

The Voice of Business



The purpose of the Voice of Business e-news is to provide a forum that writers from several different sectors in Uxbridge can contribute their thoughts, opinions, predictions freely.

If you are a member of the Uxbridge Chamber of Commerce and would like to voice your thoughts about your industry, please contact Rae Bonneville at raebon@powergate.ca.

Contributing writers are asked to focus on their particular sector and how it affects the community, the region and/or worldwide. The writers are not to promote their own business or product.

The Chamber will be looking for a voice from all different sectors – businesses large and small – and writers can change each issue.

Please note that the opinions expressed are not necessarily the views of the Uxbridge Chamber.

Design & Production:
BLUESKY DESIGN
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A lesson learned from the recession

The global economy delivered a brutal lesson to an unsuspecting population during the past eighteen months. Whether we're guiding the fortunes of a huge corporation, operating a small business in our friendly hometown or just trying to balance the family budget many of us have experienced a revenue decline since 2007. The pain of reduced purchasing power has been compounded by our banks' reluctance to lend for capital projects and ongoing operational needs.

Durham Region's two prime industrial sectors, electrical energy and automobiles, both felt the cold, boney hand of recession. Ontario Power Generation announced the indefinite deferral of the Darlington expansion and General Motors closed a major portion of its assembly operations. These two actions eliminated almost 5000 jobs in Durham Region. Consequently, hundreds of businesses directly and indirectly dependent upon these two industrial powerhouses were forced to take drastic measures to cut operating costs and/or explore new markets for their products and services. Surviving a severe recession takes ingenuity, perseverance, determination and keen business acumen. Every recession offers a new opportunity for eager business managers to hone their skills, closely examine the way they're conducting business and assure stakeholders that their company is working smarter than ever. Therefore, maybe it's time to address a subject known to every successful business manager... **WORKING SMARTER.**

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I think it's pretty safe to say that virtually every company is working below its potential. Whether your corporate performance is 97% of optimum or 75% of ideal output there is room for improvement. Mechanized and computerized production equipment can be engineered and created to provide additional productivity. Business processes, administrative and functional, are subject to periodic review to eliminate inefficiencies. Human resources, executive, management and hourly paid employees are all capable of working smarter. The best businesses employ the most competent people.

Competency improvements start at the top of every business, regardless of the size or nature of the business. Businesses which work smart are constantly looking for ways to eliminate poor practices and implement improved and efficient methods. This diligence requires a motivated and skilled workforce. Keeping staff knowledgeable and skilled is an ongoing preoccupation of successful managers. Most will tell you that targeted, i.e. relevant, training has substantial payback for the company. Competent employees:

- identify poor operating practices
- have higher esteem, confidence and productivity
- produce higher quality goods and services
- have fewer accidents, and
- inevitably lead to higher customer satisfaction.

As we can all attest recently, complacency and indifference toward the customer is grease on the slippery slope. How often have you gone into a store and come out muttering to yourself "That clerk didn't know the product well enough". Or perhaps you've had your car in a repair shop and the mechanic just hasn't been able to put his finger on the source of the problem. Have you suspected that his skill level isn't up to the job. Maybe you've had an unsatisfactory experience with a home repair company and you're left thinking "They were just plain incompetent". Business owners want highly skilled, competent people speaking on their behalf and delivering goods and services on their behalf. Those same business professionals have a responsibility to their customers, their employees and their shareholders to assure their entire workforce is adequately trained to perform their assigned tasks with the greatest probability of customer satisfaction. It's the best way to keep that customer base, and to watch it grow.

There's an old adage:

"If you think training is expensive, try ignorance".

Tom Robinson

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Keep more of what you earn through careful planning

TAX TIPS FOR THE BUSINESS OWNER

As an entrepreneur, dealing with the day to day operation of your business, not to mention trying to plan for the future, consumes a lot of your time. Paying less tax, although important, may not always be top of mind. There's no time like the present to ensure you are taking full advantage of all the tax minimization strategies available to you. As you review these key tips consider how you may be able to apply one or more to you and your business.

Employ your spouse and children

Whether you carry on your business personally or through

a corporation, you should consider paying a salary to your spouse and/or children.

Canada's progressive tax system, which assesses high income earners with even higher tax rates, provides an incentive to split income with family members in a lower tax bracket. Paying a salary to a spouse and/or child who pays tax at a lower rate than you can create net tax savings. But, you must ensure that the salary is reasonable for the services they perform for the business.

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Incorporate your business

If your business produces more profit than you need to satisfy your personal cash flow needs, then incorporation could produce a sizeable tax deferral by accessing the lower small business tax rate for active income.

This deferral benefit, however, is only available if the profits are left in the company. The longer the profits are left in the company, the larger the tax advantage. It is important to note that investment income earned of prior deferrals and rental income do not receive this lower rate.

The tax deferral achieved through incorporation can create a permanent tax saving if the shares of the business are eventually sold and are eligible for the \$750,000 capital gains exemption. However, if you are incurring losses this will not be the best option.

Additional advantages could be having family members own shares to have access to multiple capital gains exemptions, paying out dividends to family members who are taxed at a lower rate and receive creditor proofing from the limited liability. We can help determine which strategies work with your situation.

Invest excess cash

Since the biggest bang for your tax buck is accomplished by leaving profits in the incorporated company, the question becomes what to do with those profits. If repaying debt or reinvesting in the business operations are not options, then a smart investment plan is your best alternative.

Choosing the right investments for the excess cash inside the corporation should follow the same rules as investing your personal money such as the principles of asset allocation and diversification. The benefit of this strategy is realized in active businesses rather than investment holding companies.

Plan for your retirement

In order to make the maximum allowable Registered Retirement Savings Plan (RRSP) contribution next year, you'll need to create the contribution room this year by maximizing reported earned income. If incorporated, you will want to review the best dividend/ salary mix for your situation. As part of your overall plan, you may also want to make a contribution to your TFSA.

Don't forget to think about RRSP contribution room when setting and reporting remuneration for services provided by family members who also work in the business.

It's also recommended that incorporated business owners explore an individual pension plan (IPP). An IPP is ideally suited to business owners in their mid-forties or older who have a past history of earning employment income from their company in excess of \$100,000 per year.

An IPP will allow you to shelter even more earnings from tax than your RRSP while still offering some protection from creditors.

Prepare for the sale of your business

It's never too early to plan your business exit strategy. If you're planning on selling all or part of your business at some point, confirm with your Accountant that you're eligible for the small business capital gain exemption.

Make use of R&D expenses

Expenses related to research and development activities incurred to develop and enhance your products and production processes, may qualify for valuable tax incentives in the form of refundable and non-refundable tax credits. While the guidelines governing program eligibility can be complicated, a wealth of information is available at the Canada Revenue Agency to help you assess your eligibility for the program.

Unfortunately, we can't eliminate taxes. But, we can use wise business practices to minimize or defer income taxes that would otherwise be payable. These are only a few of the tax-planning opportunities available to you as a business owner. Talk to us about a complete tax check-up to help identify all the tax planning strategies available to you. **After all, the tactics you employ today will help you reap rewards at tax time next year.**



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LOGIC IS TOO RISKY

Most successful businesses start with a mystery, and then narrow down to "trial and error", and finally to an algorithm. If you are strictly an analytical thinker, the data required to verify your hunch or idea, is not available yet. If you need proof to take the next leap, proof is based on historical data, and cannot provide any certainty about the future.

It is necessary to design the new business around what you think might be. Most successful business leaders, find logic too risky, it is neither consistent or reliable. They navigate successfully in the realm of the unknown or the possible.

An example is RIM. The challenge was to reduce the size of a laptop, and at the same time create a better and more usable product. The problem was that as laptops became smaller, the keyboards were increasingly harder to use. RIM solved the paradox by designing a small keyboard where people could use their thumbs.

Conventional organizations cling to reliability. They want systems to work efficiently, and they want to be able to accurately predict sales and profit next year. Without the logic of what can be, a corporation can only refine its current algorithm, leaving it to the mercy of competitors that look upstream to find a way out of the fog, unknown or mystery.

Very successful leaders, often look for what is inconsistent, and why. They want validity not reliability, something that will be valid in the better world that they seek. They want outcomes that will meet their desired objectives.

Embracing Risk

Just a few months ago four men were seriously gored during the traditional running of the bulls in Pamplona, Spain.

But the risk of serious injury failed to keep hundreds more from running with the 1,300-pound (600-kilogram) behemoths the very next day during the city's famous annual festival.

What is it that drives some to embrace extreme risks, while the rest of us settle for the safety of the sidelines?

Not everyone has the mental makeup to excel in dangerous pursuits. It takes a certain kind of person. Most of us hit a natural ceiling that limits our appetite for extreme risk and, as a result, our ability to perform well in dangerous conditions.

But others have a much higher tolerance, if not an actual craving, for risk. The high element of risk makes some feel alive, tests what they are made of and how far they can take themselves.

The fear that drives many people away from the risks of extreme sports may be the same ingredient that keeps others coming back for more.

We redefine risk according to our skill, experience, and environment. I've met several people that have climbed Everest. To me that just seems like the ultimate risk. But the climbers take every possible precaution. To them it was the next step in a dangerous activity that they've enjoyed for years. They weren't going out there to get hurt.

The perspective of extreme athletes/executives is very different. Most people look at a risky situation and know that if they were in that situation they would be out of control. But from these individual's perspective, they have a lot of control. There are many things they can do to minimize the actual risk.

Often other apparently "dangerous" activities are statistically not nearly as risky as outsiders assume.



Paul Robbins

GM of Castool Tooling Systems
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The HST and your business

Many businesses have suggested that they need more clarity with regard to the challenges they will face and may need to address prior to the implementation of the HST on July 1, 2010. There are transitional rules which apply to goods and services supplied and straddling the implementation date. We wish to provide guidance for transactions contemplated or completed and subject to the transitional rules as detailed by the Ontario Ministry of Finance. There are also other considerations that may need to be addressed prior to July 1, 2010 which we will briefly consider.

How the transitional rules will apply

Under the Excise Tax Act, for most supplies, HST becomes payable on the earliest of the following:

- When a supplier issues an invoice for a supply
- When a payment for a supply is due under an agreement
- When the payment for a supply is made

Where goods are sold in Ontario and both ownership and possession are transferred on or after July 1, 2010, HST will apply.

For services, HST will apply to payments for services performed on or after July 1, 2010, except where all or substantially all of the service is performed before July 1, 2010. For example, a consultant is hired in April 2010 to perform a service over a six-month period, but under the agreement, the invoice is not to be issued and payment not made until the completion of the service in October 2010. The consultant must keep track of the portion of the work that is performed after June 30, 2010 and HST will apply to that portion, unless 90% or more of the service was performed prior to July 1, 2010.

HST does not apply to prepayments that are made or become due on or before October 14, 2009. HST will be payable to the supplier on prepayments for goods and services that become due on or after May 1, 2010 but before July 1, 2010, where ownership and possession of the goods are transferred, or the services are performed, on or after July 1, 2010.

Critical Dates for HST Implementation

July 1, 2010

HST implementation date. In most cases, Ontario retail sales tax ceases to apply.

May 1, 2010

HST will generally apply to payments that become due, or are paid without having become due, on or after this date for property and services provided on or after July 1, 2010.

Oct 14, 2009

HST will not apply to payments that become due, or are paid without having become due, on or before Oct 14, 2009.

Implications for Your Business

- Review your current information systems to determine what changes will be necessary to accommodate HST. Think about changes to reports and the additional documentation that might be required.
- Consider the benefits of accelerating or deferring purchases. Determine where it may make sense to hurry up and buy now, and where waiting until after the July 1, 2010, may save you money.
- Review current supply contracts to determine the impact of HST, particularly any contracts that will straddle the implementation date.
- Consider the impact that HST will have on your prices and how this will impact sales revenue.
- Think about the impact that HST will have on your budgeting process and on your cash flow.

If you have any questions or concerns, or require additional information regarding the HST and its implications to your business, please feel free to contact us.

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The Golden Rule: Delivering Excellent Customer Service

Excellent customer service can be represented in various ways. It costs nothing, making your return on investment, priceless. Customers consider good service as a benefit, face it... who doesn't enjoy being treated with respect and consideration. Going the extra mile for your customers transports you to a higher level.

Use the following in your daily interactions to ensure your customers will keep you at the top of their list when they need help and will be happy to refer you to friends and family. By using the following tips in your daily interactions you will secure being the first name they are confident to refer to friends and family.

- Treat your clients with respect and consideration
- Show up on time for scheduled appointments
- Complete the work or assignment within the time specifications that you have set with your client
- Respect your client's privacy

Your clients have come to you for a service or product. To gain their business is a privilege especially in this age of technology and web commerce. Give them "service plus" by providing what they have requested. Maintain a positive attitude when dealing with your client. A smile goes a long way in putting an individual at ease.

Maintaining client loyalty is very important. It is much

easier to keep a client who has been happy with your service than to try and gain a new client in today's market.

Once a service or product is provided to the consumer, it is important to follow-up to ensure that they have been happy with that service. A simple call a week or two after completion just to say that you were thinking of them and wanted to make sure they were happy with what you were able to provide often can cement a relationship and prove that you care about them. The importance of the follow up call is crucial to the completion of the customer service interaction process at this time as this is usually when your client is sharing your workmanship/skills with all their friends, family and colleagues.

To continue your success in 2010, please continue to use the Golden Rules to give yourself the edge over your competition.



**Barb Smith &
Twila Del Fatti**
Silver Connections
www.silverconnections.ca

Silver Connections is a free community referral service promoting reliable, reputable companies that deliver exemplary customer service to consumers

All work and no play makes the fun go away!

Being in the golf business for over 30 years has allowed me to meet people from all walks of life and all types of business. The one noticeable trend over the past five years – regardless of occupation – is the increasing amount of work related stress people are experiencing.

Fewer sales people are handling more clients. Larger territories are expected to generate larger sales quotas. During the summer, putting green "chatter" used to involve terms like "birdies", "bogey", and "sand saves" only to be replaced by "year ends", "third quarter earnings" and "sales quotas". With the advent of recent blackberry technology, it is not uncommon to see someone

practice putting with one hand while taking a call on the cell phone with the other. A phone rings on the driving range and 10 people stop to see if it's theirs. On the course, texting between shots is more common than not texting or emailing between shots.

Enough is enough. It's time to stop and smell the bentgrass!

We are starting to see many recreational activities banning the use of cell phones (not to mention driving and the like) and it's about time. In regards to golf, cell phones and

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Optimize Your Workouts With Proper Nutrition

A new year is upon us and tradition dictates that we make New Year's resolutions that will positively impact the value of our lives. The most popular resolutions almost always include improving one's diet and adopting an exercise regimen to shed those extra couch potato skins.

The 'baby boomers' among us need pay close attention. We have already surpassed the World Health Organization's predictions on the number of people who will develop Type 2 Diabetes both in this country and around the world, primarily due to an aging population, the increased rate of obesity, and low levels of activity. Research has shown that simple lifestyle changes in diet and exercise can reduce the incidence of Type 2 Diabetes by over 50%.

Before committing to any exercise and weight loss plan, however, we must realize the importance of proper nutrition. If you don't fuel your body with the right foods you will not have the energy to exercise and your body will not function optimally. You can't run on empty and you can't run on empty calories!

It's time to say goodbye to fad diets and, in particular, to working out on an empty stomach. Your blood sugar levels are low when you don't eat and you will risk becoming light headed and weak, thus making your workout futile.

Whole grain cereals, breads, pasta, rice, as well as fruits and vegetables, are the ideal foods to eat before a workout.

Contrary to popular belief, these low in fat and high in carbohydrate foods are the ideal energy sources. While protein and healthy fats are important to a balanced diet, carbohydrates are the body's top fuel choice. The body stores excess carbohydrates as glycogen, primarily in the muscles and liver, to be used on an 'as needed' basis.

Time your meals to your workout schedule. Bigger meals should be eaten 3 - 4 hours before a workout to avoid cramps, diarrhea and sluggish performance. Smaller meals can be eaten 2 - 3 hours before working out. If you dislike eating before exercising be sure to drink fruit juice or a sports drink that will provide you with the necessary calories and nutrients your body will require. Drink plenty of water, roughly two to three cups before and after any workout that produces perspiration. When you sweat you lose electrolytes – elements such as sodium, potassium and calcium. If you don't replace this lost fluid you risk dehydration and your efforts will be thwarted.

The increasing epidemic of illnesses such as Type 2 Diabetes is certainly a call to action. Without banking on wonder cures, our best investments are in modest weight loss through improved diets and exercise.

Wendy Lee

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All work and no play *continued from page 6*

smart phones slow down play and affect the enjoyment of other golfers. Nothing worse than waiting to hit a tee shot while watching a player in front of you talking on his/her phone. On top of that, many of our customers are entertaining good clients only to be distracted by other clients via their PDA's. Don't they owe it to the customers that they are hosting to give them their undivided attention? Personally I would like to see anyone and everyone tune out their office and business when recreating. Their playing partners would appreciate it and their golf games would improve.

The best thing about golf and all other outdoor activities is that you are outside! Absorb it all without distractions.

You are away from the office and have the opportunity to get away from it all. Why, given that chance, are golfers bringing that office environment back in play and all the stress that goes with it? Last year, I decided to turn my cell phone off when playing golf or recreating of any kind. The messages and emails will not go away, they will still be there and I have still managed to respond in a timely manner. We need to train each other that "now" can often be "anytime today". In 2010 give it a try!



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