

NAVIGATOR



Guidance at every turn

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SUMMER HOURS

During the summer months of July and August, the office will be closing at 2pm on Fridays.

Giving Back...



As part of our mission of giving back to our community, staff members organized and participated in a basketball challenge at the Centre for Addiction and Mental Health (CAMH).

The members of CAMH were *“extremely impressed with Stern Cohen for creating such an outstanding event. The group was fantastic and really created some bonds with the clients of CAMH. The group demonstrated a natural ability to make everyone feel comfortable.”*

It was a very rewarding experience for our staff to have been given the opportunity to engage with clients of CAMH, who do not often have the opportunity to socialize with people from the outside community.

Business planning for the next Pandemic



We may have dodged this Pandemic bullet, but there will be others! Businesses need to plan for the potential impact of a Pandemic. The Canadian Centre for Occupational Health and Safety (“CCOHS”) has published a useful informational booklet “Pandemic Planning”. The booklet is available on CCOHS’s website at www.ccohs.ca/pandemic/pdf/Business_continuity.pdf

Handling Change

There are two ways for an owner/manager to understand change: as catch up or as strategy.

If you see change as the disagreeable cost of catching up to the competition, you are already behind. But if you see it as the facilitator of your corporate strategy, you are pulling away from the pack at the clubhouse turn and ready to open up in the back stretch. Recognition of change as a constant part of getting where you want to be five years from now will allow you to manage technology more effectively, develop a more flexible business model, run your business more efficiently, and produce a better bottom line.

Change is inevitable, but can be made a little easier if one pays attention to the following guidelines.

Have Clearly Defined Strategic Goals

What business do I want to be in five years from now? What will my business model be at that time? Since investment decisions, human resources planning, and technology choices are all driven by the strategic plan, make sure you have a clear idea of what you want to achieve.



Be Proactive

Leadership comes from the top – that’s you. Start the process, assign responsibilities and get going. Make sure your production and sales managers provide you with concise and timely information about quality control and customer satisfaction. Project progress will create an appetite for progress and permit changes to be made while ensuring the target is kept in sight.

Don’t Try to do it All Yourself

To go it alone is to set yourself up for failure. Not only will the project become bogged down while you stop to deal with operational matters, but, you will almost certainly lose heart and fall short of your strategic goals. Find people within the organization or hire consultants with the competencies you lack. The role of consultants is not to run your business but to provide a menu of solutions to specific problems and move the project forward. Whether the problem is a new marketing campaign or a revamping of HR policies, management should involve people who solve problems as quickly as possible.

Recognize Change as a Constant

Solving today’s problems with little regard for the future is a short-term view and creates the risk you may lose sight of your strategic goals. Businesses and their support systems are too complicated and expensive to be dealt with all at once. When embarking on change, document the specific areas in your business, such as administration/bookkeeping, HR, workshop/factory, or technology and develop a plan to review each on a cyclical basis knowing that upgrades will be required.

This approach will ensure that:

- All areas move forward;
- The interdependence of all sectors within the business is recognized;
- Employees know they are working for a common goal; and
- Investment and human resources requirements for the strategic plan will always be kept in sight.

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Make Change User Friendly

Whether the change is as simple as starting to pay employees by direct deposit instead of by cheque or as complicated as setting up a new pricing system within inventory, never forget the end user. Failure to ensure seamless change will have an immediate negative impact on users who are naturally resistant to any change. Then, when the future dictates the need for additional change, resistance will increase.



Check Your Sources and Resources

Whether the change involves moving, hiring staff, purchasing new equipment or taking on new suppliers, make a due diligence investigation. Check references, visit sites that use the equipment, interview customers of the prospective new suppliers. These checks will help determine whether the job can be done and what ongoing support will be available if upgrades are needed or breakdowns occur.

Be Aggressive

Once change is decided upon it must be pushed aggressively. If timetables and expectations of management, staff, contractors, and suppliers are not supported with training programs; if testing is not scheduled; if dates and arrival times are not scheduled; chances are the enthusiasm for change will wane as people are struck half in the old and half in the new. The anxiety created will result in frustration and undoubtedly lead to decreased productivity.

Management's responsibility is to manage. When management takes charge of change with a clear purpose and a strong support team, change will be viewed as part of strategic business development and welcomed.

A caution for landlords of non-residential properties

Owners of commercial and industrial properties often lease them on a net basis to tenants under terms which require the tenant to pay such GST-exempt costs as property taxes and insurance for which the landlord is legally responsible. These items are as much a part of the consideration for the use of the property as the net rent payments which the tenant remits directly to the landlord. *Accordingly the landlord must collect and remit goods and services tax on both the cash rent and the extra payments which the tenant may be making directly to a municipality or insurer.* Failure to collect and remit the tax on the full amount of gross rent exposes the landlord to penalties and interest. These costs of such a mistake will be greatly increased from July 2010 if, as expected, Ontario sales tax and GST will be blended into a combined 13% harmonized sales tax as announced in Ontario's 2009 provincial budget proposals.

Home Renovation Tax Credit

The January 27, 2009 federal budget introduced the Home Renovation Tax Credit which provides for up to \$1,350 in tax credits per family. Now is the time to track these expenditures and ensure appropriate receipts are available to support your claim. Enclosed with this issue of *Navigator* is a worksheet (and explanatory notes) which you can use to track your qualifying expenditures. [This form is also available on our website www.sterncohen.com in the “News and Views” section.]



Laptops and Solid State Drives

By John Ko, IT Specialist

A computer system is only as fast as its slowest link. A fast CPU and plenty of memory is important, but if your hard drive is slow you can't expect blazing fast performance. It's like driving on the highway in a Ferrari, only to be stuck behind a Smart car.

Behold, the Solid State Drive (SSD), a new generation of hard drives. It is basically a lot of flash chips (like the ones used in your USB flash drive to store data) put together. With no moving parts, the SSD is ideal for laptops and small netbooks and are lighter and virtually silent. The newest performance SSDs are fast at reading and writing data, as much as 3 to 4 times faster than older laptop hard drives. An SSD also use less energy and therefore generates less heat.

The SSDs are substantially more expensive per unit of capacity than hard drives and laptop manufacturers will not give you the new performance SSDs so you will almost never achieve these speeds. In order to keep the cost low, they use the cheaper and slower flash chips, which is unfortunate. In addition, flash chips have a limited number of write cycles (limited life). Yes, even your USB flash drives are subject to fail in 2 years of regular use.

Hopefully, over the next few years, we'll see a boost in flash chip technology that would eliminate these problems and more.



What happens when you and CRA disagree?

When a taxpayer disagrees with the tax department's assessment or reassessment, the next step is to file a Notice of Objection. In 92% of these cases, the taxpayer, or their representative, are able to resolve the disagreement with an appeals officer. That leaves 8% to go to court. Of these cases the taxpayer wins 18%, gets some partial relief in 35% and **loses 47%**.