

# The Voice of Business



The voice of Business is published quarterly by the Uxbridge Chamber of Commerce.

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](mailto: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.*

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## Incorporation – now, later or never?

If you're like most unincorporated small business owners, you're likely contemplating these thorny questions: Should I incorporate? If so, when's the best time? If not, why not? The simple answer is, "Incorporation is always good because it delivers terrific tax benefits while creditor-proofing my personal finances." But like all simple answers, this one is much too simplistic.

Whether or not to incorporate raises a diverse array of issues – many of them having to do with the length of time you've been in business, your personal cash flow needs, the relative profitability of your business, and the personal and corporate tax rates in your province. Let's take a closer look at how these and other issues might affect your decision.

### Cash flow and you

If you need all of the profits from your business to support your personal cash flow needs, incorporation may not be for you. The cost of setting up and maintaining the corporation could outweigh the tax benefits. But when your financial position allows you to retain some of your business profits inside the company, incorporation could deliver significant tax savings. The money retained in the company can be used to grow the operations or invest in other non-related investments.

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## **Taxing questions and answers**

When it comes to taxes, incorporation can be a double-edged sword. If you're in the initial stages of your business, it's usually advisable not to incorporate because losses incurred by an incorporated business can't flow through to shareholders. In those early stages, you're better off being able to use those losses personally against other income.

Once your business becomes profitable, incorporation can provide tax advantages. If your business earns active business income (income earned as a direct result of the operation of the business as opposed to passive income earned, for example, by holding other investments through the corporation) you may gain an immediate tax break (in some provinces) and the opportunity to defer part of your tax payment.

A Canadian controlled private corporation's active business income is taxed at a relatively low combined federal/provincial rate of 12–19 per cent, depending on the province in which you're doing business. The lower rate is applied federally on the first \$500,000 of active business income, but in some provinces the lower rate may be applied on an amount ranging between \$400,000 to \$500,000. Even though shareholders must pay a second level of tax once the after tax income is paid out as dividends, this second level of tax is applied only when the dividends are paid. So you can control when you pay these taxes – and potentially reduce your taxbite – by choosing to declare dividends in years when your personal taxable income is lower.

Incorporation also allows you to take advantage of income splitting to reduce taxes. If your spouse or adult children are shareholders in your corporation, any dividends they receive will usually be taxed in their hands. Your corporation can also employ your family members as long as their remuneration is reasonable for the work performed.

You can defer certain expenses as well. For example, an incorporated business can report an employee bonus for tax purposes but may defer actually paying out the bonus money until after year-end. In order to be deductible in the

year by the corporation, it must actually be paid to you no later than six months after the end of the year.

## **Creditor-proofing personal assets**

Incorporation can limit your liability because corporate assets and personal assets are kept separate and corporate creditors can only go after assets owned by the corporation. But banks and other corporate suppliers often require small business owners to personally guarantee any liabilities and directors of a corporation may be liable for many types of unpaid debts (including outstanding income tax, GST/HST, PST and employee source deductions) so incorporation may not protect you from all creditors.

## **Retirement and insurance benefits**

Your corporation can create a registered pension plan (RPP) and tax-deductible group health and life insurance for you and your employees, which could include family members. This pension plan option may provide higher retirement benefits than those available from investments in a registered retirement savings plan (RRSP).

## **A year of your own**

Your incorporated business can choose a fiscal year spanning any 12-month period. You can select a fiscal year-end that coincides with business or cash flow peaks (making tax payments easier) or when corporate expenses are higher (potentially reducing your corporate tax bite).

## **Estate planning**

The life of an unincorporated business usually ends with the life of its proprietor. But a corporation can continue to exist indefinitely, which is why corporations are often used for estate planning purposes. It is important to take steps so that after your death the business remains profitable with sound management provided by family members or others.

If after assessing the pros and cons, you're leaning toward incorporation, you still have a few important decisions to make:

- **Who will be the shareholders?** You may choose to make family members shareholders for income splitting

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purposes – but the ability to issue shares to family members is limited in certain corporate structures. It's also not advisable to issue shares to minor children so it may be necessary to establish a family trust to hold the shares on their behalf.

- **Who will be on the board of directors?** Directors have exposure to many different types of liabilities, so becoming a director is not a decision to be taken lightly.
- **Who should be the officers?** These are the people entitled to sign contracts, banking, and other documents on behalf of the corporation. They must

be chosen with care and with an eye to the future development and direction of your business.

Yes, there are potential benefits to incorporation, but be sure to talk to us before you make the final decision.



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## Reaching Your Highest Potential

### OPEN YOUR MIND TO THE BENEFITS OF HYPNOSIS

Health and wellness is a vital part of success in all areas of our lives, including business. There are many different ways to improve our fitness and health through diet, exercise and relaxation techniques. But there are also some wonderful ways to improve our mental health that you may not have considered until now – techniques that can affect our daily lives in a profound way.

Hypnosis. Regression therapy. Past Life Regression. Don't be intimidated by the potential healing of these ancient practices. Deepen your understanding of the meaning of past life memories (*déjà vu*), present life challenges and their role in our current and future lives. Reconnecting your past lives and souls purposes is like connecting the dots – bringing you up to present time and understanding one's truth.

A guided past life/this life recall session, can help you understand who you really are and help you to reconnect to your deepest self. Everyone has ancient wisdom lying deep within that can be accessed in order to assist you on your journey.

Explore your pre-birth understanding and any current life challenges – hidden blocks – that are not allowing you to move forward with your life, your business, and/or your relationships. Adults and children alike can uncover issues related to stress, anxiety, depression, lack of self esteem and self empowerment, and other learned behaviors... the list goes on.

Understand health issues related to preconceived ideas. Face the challenges of any disease that you may have agreed to endure and overcome. Look at the behavior patterns with great depth, meaning and understanding of why you do what you do.

Going beyond your everyday awareness, discovering that there may be a vast and infinite part alive in you that has lived and travelled beyond this life from the beginning of time, can be an exciting and mind-expanding experience. Everyone comes with their own very unique gifts and abilities.

Unveil the mysteries of past life/current life memories stored within your soul – identify the patterns and repeats and gain insight. This is an experience that is all about spiritual growth, forgiveness and reaching your highest potential.

As long as you hold onto the past, you will stay in the past. Let go of Karma through forgiveness.

Everyone Benefits!!!!



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## WHAT'S THE GOAL?

### Should maximizing shareholder value be your first priority?

No, evidence suggests that firms that put the customer first actually do better. Putting shareholders first is a flawed premise. The harder the CEO is pushed to increase shareholder value, the more the CEO will be tempted to make moves that will actually hurt the shareholders.

Determining what your customers' value and focusing on always pleasing them is a better optimization formula.

Robert Wood Johnson created this statement of purpose for Johnson and Johnson in 1943. " We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others that use our products and services... We are responsible to our employees, the men and women who work with us throughout the world... We are responsible to the communities in which we live and work and to the world community as well... Our final responsibility is to our stockholders... We operate according to these principles, the stockholders should realize a fair return".

**If more companies made customers their top priority, the quality of corporate decision making would improve because thinking about the customer forces you to focus on improving your operations and the products and services you provide, rather than spinning lines to shareholders.**

Making share price the prime objective, creates the temptation to trade long-term gains in operations-driven value away for temporary gains in expectations driven value.

## WHAT TO SELL?

There has been much written recently regarding elitism in development work, and the introduction of the new iPad by Apple. This new product may succeed or fail but it

brings with it clearly the indelible mark of Steven P Jobs' elitist approach to design as well as Apple's earlier marketing motto, Think Different.

John Kao, prominent innovation consultant says, "Apple represents the auteur model of innovation where there is a very close connection between the personality of the project leader and what is created. At Apple, team-leader Jobs, is known for design restraint. This is a reflection of Mr. Job's personal style.

**Great products, according to Mr. Jobs are triumphs of taste. And taste, he explains is a byproduct of study, observation, and being steeped in the culture of the past and the present.**

His product-design philosophy is certainly not steered by committee nor determined by market research. The key designers on his team, he says, aren't simply 10%, 20% or 30% better than very good, but 10 times better.

It will be very interesting to see how well this new elitist-designed product is accepted by today's consumer.

## WHY WILL PEOPLE BUY IT?

**"Try it, you'll like it. Everybody does!"**

Can you really persuade someone to like a product by simply telling them that it's popular? This process was coined a "self fulfilling prophecy" by the American sociologist, Robert Merton, in 1949. Since that time, a number of social scientists have tried to measure how powerful this effect really is.

There is definitely a positive correlation between what products become popular, and what other people think. Social pressure is a real incentive. Apparently about half of the success of the products tested could be attributed to peer pressure, and the remainder to random reasons. So the question remains, can you actually persuade and convince people that something is good, if it really isn't?

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What's the goal... *continued from page 4*

Maybe in the short term, but studies have also confirmed that the formerly top ranked products, products with intrinsic appeal, usually appear to creep back up.

**This strikes a happy blow for quality. It also offers a cautionary note for marketers. If you lie about your product, you will eventually pay dearly.**

Fortunately the self fulfilling prophesy syndrome seldom applies in industrial promotion where quality is usually quantifiable, and good, better, best can be quite accurately determined over time.



**Paul Robbins**  
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## Social Media 101

EMAIL FACEBOOK TWITTER FLICKR YOUTUBE LINKEDIN...

Recently, at our monthly breakfast meeting, Sweet World Media gave a presentation about Social Media. This is an overview of that presentation.

### Social Media is...

- A 24/7 online conversation
- Word of mouth on steroids
- A dialogue, a conversation between you and your customers
- Not the answer to everything

93% of social media users believe companies should have a social media presence

### Why do you need a website?

- Presence. Your own business URL/web address
- Generation Google – A majority of people are now going to the internet to research just about anything
- 2-3 pages, who, what, where, when
- Contact Info: directions, phone, email

### What you need to know:

- Hiring a Designer VS DIY
- Cost vs your time?
- What is your time worth?

MYTH: Websites cost too much

- Amazing DIY Tools to build your site
  - Homestead [www.homestead.com](http://www.homestead.com)
  - Weebly [www.weebly.com](http://www.weebly.com)
  - Wordpress [www.wordpress.com](http://www.wordpress.com)

### Hiring a Designer

- Word of Mouth is best way to find designer
- Look at their website, portfolio do their designs look like something you like
- Get a quote, contract, timeline
- Be realistic on timing
  - Good designers might have a wait list
- Get your information ready
- Respond to designer quickly

### What is a blog

- Online journal, business or personal

73% of active online people have read a blog

### Why blog?

- Increases SEO and web traffic
- Puts a face to you and your business
- Great way to share business updates, products etc

### How?

- Free blogging software or build into your website
  - [www.wordpress.org](http://www.wordpress.org)
  - [www.blogger.com](http://www.blogger.com)

A few minutes a day has a big impact on ROI

### Email Marketing

- Simply sending an email to your customers using a low cost program
  - Mad Mimi
  - Mail Chimp

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What's the goal... *continued from page 4*

- Keep your customers updated. You have their information already...use it!
- Measurable – see who is opening, clicking and reading

## The Power of Facebook

- 3/5 Canadian have a Facebook page (2009)
- Worldwide 5 billion minutes are spent on Facebook each day
- 1 billion websites, links, photos are shared on Facebook a week

## Facebook 101

- Facebook is a social networking website – a gathering spot, to connect with your friends
- You create a personal profile, with your picture and information and look for your friends
- It can also now be used as a powerful business tool
- Businesses create "Fan Pages"

Power to share content & word of mouth, but faster

## Twitter vs Facebook

- Twitter updates are just text, and no more than 140 characters, but they can include links to web pages. Twitter users can follow these updates so they can see them as soon they're posted
- Twitter can be seen by anyone and is searchable – no need to be a fan of business, like on Facebook

- Facebook, offers more options for its posts. There's no limit on the size of the updates, and they can include photos and video.
- Links to other websites can include more information on the content there, including a thumbnail view.
- Discussions are more intuitively organized on Facebook, so they're easier to follow
- Facebook & Twitter are both free

If you are just getting started in Social Media, here are 3 things you need to do:

1. You. need. a. website. Period.
2. Start emailing your clients
3. Get on Facebook....



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## BOOK REVIEW

# The New Rules of Marketing & PR

by David Meerman Scott

The internet and social media have transformed the way companies communicate with consumers. *The New Rules of Marketing & PR* shows you how to leverage the potential of web-based communication to build a personal link with your market. Forget old advertising tactics that don't work online. Adopt the new rules and start a profitable relationship with your buyers and those who influence them.

Learn how to use News Releases, Blogs, Podcasting, Viral Marketing and Online Media to reach buyers directly. *The New Rules of Marketing & PR* is a great source of information, providing online references for every subject.

"You can be very small and occupy a niche and still sell your products all over the world. The Internet gives you the opportunities you never had before. And its not rocket science. It's pretty easy to figure out."