

## NEW YEAR'S RESOLUTIONS FOR BUSINESS OWNER/MANAGERS

In periods of economic stress, any weaknesses in your business will start to show up in ways that can no longer be neglected. So, as an owner/manager, why not take the time to look more closely at your business practices, correct any problems, and implement those things you need but have deferred because of the pressures of time and circumstance.

Here are a few areas worth reviewing:

### Employees

- Initiate training programs to upgrade skills.
- Provide first aid, health and safety training. Make employees aware that physical well being is important for morale and productivity.
- Introduce profit sharing as an incentive to improve productivity.
- Schedule regular employee meetings to discuss work issues.
- Establish formal performance, wage and salary reviews.
- Examine the 2008 absenteeism rate for any issues such as stress, physically unpleasant work conditions, personality conflicts, toxic middle managers or other issues that affect the willingness of employees to come to work and perform.
- Consider incentives for employees such as enhanced medical coverage, employee savings plans, retirement plans or performance incentives.
- Review employee contracts to ensure they are up to date in such areas as substance abuse, hiring and dismissal procedures, confidentiality, fraud, theft, misrepresentation, as well as discriminatory or harassment areas.
- Establish shutdown schedules, ask employees to provide preferred vacation schedules, and give early feedback and final timetables to all employees.
- Review travel costs and meal and vehicle allowances to determine whether adjustments are required and whether payments meet the requirements of the Income Tax Act.
- Review contract and part-time-employee arrangements to ensure the necessary contracts and confidentiality agreements are in order.
- Ensure that contract and part-time employees fall within the guidelines of part time or contract employees as established by the Canada Revenue Agency, the provincial Workplace Safety and Insurance Board, or health insurance regulatory authorities.

### In-house Review

- Conduct a safety audit and make necessary improvements.
- Examine your records management practices. Make sure records are retained onsite, shipped offsite, and destroyed according to legal requirements. Secure customer and employee personal information in compliance with federal and provincial privacy legislation.
- Meet with your insurance representative to review your auto, product liability, lost productivity, disaster recovery and any other type of insurance that affects your business.
- Ensure that any changes in processing or other technologies are compliant with employment, environmental, municipal and safety laws.

- Review inventory to determine whether the inventory account on the balance sheet needs to be restated. Be ruthless. Obsolete is obsolete. Period.

### Information Management

- Review your business plan and make the appropriate adjustments.
- Formalize a plan to upgrade software, plant equipment, or production processes.
- Network your computers to permit easier integration of data and reduce costs for peripherals such as photocopiers or printers.
- Include corporate financial data in your weekly work schedule to maintain financial control on accounts receivable, accounts payable, payroll, and earnings.
- Establish an annual cash flow budget for 2009 based on prior years' experiences to fine tune your cash requirements to the seasonal fluctuations in your cash receipts and costs.
- Establish a capital budget for the next five years then break it down by year to fit with your annual cash budgets.
- Establish profit and loss projections for the next five years to understand where the company's sales and expenses will be concentrated.

### Envision the Future

- Work with sales and marketing to develop sales projections and marketing plans for the next five years. Keep your production people in the loop so they will understand what they might have to do to produce the volumes and control costs required to achieve the marketing objectives.
- Schedule planning meetings with your supervisors and logistic personnel to develop ways to improve productivity and product handling not only for the foreseeable future but over the longer term.
- Review the sales to each client, calculate their total sales as a percentage of company's annual sales, look at the collection period for each account, note the current outstanding amounts, and categorize the clients as A (most sales), B, C or D clients. Using this rating, develop sales, billing, and credit strategies for the coming year.
- Review every purchase from each supplier. Calculate each purchase as a percentage of total purchases and categorize suppliers as A, B, C, or D, as you did with your customers. Analyze costs, credit terms, and the discount structure to see whether you should try to negotiate better terms.
- Hire a consultant to review your energy consumption and provide a five-year plan to reduce, recycle and reuse.

### Financing

- Look for ways to generate more capital internally. See whether you can reduce the collection period for your accounts receivable. Sell old, used, or unneeded equipment. Review your cash management policy for places to save. Always remember that in

periods of expansion, receivables grow as do associated operating costs. The income statement may look good but working capital problems may impair your ability to stay in business.

- Review your current borrowing costs. Do not be shy about approaching your financing sources to see whether you can negotiate lower costs.
- Take a look at your ratios. Ratio analysis can indicate trouble spots and force you to ask yourself the hard questions. Have you got too much debt? Can you continue to cover your fixed costs if sales revenues turn down? How fast are you turning your inventory into saleable product?
- Review the last five years' summary financial data and note any trends that look worrisome.
- Reduce your liabilities as much as possible.
- Continue to cultivate good relationships with your financing sources.

### Corporate

- Finalize that shareholders' agreement.
- Ensure that corporate records, resolutions for loans, asset purchases, as well as director, and shareholders' meetings are current.
- Purchase key-man insurance.
- Consider income splitting with family members.
- Consider restructuring corporate ownership to protect existing assets or reduce or defer the tax cost of income distribution to existing shareholders.
- Ensure the wills, insurance, and company agreements for all key executives are up to date.

### Financial Reporting

- Meet with your accounting advisors to discuss the business's overall financial position.
- Make sure the company's reporting system can supply the information required by regulatory, bank, and taxation authorities.
- Review all agreements with lenders etc. to ensure the financial data provided meets the requirements for the calculations of bonuses, commissions, royalties, leases or debt covenants.

### Taxation

- Review corporate income tax calculations for capital and non-capital losses, and small business rates to determine your ability to pay bonuses, dividends and corporate taxes at the end of the fiscal year.
- Review total remunerations packages to determine the potential additional cost in health insurance should payroll costs exceed provincial thresholds.

### Keep on Planning

Planning for 2009 by combining the expertise of employees, professional accountants and lawyers with the experience and goals of management will ensure your company is on its way to the best New Year possible!