restaurants.

All three of those pillars behaved quite

differently during COVID [lockdowns]. Retail was up enormously because we were all eating our own food at home. Quick serve was sustained at the prior levels—not 100 percent, but close because people were still going to drive-thrus. And of course, food service volumes were way down, but overall McCain Foods is getting close to its former cruising altitude in terms of volume.

The company and the family values are phenomenal. What do they talk about? They talk about the growers. How they protect the growers, how they make sure they preserve their contracts, and thinking always about the long term, their employees, their customers, and their [other] stakeholders. That is how great companies do business.

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the executive committee but we were ready if we couldn’t get quorum when our CEO needed us urgently. The board received frequent updates, but our focus was on supporting our leadership team and our frontline workers, the true heroes of this crisis.

**AM:** *This is both a health crisis and an economic crisis. Given your long career in the corporate world, how do you think about the balance between these two?*

**CJ:** In the early days of COVID, it was important to shut down the economy for a while to focus on public health and people’s lives. But there was a big cost to the economy as people’s livelihoods, their businesses and their mental health were affected. I commend our political leaders

*Canadian businesses. You are on the board of Shopify, a Canadian e-commerce company that is currently second only to Amazon in online sales in the U.S. When the lockdowns began around the globe, how did this affect Shopify’s business?*

**CJ:** Shopify has been building its capability throughout the 15 years it has been in business. What I love about Shopify is that everything is mission-driven and built on first principles. As Canadians, we should all be very proud of Shopify.

Because of COVID, consumers are shifting more to online shopping and lots of entrepreneurs are starting e-businesses. Shopify’s revenue [on a year-over-year basis] has been increasing in the neighbourhood of 100 percent every quarter. And Shopify

monopolizing commerce, whereas Shopify is democratizing it.

**AM:** *As a director, how do you balance the need to invest to gain additional global market share with other obligations and responsibilities, such as maintaining liquidity and a strong balance sheet to ensure profitability for shareholders?*

**CJ:** Revenue growth has been enormous. The question is profitability, and Shopify is profitable. With revenues up 100 percent every quarter, expenses may be up 50 percent, but that is a lot of operating leverage. The board also encourages investment in the future, and that is the way the company is wired. It has a \$6 billion war chest right now and has raised equity twice during COVID – in May and then



Behind the scenes with Colleen Johnston, Anne Maggisano and Lisa Ritchie at Crow’s Theatre





Colleen Johnston

ers step forward. And not just in terms of their business acumen, their insights and decisions, but their stamina, their ability to stay calm and their humanity and how much they care for other people. Not that you really want a crisis to be able to show how great your people are, but it is a time that you do see it. And really within every organization I have been involved with, I have seen that great leadership and people rising during [tough] times, and it has been just so impressive.

**AM:** *How did the board manage through the early days of the pandemic?*

**CJ:** I was very honoured to chair the special crisis committee for McCain Foods on behalf of the family and the operating company. We met every two to three weeks – again, it is all about agility and making decisions quickly.

Every board I'm on had a similar reaction to COVID: "Okay, let's pause here. Let's do a reforecast." And typically, you would have your base-case scenario and your worst-case. We had to consider, "What are the dimensions of the change, and how is COVID going to impact that business?" Then you must really think about going on defense. What is the strength of your

balance sheet? Do you have enough liquidity? What are you doing in terms of your employees? And how are you thinking about being opportunistic moving forward? The priority with any board was protecting the health and safety of employees.

I will tell you a related story. I was CFO at TD when we went through the financial crisis in 2008 and I'll never forget Ed Clark standing up in front of the senior leaders and saying, "Look, we know we are going into a recession next year. Think about the recession as a valley. The key is to get to the other side of the valley with our model intact and emerge with momentum on our side." I will never forget it because it was a very confusing time. What was going to happen to our business, to our customers, our clients? It was this incredibly simple and clear message about what we needed to do as an organization. So, "getting across the valley" is about being defensive, but "with your model intact" is about your values and staying true to who you are as an organization, but then "emerging with momentum" is about courage.

That was a time of huge expansion by TD into the United States. While a lot of other businesses withdrew and became

more cautious, we got out there and grew the bank, and it was a time of just tremendous change for the bank. Today, I encourage management teams to think that way as well. Because when you are in a crisis, you just cannot see anything but the crisis and, of course, when times are good, you cannot see anything but the good times. How do you try to make sure that despite the crisis, you will be in the right place, and be well positioned.

I have been retired for two-and-a-half years and this is the first time in those years when I in some ways wish I were back in the game in a corporate role. And you may say, "Are you kidding?" I feel this way because leadership has never been more important.

**LR:** *Because it is so challenging and interesting?*

**CJ:** It is so challenging, and it is a time when leadership matters so much. And you have so many people counting on you. I learned so much in 2008 during the financial crisis, one of the most memorable times of my career.

I will tell another story. In 2008, we were getting ready to report an earnings warning for TD, which meant our earnings were far below what the market was expecting. It was a stressful time and our board had gathered to approve this earnings warning and the release, which they did. At the end of the meeting, Ed Clark said to the board, "Normally I would ask executive management to leave now to speak privately about a matter [with the board], but I'd like them to stay." Ed said, "I have to commend this team. They have not had a day off in the last eight months. They have worked so hard with such uncertainty, but they have never turned on each other. They always worked together, they never splintered, and that tells you about the leaders and the culture of this organization."

That was such a reinforcing comment to the team and to the board about the culture of the bank. It was a tough day for me because the market was not expecting these

results and one of the analysts' reports came out with the headline: "How the mighty have fallen." It was like a stake through my heart. I got back to my office and there was a huge bouquet of flowers from Ed Clark and the senior executive team: "Thank you for everything you did today." Again, that tells you a lot about leadership and about the culture of an organization. I will never forget that moment.

**LR:** *In 2005 you founded a women's leadership program at TD, and you led that for 10-plus years. What motivated you to establish that program, and how do you think we are doing in Canada with respect to progress for women in business?*

**CJ:** Back in 2005, Ed Clark established a diversity leadership council at TD, and several leaders in the organization were asked to be a part of it. I was one of them. We started with a blank sheet of paper in terms of how we would think about diversity, equity and inclusion. One of the pillars we ended up choosing was women and leadership.

We started down a road that many women's initiatives take focusing on all the things that do not work. I said, "Let's get all of that on the table, all of the baggage, and let's move forward with optimism." I wanted to make this a very positive force in the bank for other women. If I were to start by talking about the glass ceiling, how would that help anyone who is coming up the ranks or graduating from university? During my career, I honestly felt that being a woman was a huge advantage. When I graduated from university, maybe I was just naïve, but I was excited to have a good degree, to be getting my CA and to work hard. Nobody was more surprised than me when the term "the glass ceiling" was coined.

To some extent, we put these barriers in front of ourselves. And if we believe that the barriers exist, then they do. I did a TED Talk [2014] on this and called it "Attitude then altitude." I started out

with a quote: "Women are on the rise now and it is only a matter of time before they will be in more senior positions." Then I asked the audience, "When do you think this was written? Most of you probably think it was written last week, but it was written 35 years ago."

So maybe we need to change our script a little. Maybe we need to start looking at

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what has changed in a positive way. I am not saying that things are perfect and that we have complete equality of opportunity. But what I would say is that within banking in Canada, around 35 to 40 percent of senior executive roles are held by women, and the first female bank CEO in Canada has just been appointed. Look south of

the border at Kamala Harris. The world is changing, and what I say to women is: "You have everything you need to be a smashing success. Go get it. Nothing is standing in your way."

That was really the kind of movement we put in place at TD. We had so many women, and men, who were making a profound change. We lit a fire in the organization, and we changed our views of ourselves, and of the organization. If you go back and look at the numbers over the years, they have dramatically improved in terms of women's representation, whether it is in the corporate world or in the boardroom. But there is more work to do. We have to get at those systemic issues and biases, but it's also about us as individuals saying, "I'm going to own it. I'm going to go get it."

**AM:** *You are still involved in championing women, but you mentioned that your focus has changed slightly.*

**CJ:** Now that I am out of the corporate world, I continue to think about what we need to change, and I believe that women need to be in more positions of power across the spectrum, including in the investing world. In the venture capital world, a very small percentage of funds go to women and female-led businesses. I am investing in an organization that is investing in strictly female-led businesses. That is what is going to change the world – more women entrepreneurs, more women business owners, more women in leadership positions in corporate life, in government and in the community. When women are in positions of power where they are the decision-makers, it changes the conversation.

**LR:** *And it gives young women a role model. If they do not see women in power, they may not believe women can ever get there.*

**CJ:** I agree 100 percent. I am very passionate about women in leadership. Some of the best leaders in our corporations, in our country and in the world are women. And I think we should celebrate that, but still strive for more. **M**