

**Crisis Management and Corporate Risk:
Canada's Public Companies Best Prepared to Handle Fire,
Employee Law Suits, and Bad Product Problems;
Least Prepared to Handle Terrorism, Natural Disaster, and
Employee Violence;
Possible Increase in Fraud Risk during 2010**

**BDO Dunwoody Weekly CEO/Business Leader Poll
By COMPAS in *Canadian Business*
For Publication December 14, 2009**



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1.0 Overview

CEOs and business leaders on the COMPAS business panel were asked to predict risks facing Canadian public corporations and to evaluate their preparedness for each type of risk. Among 10 risks facing companies, the possibility of fraud appears to be the principal one that may be on the rise during the current recession.

Members of the panel were asked to identify the risks for which companies were most and least prepared. Companies appear to be most prepared for fire, employee law suits, bad product or service, and client law suits while least prepared for employee violence, natural disasters such as hurricanes or lightening, and terrorism.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

2.0 Detailed Findings

Table 2a lists findings with respect to perceptions of a rise or fall in the probability of various risks in 2010 as compared to in 2007, when panelists were last interviewed on the subject.

Table 2b presents findings with respect to the risks for which companies are perceived as most and least prepared.



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Table 2a: (Q1) There is some discussion about how the Recession may be impacting the security and other risks faced by companies. What is the probability on a 100 point scale of the average public corporation in Canada experiencing a significant crisis in 2010 in each of the following area: RANDOMIZE

	2009	2007 ¹
Fraud or theft	41	34
Bad product or service	35	40
Employee law suit	34	N/A
Client law suit	30	31
Bad public relations in the media	27	34
Successful business espionage by a competitor	27	24
Employee violence	15	19
Natural disaster such as hurricane or lightening	11	18
Fire	11	17
Terrorism	9	12

Table 2b: (Q2-Q3) For which of these risks, do you perceive public companies as most and least prepared in terms of emergency planning?

	Most ²	Least ³	Net Diff
Fire	29	2	27
Employee law suit	17	0	17

¹ Wording 2007: (Q1) One issue in the news has been crisis preparation by business. What is the probability on a 100 point scale of the average public corporation in Canada experiencing a significant crisis in 2007 in each of the following areas... [RANDOMIZE]

² (Q2) For which of these risks, do you perceive public companies as most prepared in terms of emergency planning?

³ (Q3) For which of these risks, do you perceive public companies as least prepared in terms of emergency planning?



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	Most ²	Least ³	Net Diff
Bad product or service	16	6	10
Client law suit	10	0	10
Fraud or theft	6	2	4
Don't know or no opinion	9	7	2
Bad public relations in the media	8	8	0
Successful business espionage by a competitor	2	7	-5
Employee violence	2	14	-12
Natural disaster such as hurricane or lightening	1	14	-13
Terrorism	2	41	-39

The following verbatim provides a sense of opinion held by some panelists:

People are out to make money any way they can and taking the cue from our American cousins if we can burn our crotch with a cup of coffee and make a million dollars then we will.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted December 9 - 10, 2009. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=104 are deemed accurate to within approximate 9.7 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

