



"Building Businesses"

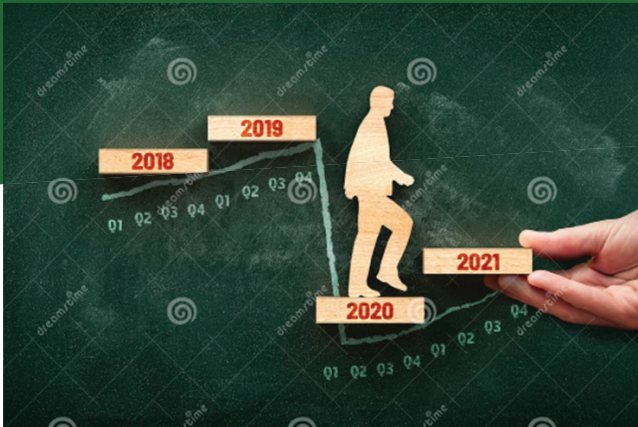
DPS Group LLP
Chartered Professional Accountants



Tips & Traps

January 2021

HARD LEARNED LESSONS FROM THE PANDEMIC KEY BUSINESS STRATEGIES FOR THE SECOND WAVE AND BEYOND



That phrase that you hear everywhere, by everyone "because of Covid" is true for everything. Some lessons have been learned during these tough times "because of Covid". Therefore, this just may be the opportune time for you to rethink your business strategies so that you can be ready for that second wave and beyond and to see if you can do things better.

Consider these key strategies going forward:

CONSERVE CASH— HOW?

Even if your business or practice is healthy and you're fairing okay so far, think about conserving cash for those tough times which might lie ahead for you if the pandemic drags on (and all signs are that it will).

- Those discretionary expenses – review and cut them back at least for now
- Use the Government Subsidies offered - take another look at the Covid-19 government relief programs at all government levels (not just federal) such as the Canada Emergency Business Account (CEBA), Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency rent Subsidy (CERS) programs
- Tax planning strategies – review and perhaps change your dividend/salary mix to reduce your overall income taxes and thus conserve cash
- Make adjustments to your corporate and personal tax installments - Review your net income for the current and next year and if you think your income will be lower than previously expected, reduce them accordingly.
- Reach out to your landlord to see if you can rework your lease to temporarily or permanently reduce your rent payments – landlords would rather help than see you leave.
- Pad your cash stores – liquidate investments to generate cash or rethink your investments to free-up some more cash for your temporary business needs.

FOCUS ON YOUR STAFF RELATIONS— HOW?

- Lead and communicate clearly and often with your staff – this stressful time is definitely not the time to go silent.
- Develop policies and procedures for staff and subcontractors to follow so that they feel safe and necessary. Whether you need to invest in more effective air filtration systems and other PPE (even under your own label) you should keep staff and clients top of mind.
- Understand and use the EI and the Canada Relief Benefit, and work-sharing programs as applicable.
- Seek professional advice as needed to understand current labour laws and what employers can and cannot do.
- As always, reward good work through recognition and compensation plans especially in these tough times to motivate and retain staff.
- Get creative—there are many things you can do to keep staff aligned with the business' goals.

The pandemic has focused all employers to think and to do things differently with their staff and their subcontractors. Whether you're adapting to having staff working from home, coming in part-time, work-sharing, or working with a full complement of PPE masked staff, you must focus on staff relations.



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REVISIT ALL DEBT ARRANGEMENTS — HOW?

Managing loans and debts should be top of mind now as these strategies could be constructed to help your business needs for the next 12 months and beyond.

- Be proactive - If you're having trouble or believe you may have trouble keeping up with your payments in the future, reach out pro-actively to your lenders to rearrange your payments. We can help you strategize the detailed conversation with facts.
- Reconsider lease versus buy decisions on equipment purchases – consider choosing the short term cash conservation option even if it might mean a bit more interest in total.

REINVENT YOUR BUSINESS OR PRACTICE — HOW?

Beyond just changing your business forecasts, now is the time to make those changes you were maybe thinking about but may have just not found that opportune time to act.

- STOP AND THINK—Step outside your business or practice and review it objectively and think what those big moves might be that will propel you forward.
- Do a SWOT analysis, take a hard look at your competition and where your industry is headed in this "new normal".
- Perhaps your business would benefit from a merger or acquisition, or a sale, or the development of a long-awaited patent, or an investment with a strategic partner to bring your own line of products to market, or the purchase of a property. Opportunity knocks—don't wait.



WE'RE HERE TO HELP— ASK US HOW

Whether it's assistance with the Covid programs, preparation of financial projections, bank financing, upgrading your accounting system, a succession plan or an expansion plan put to paper, we're here to offer solutions. We offer a full suite of public accounting services. If it's a quick chat or longer, numerous discussions or you just need a sounding board, we're ready to constructively listen and help.

PLEASE CONTACT US.

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