

## Institute of Corporate Directors

### Podcast Topic: **Be It Resolved: Competition built today, but collaboration is the way forward**

#### **Rahul Bhardwaj (0:06 - 2:39)**

Welcome to Be It Resolved, Season 2, where bold ideas meet courageous leadership. I'm Rahul Bhardwaj, President and CEO of the Institute of Corporate Directors in Canada. Each episode explores the issues that influence directors, governance, and decision-making in the boardroom.

My guest today is Stephen de Boer, member of the Strategic Advisory Board of Wellington Partners and former Canadian Ambassador to the World Trade Organization and a Senior Foreign Affairs Advisor to the Prime Minister. Today's resolution is Be It Resolved, competition built today, but collaboration is the way forward. For our listeners, which way would you vote?

And Stephen, welcome today. You're going to get to vote a little later. Thank you, Rahul.

So, to set the stage for today's conversation, we're operating in an environment that's more complex, more interconnected, and at the same time, more fragmented than many directors have experienced before. Now for boards, that raises an important question. How do you remain steady in your oversight while also being adaptive in your thinking?

How do you go from oversight to foresight? Today we're going to explore an idea that may not be immediately familiar to everyone listening. Some have called it the dolphin strategy.

I was introduced to this on a trip to Singapore last year for some director's meetings. What I learned there, Stephen and I are going to explore this a little bit more, is the dolphin strategy reflects the approach of ASEAN economies, Southeast Asian countries, reflects the way of navigating complex and shifting environments through intelligence, adaptability, and collaboration. But it also raises an important question for boards today.

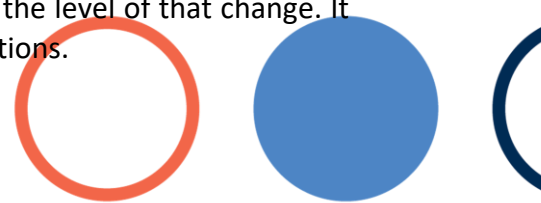
As countries increasingly focus on de-risking through diversification, how and when to move from that well-built muscle of competition to a new one around collaboration? Stephen, you and I have discussed Singapore as a very interesting place. We're going to come back to how they're responding to their geopolitical environment and the shifts that they've undergone, but maybe you can help set the stage a little bit about what we might be facing in Canada.

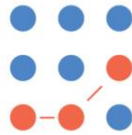
We've got CUSMA, we've had NAFTA, we've had this bubble of certainty for quite a while, but that's really changed, hasn't it?

#### **Stephen de Boer (2:40 - 7:38)**

Absolutely. And I don't think that business should underestimate the level of that change. It is, as Prime Minister Carney calls it, a rupture in international relations.

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This is very profound. This was a fundamental building block for the Canadian economy. 80 years, basically, of strong trading relationships with the United States.

The last 40, almost 40 years, in a tariff-free environment, and a lot of Canadian business was organized around this principle of North American trade. And what President Trump has done, and the new U.S. trade policy has essentially turned most of those fundamental principles on their head. And so, this America First idea and creating this fortress America is an enormous challenge to Canada, and I don't see how this is going to be reversed, even if there's a political change within the United States.

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This is a profound rupture, and business is going to have to respond to this. I should also clarify that this does not mean that trade with the United States is going to end, but the growth model that we had, and using the United States as the basis for the first market that Canadian firms would enter, or the only foreign market that Canadian firms would enter, is over. That is going to have to change.

That change is being forced upon us. I think it's really interesting that you raise the ASEAN example, because I think there are some really important lessons to learn from that part of the world. And in particular, Singapore is the most interesting part of that.

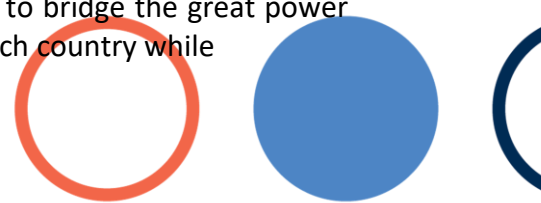
It's a very successful economy, but I think many people forget that Singapore, when it was first essentially kicked out of Malaysia in the 1960s, they really wondered if they were going to survive. It was a profound change to Singapore and a profound challenge to their very existence. They needed to move fast, and they had to think in new ways in order to succeed.

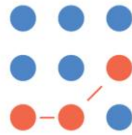
The other thing to think about with respect to Singapore is they had some significant disadvantages. They're small, they lack natural resources, and in particular, they were also in a fairly unstable neighborhood. Recall that this was part of the world that was very much the playground of superpower competition.

And as much as its location could be disadvantaged, Singapore used it to its advantage and has been able to leverage their location as an incredibly important crossroads. A number of other things that Singapore did that I think are applicable to a boardroom setting and boards of firms that are facing significant challenges like Canadian firms. Singapore did not reinvent the wheel when it came to policy options.

They shamelessly copied policy responses that worked, adopted policy responses to the unique situation, and they didn't replicate those that they believed would not work in their context. In short, they tried to learn from the experiences from others and not replicate the mistakes made by others. And they adopted a foreign policy that's been deemed realist.

They are unique in that they have strong relations with the United States and China, which is rare and hard to balance and to maintain, but they've been able to bridge the great power rivalry and they're able to pursue constructive policies vis-a-vis each country while





maintaining adequate distance. But I should also say that none of this is easy and it requires constant care and feeding. It requires a need to be flexible, think long term, be patient, work on relationships.

And I think what's really significant here as well is a willingness to put water in their wine. And so as much as I've said they have been able to balance the great power rivalry, it's not as if the United States or China are always comfortable with what Singapore is doing necessarily. And so, Singapore sometimes has to take unpopular positions.

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Singapore sometimes needs to water down where they would like to go in order to move forward. And so, it's a bit of a crab like walk that they sometimes take. And when they're dealing with their ASEAN partners, some of their ASEAN partners are significantly different than they are.

Recall that Myanmar and Laos are part of ASEAN, very different levels of development, very different political systems. And Singapore somehow needs to manage all of that. It also means that sometimes they need to bite their tongue for which they are criticized.

It's not always an easy position for Singapore, but I do think it's a really interesting example.

#### **Rahul Bhardwaj (7:38 - 8:44)**

You put a lot on the table there and a great introduction to another part of the world where some smaller and middle powers are finding out how to succeed. Let's start to unpack some of that. We're talking about moving from competition to collaboration.

And of course, you know, there's going to be a bit of both. A lot of good companies or organizations or countries for that matter have to do both. Let's bring it back to the Canadian context for a moment.

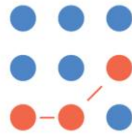
You are right to note that we're shifting away from the U.S., but not its entirety. And diversifying trade, any board will know that that's a wise thing to do, not to have a reliance on any single entity, whether it's a customer or supplier. But let's talk a little bit about the type of diversification and trade that has been available to Canadian companies even before the U.S. tariffs. Do we have the culture that has fully utilized all of those trade relationships that Canada was building along the way? And frankly, those that you were very much involved in helping set up.

#### **Stephen de Boer (8:45 - 10:13)**

You're right. That Canada has spent a lot of energy trying to set up other trading relationships. There's a whole raft of free trade arrangements that have been developed.

The most significant one, I think, well, there's two significant ones outside of the Kusma space, and that is the Canada-EU CETA. But then also the CPTPP, which is very significant as well. I





think what we have seen in the past is Canadian firms either using the U.S. market as a jumping off or a testing area for their products or services before they go broader, or just simply relying on the U.S. market because it's closed, it's the easiest to comprehend. That has to change. And so, in a way, to a certain extent, the government of Canada has set the table and now firms have to walk through or come to the table and to try to take advantage of the table that has been set. And what we have seen with respect to trade patterns is that not many firms are taking advantage of this.

When we look at the EU-Canada context, it's the EU firms that are substantially benefiting from CETA as opposed to Canadian firms. The table has been set, the challenge has been given to us by recent trade policy changes by the United States, and now firms have to come to the table and to take advantage of those benefits.

**Rahul Bhardwaj (10:14 - 10:43)**

Stephen, let's pull that thread just a little bit more. It sounds like we need more directional flow from Canadian companies to take advantage of these. I'd love to get your thoughts on what could Canadian companies and therefore their boards do to improve their access to these trade relationships?

And for those that succeeded in it, is there a recipe that you've seen that's been very helpful for them to ensure that they succeed?

**Stephen de Boer (10:44 - 12:34)**

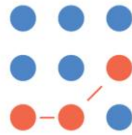
I think the Canadian government's approach has always been to try to take advantage of diaspora communities here within Canada. And so, if you want to extrapolate from that, what firms should be thinking about is what are some of the advantages that we have here within Canada, vis-a-vis third markets, not the US market, that we can somehow lever to our benefit. And I think that's going to take some creative thinking in many cases to figure out what is the advantage that we have, or what can we lever?

And going back to the Singapore example, it's like Singapore thinking, well, we're at a crossroads here in Southeast Asia, so how can we lever that crossroads? And so, firms need to be thinking about how to create that leverage. I think it means that firms should also be spending a lot more time thinking about the geopolitical context and trying to imagine what is happening in the world and then trying to take advantage of that or try to find out how these firms can take advantage of what is happening in the geopolitical context.

A really obvious example that I think everyone would be familiar with is around critical minerals. That is something that everyone wants a piece of, and that is an advantage that Canada has. It's obvious of great interest to the United States, but it's a great interest to others as well.

Talk about the pipeline to the Pacific Ocean is also one of those thinking, in a way it's thinking outside the box and saying, okay, it's no longer the US market. Where are the other markets?





Well, we know that there's a huge demand in Asia for our oil and gas.

Those are really obvious, but there are less obvious ones and firms need to start thinking about that.

**Rahul Bhardwaj (12:35 - 13:06)**

Trading off these short-term ones for these longer-term strategic relationships is always a challenge for boards. What would your advice to a board be about committing to doing that? Because it sounds like, as you'd said a little bit earlier, the government seems to be doing its part at this stage and setting the table for this.

But there seems to be a bit of a reluctance here. Boards ultimately are part of helping develop strategies or at least approving them at companies. What would your advice be to boards in this respect?

**Stephen de Boer (13:08 - 14:27)**

Well, I think boards need to understand and what they should be sharing with the management team of these firms is that this rupture that we're seeing, this change that's coming about is going to, in most cases, hit the bottom line. Firms may not be, at least in the short term, as profitable as they were in the past. It will be almost impossible to do that.

I think boards need to be encouraging firms to be thinking longer term for more sustainable growth, but not necessarily the heady growth that they may have had when they were simply dealing with the United States. It was easy and it was probably more profitable. I think we need to recognize that, and again, this speaks to why were firms not taking advantage of these other agreements is because the profitability was great, not going into those markets.

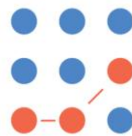
I think we have to recognize the converse to that, which is to say it may not be as profitable as it was in the past, but we don't have a choice. I think shareholders need to understand that the management team needs to understand that the board needs to communicate that to say, we know this is going to be difficult, we know there will be costs, we know this might hit the bottom line, at least in the short term, but we need to be comfortable with that in order to move forward.

**Rahul Bhardwaj (14:28 - 15:36)**

Right. This is always a testy one for boards. We've heard more than my fair share of directors say, we're always looking long-term, but if you don't make the next quarter or the next quarter, you don't have a long-term.

Getting that balance right and building in that resilience to the organization to be able to navigate these shifts. It's no short order, very challenging for boards. We're going to talk a little bit more of that in detail in a moment, but I do want to take us back to Singapore for a second.





And the notion around this dolphin strategy, as it was relayed to me, sounded very interesting when you listen to how these smaller countries and economies who were previously competing with each other a great deal. We're now looking at this notion of collaboration, particularly in working together to address, I guess, the strength of China, as it were, in their neighborhood and how they use collaboration. And in their minds, the dolphins, as dolphins swim together, they would swim together.

I'd love to get your thoughts about that. You've got a perspective on how that may have worked for the ASEAN countries. What can we learn from that here?

**Stephen de Boer (15:37 - 17:11)**

There's a couple of things that I certainly noticed with respect to the ASEAN countries. And they're things that I think intuitively makes sense, but you don't really think about it until you see it in action. Collaboration takes a lot of time.

It's a lot of talking, a lot of sitting together and hammering things out. A lot of just talking things through to understand where the other side is coming from. In the WTO context, for example, the ASEAN countries met every week to try to coordinate.

And they weren't a block within the WTO, but that is what was required in order to make sure they were all pulling in the same direction. And sometimes that pull in the same direction was really, really difficult to measure. But the level of collaboration and dialogue that was required to even move a little bit, it was quite enormous.

And so, collaboration sounds like a great idea. It sounds like motherhood and apple pie and sure. But I think we need to recognize that collaboration is a lot of hard work.

A lot of trying to understand where the other side is coming from, how we can work together. And to go back to an earlier comment that I made, it also means that you are going to have to put some water in your wine. You're not always going to win, or your preferred approach may not be the approach that is taken on by everyone.

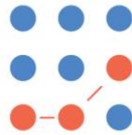
And so, there's a lot of work that's required in this.

**Rahul Bhardwaj (17:11 - 18:06)**

The notion of collaboration, you're right, you called it sort of the motherhood statement. And everybody likes it. Our experience has been really messy, really time consuming.

I'm just thoughtful about, or mindful that one of the US bank CEOs last week was talking about collaboration and commenting on there's too much collaboration, it's slowing us down. And there was a tinge of sort of transactional to that, that organizations that are very used to transactional and moving quickly, that switching over a little bit more to these long-term collaborative approaches is a big challenge, and I'm wondering if that challenge begins with





the board on how it looks at its strategy and success factors going forward. I'm wondering if you've got any observations about even how one would construct a board to be able to start thinking about collaboration.

**Stephen de Boer (18:07 - 19:16)**

I think it means greater diversification within the board context. And I don't mean diversification just in the context of DEI and the sorts of things that most boards think about already, but on different skills and perspectives. So having somebody who can bring a geopolitical lens to a board, people who understand organizational behavior, people who understand psychological approaches to problems, creating more diversification.

And so not just having a series of MBA types, for example, sitting around the board table who are only looking at the bottom line or looking at spreadsheets, but those who can think a little bit more creatively and have the ability to communicate in different ways that would resonate with competitors, would resonate within the industry itself in different ways. I think if you're going to be thinking about different approaches to how you're running your firm or how you're running your board, then I think you have to think about different approaches as to who is sitting on your board.

**Rahul Bhardwaj (19:17 - 19:35)**

I was intrigued by your comments about how the ASEAN countries were meeting during the WTO or around that, or that was a part of what they did. Was there anything else that you saw that you would consider to be indicators of success that Canadian companies might want to look at employing?

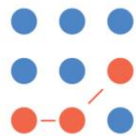
**Stephen de Boer (19:36 - 21:18)**

I think to a certain extent, and this makes a lot of sense in a board context, but the ASEAN countries are quite mercenary in that they limit themselves to the extent that they can to economic issues. This has also been a criticism of ASEAN. They do not want to engage or comment on political developments in other countries.

They do not want to opine on other issues such as human rights, for example. The sorts of things that we sometimes expect them to do or say, they try to keep very much their eye on the ball, which is economic growth. They also need to juggle that sometimes they're competing with each other as they're trying to move forward.

That means that some of the conversations are a little bit stilted and some of the conversations are a little bit more difficult, and it also means that they don't always get to move in a way that would make sense to those of us on the outside, but it makes sense for them in order to get along. What's also interesting about ASEAN is that the level of development within the membership is really quite different. I mean, Singapore calls themselves a developing country, but let's be serious, they are a developed country.





They are by far the strongest economy within the ASEAN. There's a certain part of them where they have to humble themselves a little bit. They have to bite their tongue on occasion in order to stay cool with the other members of ASEAN.

So, a fair bit of tact is required on their part as well.

**Rahul Bhardwaj (21:19 - 21:49)**

Interesting. So, as we get to the close of today, I'm just thinking about your use of the word mercenary a moment ago. And it strikes me that what we might be saying in some ways is in order to compete in this new world, one must collaborate if we're to take the ASEAN countries approach here to effectively compete means you've got to be really good at collaborating, which might be a little new in terms of emphasis for a lot of companies.

Would that be right?

**Stephen de Boer (21:49 - 22:10)**

I think that makes a lot of sense. And mercenary, I think is an interesting word in the context of talking about countries. When it comes to corporations and boards, well, that's exactly what they should be thinking about.

I'm not quite sure that a board is necessarily mercenary in its approach. That's just speaks to their bottom line. But I think what you're saying makes a lot of sense.

**Rahul Bhardwaj (22:11 - 22:57)**

Stephen, this has been interesting. I think we're going to have to come back and revisit this in a while and see how Canadian companies have adjusted to this new call for diversification. Be really interesting to see how the ASEAN countries are doing as their area continues to evolve.

And then we can come back and we can see if collaboration is in fact something that is an enabler of competition or as some fear, it slows down the ability to succeed and compete. But I think the next chapter on that is yet to be written. But Stephen, I got to come to you.

You got a chance to vote on the resolution today. So let me restate it for you. Be it resolved, competition built today, but collaboration is the way forward.

Which way would you vote?

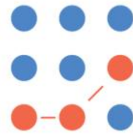
**Stephen de Boer (22:58 - 23:01)**

Absolutely concur with that statement. I would vote yes.

**Rahul Bhardwaj (23:01 - 23:35)**

Good to hear. Stephen, it's been lovely having a conversation with you today. I really appreciate you bringing the wealth of your experience, which seems so timely in this environment.





I know our listeners will appreciate that. To our listeners, I hope you enjoyed today's episode of Be It Resolved, and you gained some valuable insights for your boardroom. If you found today's discussion thought-provoking, we encourage you to subscribe and leave a review on your preferred podcast platform.

From the Institute of Corporate Directors in Canada, I'm Rahul Bhardwaj. Until next time.

