

**PRESS RELEASE**  
For immediate release

**A Working Group of 18 prominent members of the business community issues a set of proposals promoting flexible governance adapted to the needs of Quebec's small and medium-sized businesses and entrepreneurs.**

**Montreal, May 27, 2008** – At a time when small and medium-sized businesses (SMBs) are facing bigger and bigger challenges, their owners and managers need to be able to turn to an advisory board or board of directors to obtain guidance and insight and to maximize their business development efforts. But governance at this level needs to be adapted specifically to SMBs to avoid weighing them down and unduly complicating their decision-making processes.

This, in a nutshell, is the main recommendation of the Working Group on the Governance of Small and Medium-Sized Businesses, created in December 2007 by the Institute for Governance of Private and Public Organizations (IGPPO). The Group is composed of 18 authorities in the support and growth of Quebec's SMBs (see attached list of members). Together, they have come up with a series of concrete measures for improving governance among SMBs, especially non-listed companies that are not subject to regulatory requirements pertaining to governance.

In a report made public today, the Working Group, chaired by former Quebec finance minister Michel Audet, maintains that the reason so few SMBs are actively engaged in corporate governance is because existing measures are poorly adapted to their realities, there is a lack of information and there are no clear links between governance and the concrete needs of entrepreneurs.

Mr. Audet stated, “Feedback from SMB owners and managers who have worked with an advisory board or board of directors proves that the presence of external expert advisors or directors can represent an invaluable contribution.”

“Directors who have no financial or vested interest in a company can contribute to its long-term prosperity and growth, work toward its sustainability and provide advice to executives as they face numerous management challenges,” he added.

The Working Group came to the conclusion that one of the major roadblocks for introducing governance measures within SMBs is the lack of information on how access to independent advisors can benefit entrepreneurs. There is also a significant need for training programs adapted to the needs of SMB directors and officers.

Yvan Allaire, the chair of the board of directors of the IGPPQ, applauded the quality of the report and the relevance of the six recommendations it contains. “The Institute will take action this fall by offering a new seminar adapted specifically to the particularities of SMBs that goes beyond simply replicating the controls associated with fiduciary governance.”

“Quebec companies have achieved their competitive edge through the extensive experience and skills they have developed from the 1960s onward. Our SMBs – the major players of tomorrow – can tap into this to support their management and decision-making needs,” Mr. Allaire said. “We have to find ways of matching up this wealth of expertise with the dynamic spirit of today’s entrepreneurs so that our entire society can benefit.”

The members of the Working Group have agreed that a concrete action plan is required to promote improved governance practices among Quebec’s SMBs. They therefore invite all those involved in this sector, particularly institutional venture capital investors which have a decisive influence over the governance structures in place in SMBs, to play a part in this process.

The Group encourages SMB investors and lenders to develop a set of best practices with respect to governance to be applied by the companies with which they join forces.

With the support of government ministries and other organizations associated with economic development, governments can promote better governance practices at the SMB level by offering incentives rather than imposing restrictions.

After establishing an inventory of the available tools, the Working Group will bring together organizations working with SMBs to coordinate and align their contributions and develop a concrete action plan. This plan will be unveiled in fall 2008 at a governance conference organized by the IGPPO and other partners.

Established in September 2005, the **Institute for Governance of Private and Public Organizations** (IGPPO) is a joint initiative of HEC Montréal and Concordia University (The John Molson School of Business). The Institute is committed to promoting strong corporate governance practices among organizations in Quebec and the rest of Canada. Its operations focus primarily on key management activities, namely defining the corporate mission, evaluating strategic management and financial performance, recruiting and compensating officers and managing risk. It achieves this primarily through research, training, the issue of position papers and the dissemination of information. The Institute commissions academic research, organizes conferences and training seminars, takes part in public debates on governance issues, reinforces governance-related skills and promotes partnership and knowledge transfer.

(30)

**For further information:**

**Michel Audet, Working Group Chair**  
**514-340-6483**

**Michel Nadeau, Executive Director**  
Institute for Governance of Private and Public Organizations  
(HEC Montréal-Concordia University)  
**514-340-6483**

## Working Group Members

**Yvan Allaire**, Chair of the Board of Directors, Institute for Governance of Private and Public Organizations.

**Michel Audet**, Chair of the Working Group on Governance, Institute for Governance of Private and Public Organizations.

**Pierre Beaulieu**, Executive Vice-President, Groupement des chefs d'entreprise du Québec.

**Françoise Bertrand**, President and Chief Executive Officer, Fédération des chambres de commerce du Québec.

**Yvon Bolduc**, President and Chief Executive Officer, Solidarity Fund QFL.

**Robert Coté**, Business Development Director, HEC Montréal.

**Pauline D'Amboise**, Secretary General, Desjardins Group.

**Jacques Daoust**, President and Chief Executive Officer, Investissement Québec.

**Sophie de Courval**, Committee Secretary, Ministère du Développement économique, de l'Innovation et de l'Exportation.

**Jean-René Halde**, President and Chief Executive Officer, Business Development Bank of Canada.

**Isabelle Hudon**, President and Chief Executive Officer, Board of Trade of Metropolitan Montreal.

**Guy Lefebvre**, President, Institut québécois des familles en affaires.

**Michel Lord**, Advisor.

**Michel Nadeau**, Executive Director, Institute for Governance of Private and Public Organizations.

**Simon Prévost**, Vice-President, Quebec, Canadian Federation of Independent Business.

**Normand Provost**, Executive Vice-President, Private Equity, Caisse de dépôt et placement du Québec.

**François Renaud**, President and Executive Director, Ordre des comptables en management accrédités du Québec.

**Jean-Luc Trahan**, President, Quebec Manufacturers & Exporters.