

Canadian Compensation Consulting Landscape Rapidly Changing

With only a few major HR consulting players now dominating the Canadian market, organizations seeking human resources advice find their choices increasingly narrowed. Nowhere is this more obvious than in the area of executive compensation. The United States is in the process of legislating consultant independence and the consulting industry on both sides of the border has been reacting. Recently, a major global HR firm has announced it is hiving off part of its executive compensation practice dealing with board advisory work.

Legislated consultant independence in the U.S. context means that if an executive compensation consultant is advising an organization's compensation committee, its consulting firm cannot provide any other consulting services to that organization. In Canada, although it has not been legislated, consultant independence has come to be viewed as a governance "best practice". Increased proxy - disclosure requirements and the recent advent of say-on-pay have incited alert boards of directors to seek the services of independent consultants.

These dramatic changes in the way consulting is practiced have opened the door for small and midsize consulting firms, generally referred to as boutiques. The trend toward boutique-type consulting practices has shown strong growth in the United States. Joann S. Lublin of "The Wall Street Journal" recently noted that these changes in U.S. legislation will almost certainly boost the fortunes of the roughly 30 small and midsize independent consulting firms currently operating in the American market. Until now, boutique firms have not been as popular in Canada.

By moving aggressively and early in reacting to this new market trend, Canadian firm McDowall Associates has expanded its services and is confident it can carve out a significant share of the consulting market, both in Toronto and nationally. Liz Wright, a former compensation practice leader, Bob Levasseur, a senior executive compensation consultant and Larry Moate, a senior compensation consultant, are now co-owners of this independent, Toronto-based Canadian firm. Between them they bring over 45 years of consulting experience from a large full service consulting firm to the new endeavour.

The recent sale of McDowall Associates to three compensation consultants from a major human resources consulting firm is a clear sign that a shift is taking place in HR consulting in Canada. McDowall Associates, founded by Bob McDowall, already has a strong presence in the area of pay equity and broad-based compensation design. It will now expand its services to include executive compensation and Board Advisory Services.

Contact:

- **Bob Levasseur, Senior Consultant & Principal**
Tel: (416) 357-0536 or
Email: BobLevasseur@mcdowallassociates.com
- **Liz Wright, Senior Consultant & Principal**
Tel: (416) 450-1110
Email: LizWright@mcdowallassociates.com