

# INSIGHTS

Contrarian views, news and intrigue By Anna Sharratt

## The first anniversary

# 911

**M**arking the one-year anniversary of the attacks on the World Trade Center and Pentagon is for many employees and employers a trying time. Confronted

with the same wave of emotions they experienced on Sept. 11, 2001, and inundated with images of the disaster in the media, many are turning to employee assistance programs (EAPs) to help ease the pain.

According to Tony Colangelo, vice-president of EAPs and work-life solutions at FGI's Toronto office, many staff members of large corporations directly or indirectly affected by the attacks could be dealing with feelings of guilt, loneliness, sadness and anxiety.

"As anniversaries come up, it's a normal human tendency to remember things that will trigger the emotional fallout that happened the year before. And the memories of that are very unsettling."

Unsettling too is that employers, for the most part, haven't undertaken disaster planning measures since 9/11. While meeting their employees' emotional needs through the organization of commemorative events, many companies have not taken precautions intended to minimize the impact of a future disaster.

"Some employers are better prepared because some have taken initiatives to have disaster plans in place," says Gerry Smith, vice-president of organizational health at Warren Shepell in Toronto. "Although awareness of education and training has risen by 100% in the field of trauma response, only a significantly small number of those actually do any type of trauma response training."

Worse still, employers are lacking in key disaster recov-

ery areas. Deborah Schulde, FGI's vice-president of strategic initiatives and client services, says that a recent study of 2,000 U.S. firms carried out by The Society for Human Resource Management found that the majority of companies polled hadn't made changes to their protocols in terms of how to manage a disaster. She says that numerous gaps exist in employer recovery plans, such as a lack of communication between employers and employees, an absence of security protocol, an inability to address the concerns of expatriate staff members and a lack of cross-cultural training.

On a brighter note, employers are beginning to invest more time in learning how to train and educate their staff about how to prepare for a disaster. "Since 9/11, there's been a really piqued interest in training managers and supervisors proactively, not just to prevent crises but to actually know how to respond when a crisis happens," says Smith. "We have a fairly large number of organizations requesting help regarding developing a crisis plan."

To meet these requests, EAP providers such as FGI are offering newly augmented counseling services. "We've put in place a number of preventive services so that people don't have to wait until issues have become severe to address their concerns," says Colangelo.

### FGI HAS PREPARED A LIST OF STRATEGIES MANAGERS CAN IMPLEMENT TO PREPARE FOR A DISASTER.

- Undertake crisis leadership training.
- Develop skills to lead employees through disasters.
- Train senior managers and supervisors on how to take action.
- Develop a back-up plan for infrastructure break-down.
- Form an employee communication team.
- Develop an expatriate staff contingency plan.
- Boost security through data back-up.

### Canadian Equity Investments

Measuring the Canadian equity investments of pension funds in the Russell/Mellon Canadian Trust Universe, for the quarter, one-, three- and five-year period ended March 31, 2002. The one-year returns, particularly for the top quartile, are extraordinarily strong. That corrected substantially in the first three months of 2002.



Source: Russell/Mellon Analytical Services

## Pooled funds fall in Q2

The latest SEI pooled fund survey for the second quarter of 2002 (ending June 30) reveals the troubled U.S. economy is wreaking havoc on equity markets around the world. While Canadian pooled funds fared better than U.S. funds, largely due to a stronger economy, the rates of return (ROR) have dropped considerably since the first quarter.

“It’s been an ugly quarter,” confirms Mona McManus, compliance officer for SEI Investments in Toronto. “Last quarter was a great quarter. We had positive returns across the board, whereas all equity markets this quarter are in negative territory.” McManus attributes the results to inflation and a slowdown in the U.S. economy.

### Summary of Universe Medians and Indices — Second Quarter Results 2002

|  | 1 Quarter (Q2) ROR (%) | 1-yr ROR (%) | 5-yr ROR (%) | 10-yr ROR (%) |
|--|------------------------|--------------|--------------|---------------|
| Balanced Median                        | -3.55                  | 1.05         | 6.69         | 10.09         |
| Canadian Equity Median (Domestic Only) | -7.61                  | -3.27        | 6.94         | 11.47         |
| S&P/TSX Composite Index                | -8.61                  | -6.12        | 3.65         | 9.87          |
| BMO NB S&P/TSX 10% Capped Index        | -8.61                  | -6.12        | 6.47         | 11.36         |
| Canadian Small Cap Median              | -1.70                  | 7.91         | 10.14        | 14.33         |
| Nesbitt Burns Small Cap Weighted Index | -2.98                  | 5.59         | 3.55         | 10.09         |
| Global Equity Median                   | -11.81                 | -13.15       | 4.69         | 12.74         |
| MSCI World Index (C\$)                 | -13.37                 | -14.94       | 2.49         | 10.40         |
| U.S. Equity Median                     | -16.24                 | -17.22       | 5.40         | 13.76         |
| S&P 500 Index (C\$)                    | -17.64                 | -17.88       | 5.62         | 14.07         |
| Emerging Market Median                 | -10.21                 | 3.57         | -5.34        | 8.39          |
| IFC Investable Composite (C\$)         | -12.48                 | 3.80         | -5.42        | 4.86          |
| Canadian Bond Median                   | 3.02                   | 9.13         | 6.90         | 8.75          |
| SCM Universe Bond Index                | 3.09                   | 9.04         | 6.81         | 8.71          |
| Global Bond Median                     | 7.03                   | 14.93        | 6.31         | N.A.          |
| SB World Government Bond Index (C\$)   | 6.43                   | 14.20        | 6.36         | 8.53          |
| Real Estate Median                     | 2.34                   | 8.95         | 12.11        | 6.20          |

**115 fund managers participated in the SEI survey.**

## Living in Canada comes cheap

Though Toronto is the most expensive Canadian city to live in, its cost of living is one of the least expensive in the world, a new study by Mercer Human Resource Consulting has found. According to the study, Toronto placed 104th out of 144 cities, followed by Vancouver in 110th place, Calgary in 116th place, Montreal in the 120th spot and Ottawa in 129th place.

The cities with the highest cost of living in the world are Hong Kong and Moscow, with London, Copenhagen and Milan taking top spots in the European Union. New York City took the honours for North America.

The study finds that the gap between the most and least expensive cities is narrowing, by 15% in the last year alone. Researchers attribute this to a slowdown in imports—which lead to higher food costs—

and the devaluation of many currencies around the world.

The Mercer study measures the comparative costs of 200 items, such as housing, food, clothing and household goods, in each location.

**“We’re going to have to hunt them down and get them here.”**

*David Baxter, president of the Vancouver-based Urban Futures Institute, voices a possible solution to the looming pension crisis in Canada. Baxter believes that Canada should boost immigration to increase the number of younger workers to pay for the pensions of baby boomer retirees.*