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**Tracking the Road to Success with Canadian Pacific Railway
CLO Jeffrey Ellis**

Interviews and Profiles



To Jeffrey Ellis, chief legal officer of Canadian Pacific (CP), cutting to the chase and providing executives with his recommendation first — and reasoning afterward — is something he learned at Osgoode Hall Law School in Toronto, Canada. However, when speaking with Ellis, you begin to get

the sense that his quick wit and candor are more than just communications theories — they're tangible skills for success.

"It's the classic legal memo model of conclusion first. Consultants call it the Pyramid Principle [after the book by Barbara Minto]. You don't bury the advice at the bottom of your executive communication and make your CEO dig for it," he explains.

While discussing his life, Ellis is meticulous, direct, and perceptive. Each moment served as a learning experience, each mentor served as an advisor, and each position served as a stepping-stone that ultimately led him to where he is today. Through his unwavering focus and commitment to efficiency, Ellis has assisted in CP's transformation from a laggard to a leader in the transportation industry.



"It's pretty remarkable," says Ellis, who joined CP in November of 2015. "This is roughly a six billion dollar annual revenue company that's iconic in Canada, and yet it's a very young management team with a dynamic and entrepreneurial culture. It has been a great opportunity for me at this stage in my career."

Growing up in Windsor, Ontario, Ellis initially intended to become a literature professor. It was not until the first year of his doctorate in Italian literature that he started to crave a more collaborative working environment, and began looking into the possibility of law school. Ellis, however, emphasizes the importance of his literary studies in developing his legal mind.

"In the original European universities that people like Dante [Alighieri] attended, literature and poetry were taught along with philosophy and rhetoric. So I always thought there was a natural affinity between writing, advocacy, and the arts," he says.

Upon graduation, Ellis joined Borden Ladner Gervais LLP as an associate in the financial services group. When an opportunity arose at Bank of Montreal (BMO) to fill in for an internal lawyer on maternity leave, he initially accepted as a way to get to know a client. However, he quickly became enticed by the broad range of legal work provided to in-house counsel. What began as a temporary position would result in a 10-year tenure with the company, where he would ultimately serve as US general counsel — overseeing a legal, corporate, and compliance department of nearly 200 people.

Having practiced law in both the United States and Canada made Ellis the perfect candidate for CP, which at the time was in the midst of a dramatic transformation.

Over the last five years, CP has experienced a remarkable turnaround — beginning under former CEO E. Hunter Harrison and continuing under current CEO Keith Creel. Since Harrison first joined the company in 2011, CP's market capitalization has grown by more than CA\$15 billion.

"Hunter Harrison broke everything down to its basics and tried to be as clear and efficient as possible," Ellis says. "There is a word Hunter likes to use, which is 'mud,' which I understood to mean bureaucracy. He was always trying to remove mud from the organization. I was fortunate to have the opportunity to work for him. I learned a great deal."

When Ellis joined the company in 2015, he was told that the world he was about enter was fast-paced, exciting, and, most importantly, efficient. Under Harrison's leadership, the company's corporate culture prioritized answering to its shareholders, cutting extraneous clutter, and paving a clear pathway to success.

"I remember one of the first experiences I had was talking budget with him. He told me not to start from the position of 'I've got X number of people on my team and we're down one so that means that we're tight on resources.' Instead, he told me to build it up by describing the legal work that you need to do, file by file. Define your roles, and then tell me your resource plan," he says.

The direct communication style at CP suited Ellis' own approach to managing legal risk. After joining as the company's CLO, one of Ellis's first tasks was overseeing the high-stakes, highly publicized 2013 Lac Mégantic derailment — in which a Montréal, Maine, and Atlantic crude oil train derailed in Lac-Mégantic, Québec. The incident resulted in 47 deaths, and caused significant environmental damage and destruction of property. The company was ultimately sued for CA\$409 million in damages. The event has become one of the largest mass tort class actions in Canadian legal history before the Québec Superior Court.

"The event was undeniably a tragedy," says Ellis. "But CP's position is that it was not one of the parties at fault."

In order for such a large railway to achieve regulatory compliance, Ellis states that at times, CP has had to adopt a higher standard across its network. In doing so, he has been able solidify CP's position as a leader in rail safety. "CP has led the North American rail industry in operations safety by maintaining the lowest rate of Federal Railroad Administration report-able train accidents of any class one railway in North America, 11 years in a row," Ellis proudly shares.

As for regulatory issues affecting railroads on either side of the US/Canadian border, Ellis says that for the most part, the two governments' resemble one another. When standards between the United States and Canada do not align, however, this can sometimes provide an advantage.

"Often it's the United States that leads on legislative initiatives and Canada ultimately follows. For cross-border companies like ours, there's a bit of benefit because we've already gotten up the learning curve a bit," he notes.

However, changing regulations, particularly in reference to NAFTA, are becoming harder to predict with the new US administration. While Ellis remains hopeful that CP and the rest of the transportation industry will face minimal challenges, he emphasizes the importance of cross-border business to the longevity of the company.

"It's something we've been talking about internally. Presently, Canada to US traffic is about 22

percent of the business. On the whole, we're not anticipating any significant impact for our business from the Trump administration. If anything, to the extent that tax reform in the United States improves the overall economy and the demand for goods, we ought to benefit from that. Any stimulation of demand for the products we ship should help us," he says.

When asked about the future of the CP, Ellis, once again, returns to his main objective — underscoring that he hopes to provide high-quality service, quickly and safely to the customer. Becoming obsolete, however, is not something that Ellis fears. The transportation of goods via train, he argues, will always be “in demand.” At the same time, he notes that CP operates within an extremely competitive environment and cannot afford to be complacent regarding peers or other competitive modes of transport.

“One grain train can replace about 280 trucks. That’s how efficient it is to haul goods by rail. It is far more environmentally friendly, along with being more efficient, than other means of transport. We have a corridor extending from Montreal to Vancouver that’s taken over 100 years to amass in terms of real estate and rail. That is a very valuable piece of transportation infrastructure that cannot easily be reproduced” Ellis states.

For now, Ellis is simply focused on becoming the best chief legal officer he can be at CP. By harking back to lessons learned, clearing unnecessary “mud,” and paving a clear pathway to success, he intends to continue to put the company’s best foot forward. Under the direction of newly appointed CEO Creel, Ellis is confident that the future for CP is bright.

Getting to know...Jeffrey Ellis

What book are you reading and why?

I'm reading *Pour que tu ne te perdes pas dans le quartier*, by Patrick Modiano. I speak French and it gets rusty. I like to keep on top of it so when I can I read French books. This particular one got the Nobel Prize in 2014, and I really like this author.

Where are you going for your next vacation?

We're going to Florida. My parents have a condo on the Gulf Coast near Clearwater and it kind of feels like home. We've been going there forever and we're looking forward to that.

If you could have dinner with anyone, living or dead, who would it be?

I think I'd pick John Berryman. He was a modern American poet, from Robert Lowell's generation. He is one of my favorite poets. I've been reading him since I was a teenager. He's got such an incredible ear for language and dialect and slang and writes in such a mixture of high and low language in his poems. I always thought he would be an interesting person to talk to.

