



BUSINESS MANAGEMENT
QUARTERLY

SUMMER 2003
(VETERINARY EDITION)

INCORPORATION SEMINARS

It has come to our attention that there are many accounting and legal professionals offering informational seminars on Incorporating. Generally, the information provided at the seminars is valid and beneficial as it pertains to the benefits of incorporating. However, the benefits to incorporating are extremely subjective. Each professional considering incorporation needs to have his or her individual situation assessed.



In the past three months we have had a handful of clients begin the incorporation process shortly after attending a seminar, not realizing incorporating triggered tax consequences that could have been avoided if an assessment would have been done prior to the process.

Further, some of the fees published for incorporating and managing the corporation can be categorized as exorbitant. If you have attended a seminar and are seriously considering incorporating, please contact us so that we may analyse your particular situation and help you maximize your cash flow.

BUSINESS AFFAIRS TEAMS UP WITH STRATEGIC EDGE



We are pleased to announce a working relationship (otherwise known as a strategic alliance) with Strategic Edge Chartered

Financial Consulting Inc. (SE). SE provides tailored corporate, personal and charitable financial planning. Their goal:

...is to provide a significant contribution to the achievement of your objectives working in concert with your existing advisors. Your team of advisors may include many people, such as your accountant and/or controller, lawyer, investment advisor, planned giving officer, real estate specialist, commercial realtor, family members and others

Our interest in SE revolved around their corporate planning expertise. They devise unique retirement planning strategies for small business corporation owners. The "chief poobah" at SE is Mark O'Farrell.

A graduate of Ashbury College in Ottawa and the University of Western Ontario in London, Mark is a Certified Financial Planner (CFP), Chartered Life Underwriter (CLU), Chartered Financial Consultant (CFC) and Trust & Estate Practitioner (TEP). His professional experience includes:

- Vice President of Several Financial Planning Companies
- National Accounts Consultant to the IDA Industry
- Managing Director, Central Ontario (\$50 Billion Insurance Carrier)
- Owner, Successful Financial Brokerage

He is a Specialist (in integrated tax strategies), Speaker, Trainer, Presenter and Writer.

Shortly, Norma Jean and I will be contacting many of you to set up meetings with Mark. There is no cost associated with attending the meeting. Mark will simply identify the

opportunities within your corporate structure (be it a professional corporation or technical services corporation or management corporation). If you do not wish to wait for our call, please contact us immediately and we will schedule a meeting between you, Mark and ourselves.

FAMILY TRUSTS AND RENTAL INCOME

Family Trusts had been set up so that income could end up in the hands of your family and be taxed at their (including children under 18 years of age) individual tax rate. Therefore, many professionals were set up with business systems that included a practice, hygiene corporation and Family Trust, with the Trust owning the shares of the hygiene corporation. This allowed the corporation to flow dividends to the beneficiaries of the Trust (including children under the age of 18).



A couple of years ago CCRA changed the rules so that if beneficiaries under the age of 18 received certain income from a Trust, the beneficiaries would be taxed at the highest marginal rate. However, CCRA did allow for rental income to flow through to an under 18 beneficiary and be taxed at that individual's personal tax rate. So, over the last couple of years there has been a transition for Family Trusts to take over ownership of buildings.

Well, as of December 2002 CCRA has changed the rules again. They have now taken away the rental income benefit. Therefore, if rental income is flowed through to an under 18 Family Trust beneficiary, the income will be taxed at the highest marginal rate.

Though the advantage of flowing income to an under 18 beneficiary has been removed, Family Trusts can still be an effective way to split income. We just have to choose our beneficiaries wisely.

SELLING OR SOLVING?

Getting Your Associates to "Sell" More

As you may or may not know, much of my professional background is in Strategy and Planning with a significant focus in Sales and Marketing. Inevitably, when speaking with a Veterinarian who has just learned of my background the following question arises..."How do I get my Associates to 'sell' more?"

It's a difficult question to answer because you cannot force anyone to do anything and expect them to do it well. It all comes down to confidence and conviction.

If your Associate does not have confidence in the procedure or product he or she is suggesting, it will come through loud and clear. The client will construe the lack of confidence to mean "don't go for the suggested procedure or product".

Generally, if one lacks confidence it is due to a lack of knowledge. As an example, you'll often hear of people dreading the idea of speaking in public. I suggest to you the "lump in the speaker's throat" is not the size of the crowd, but rather, the fear the crowd might think the speaker does not know what he's talking about.

A sure fire way to build confidence is to provide the knowledge that is lacking. That means you first have to determine what is lacking. Once you can pin point what is missing, you will be able to provide it in the form of literature, informational

presentations or regular educational meetings.

The second issue regarding Associates and their inability to "sell" is a much tougher nut to crack. By conviction we mean the Associate must "believe in" what he or she is suggesting. If they would not accept a certain procedure or product for their own pet, there is a very good chance they will not suggest it to your client. However, there is a way to remedy this problem.

This, by the way, is a classic marketing problem...the company (or in this case, practice) representative assumes the client will feel like he or she does.

The first thing is to reinforce to your Associate that the client must make the final decision. It is the Associate's responsibility to inform the client in an objective manner so that the client can make a rational decision.

Secondly, re-enforce to your Associate that he or she is not "selling". Rather they are suggesting a solution to a problem or potential problem. The client will make the final decision, but it is in the client's (and pet's) best interest to suggest a solution.

Give your Associate the confidence he or she needs and the conviction in their suggestions will translate into increase revenues.

BEING PROACTIVE ABOUT THE UNEXPECTED

Though never an easy topic to discuss, death and/or disability must be considered when preparing long term plans. A tragedy of this nature could result in uninformed decisions about your practice. A letter of direction to your family or executors of your will can help

to curtail any foreseeable problems in the event of a tragedy.

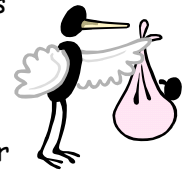
The letter should indicate what you'd like done with your practice in the event of death or disability. If the practice must be sold, then providing a couple of options for an appraisal to be performed would be prudent. (If you are a partner, its best to have this kind of provision in the partnership agreement.)

Please talk with your lawyer to determine the best way to preserve your practice value in the event of an unfortunate incident.

LISA'S LEAVING US FOR A WHILE

For those of you who receive our Monthly Management Report, the person responsible for generating those reports is Lisa Sander. She is extremely diligent and analytical in her methods.

We are going to miss her. She's having a baby (by the end of August 2003). Lisa's last day was August 1st. Actually, it was July 31st, but we coaxed her into coming into the office on Friday, August 1 for a surprise going away luncheon.



There was enough grub for an army, which is a good thing since Lisa is eating for two.

We'll miss you Lisa.

In case you are wondering, we do have a replacement for Lisa. Her name is Nicole Rinella. Nicole is meticulous and loves budgets. We're confident she'll fit right in.