

ALL IN THE FAMILY

M A I N E

INSIDE

Non-traditional
retirement income
planning

Family Business:
Know your boundaries

Corporate and commercial
issues in family law

Advisory boards

COVER STORY

Cooper Wealth Management of RBC Dominion Securities

Celebrating their 50th Anniversary

Plus:

Profiles on family-owned
and operated businesses across
the Golden Horseshoe

Cover: W. Frank Cooper, B.Admin., FCSI, CIM, Associate Portfolio Manager (left)
and Trevor C. Cooper, B.Admin., CIM, FCSI, Vice-President & Director, Associate Portfolio Manager

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PUBLISHER'S NOTE



ADAM SHIELDS
PRESIDENT AND CO-PUBLISHER
BUSINESS LINK MEDIA GROUP

Due to the positive response to our first issue of All In The Family Magazine this past year, we're pleased to announce that we've decided to make this magazine into an ongoing publication.

For those of you that are new to the "All In The Family" experience, this is our bold attempt to profile some of the many successful businesses throughout the Golden Horseshoe area—and provide a number of tips that will help engage and educate today's business owners. In addition, we offer articles by many respected financial, legal and real estate experts on the issues of prime importance to the family-owned business sector.

As a family-run operation, we've always felt it's important to support the small and medium-sized businesses featured in these pages. If you'd like us to profile your family business in an upcoming edition of All In The Family, feel free to contact one of our staff at 905.646.9366.

We hope you enjoy our latest issue. **AITF**

PROFILES



- 5 -
JBM Office Systems Ltd.



- 7 -
The Accounting Place



- 8 -
Collins Concessions Ltd. and Candy by Katie



- 13 -
Between The Lines Family Estate Winery



- 16 -
Cooper Wealth Management
of RBC Dominion Securities



- 19 -
Peninsula Flooring Ltd.



- 21 -
La Cascada Day Spa



- 23 -
Ken's Salvage



- 30 -
Konzelmann Estate Winery

RESOURCES

6 Non-traditional retirement income planning

"...maybe the answer to the question 'do I have enough to retire?' needs to be looked at in a different way."

22 Family business: Know your boundaries

"While the boundaries between family and business must be differentiated, they should not be managed in isolation..."

ALSO

- 12 When to retire and/or sell
- 14 Corporate commercial issues
- 18 Why near-source your payroll
- 20 Employment agreements
- 24 Advisory boards
- 26 Water is the new fire
- 28 All in a family's numbers
- 30 Alternative financing options



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❖ John and Cindy Crossley, co-owners of JBM Office Systems Ltd.

JBM Office Systems Ltd.

The Crossley family has been serving Niagara's document management and office solution needs for 26 years—and counting.

Year Founded: 1987 | 905.641.4442 | www.jbm.ca | sales@jbm.ca
Location: 19 Hiscott Street, St. Catharines

BY SCOTT LESLIE

John Crossley, the president and co-owner of JBM Office Systems, has learned a lot of things over his 25-plus years in the office solutions business. Learning to settle for second best isn't one of them.

"We're always trying to do that little bit extra for our customers," he says of his family-run business. "We want them to rest easy knowing we have the selection and technical know-how to address their every concern."

It's been a long exciting journey for the award winning office solutions provider.

John graduated from the honours business program at Wilfrid Laurier University in 1986, and quickly landed a job with Johnston Business Machines in Brantford. At the time, Johnston was the top Harris/3M dealer in Canada and opened a new

branch office in St. Catharines. After a year, the previous owner decided to sell and John, looking to be his own boss, decided to take the plunge and purchased the firm outright in 1987. All he had was three employees, a modest office space and a burning drive to succeed.

"I had little sales experience," John admits, "but I was younger than my competitors. I was willing to try something new, especially if it would benefit our customers. We've always been open to new ideas."

One of John's first new ideas was marrying his wife Cindy in 1989, and she soon joined the family operation, first in an administrative role, and now as their vice-president of sales. Back in those early formative years, John, Cindy and their team mainly dealt with copiers, faxes, printers and typewriters.

In order to increase its level of selection, however, JBM began building new partnerships within the office solutions industry. In the late 1990s for

instance, JBM became the exclusive Neopost dealer in Niagara and Haldimand, and now offers everything from digital mailing machines and postage meters to folder-inserters and letter openers. JBM Office Systems also provides office furniture through their partnership with Calstone Inc., and recently partnered up with Docuware to distribute their lines of document management software.

Service is another big part of the equation. At JBM, keeping on top of all the latest changes in the industry has become a full-time job in itself. The Crossleys have five technicians under the leadership of Service Manager Jim Minda, and training normally takes up 20% of their time.

John says their drive for constant improvement has been a big advantage for them.

"We've been through three major recessions over the years," he explains, "but we have a very diverse customer base, and through it all we've become bigger and stronger, and branched out into places like Burlington and Hamilton."

The Crossleys operation has also expanded with their business. Their once humble location on Hiscott Street has grown from one to three units, and now includes 6,000 square feet of showroom, warehouse and office space. JBM has 16 employees on staff with more hiring expected in the near future. Many of their employees like Office Supervisor Elana Hunt and Wide Format Imaging Expert Rick Bush have been with the Crossleys for over 20 years.

Today, JBM Office Systems provides a wide variety of digital imaging equipment, whether it's colour multi-function products, Ricoh production printers, Fujitsu scanners, MICR laser printers, reconditioned digital copiers or wide format imaging products. They offer a full range of computer and networking solutions including servers, notebooks and tablets.

Over the years, JBM has been rewarded time and again for its sales excellence, receiving numerous President's Club Awards from vendors like Lanier, Neopost and Ricoh. In addition, JBM was recognized as Canadian Dealer of the Year with Lanier in 1995 and 1999, and the top dealer in Canada with Neopost in 2011.

The Crossleys take great pride in their awards—but to John and Cindy, their people will always be their biggest strength.

"We're a very close knit group here," John says. "We have a lot of expertise on staff and that rubs off with the other employees. They're the real reason we've had such a good reputation all these years." **AITF**





Non-traditional retirement income planning

"...maybe the answer to the question 'do I have enough to retire?' **needs to be looked at in a different way.**"



BY ALAN ROWELL MFA, DFA

Over the last 30 years business owners and individuals have been told over and over save for retirement, put your money into your RRSP and draw it down in retirement because then you'll have a lower tax rate. This plan hasn't really worked out that way, so now what?

Traditionally, Retirement Income Planning has been based on income—creating a large enough pool of money that will create investment income that funds our retirement, but maybe the answer to the question "do I have enough to retire?" needs to be looked at in a different way.

Corporate owner/managers have options. Because of the corporate structure, the Income Tax Act allows for what could be referred to as legalized "income splitting" which will allow income to be spread over multiple legal entities, resulting in lower marginal tax rates. Since taxation is the single largest cause of wealth erosion in Canada, the differences in the ability to retain wealth can be huge.

Personal / Corporate taxation

Since 2000, the corporate tax rate for small business in Canada has dropped dramatically—almost 50% depending on the province you're in. Over the same time frame personal tax rates have remained essentially the same. In Ontario, assuming the highest tax bracket, this means that 46 cents of every dollar earned personally goes directly to the government.

On the other hand, corporations, on the same amount of earnings, will only send 15 cents to the government. This means that the business owners, by saving funds for retirement within their corporate structure are actually retaining 31% more than the individual. Compound this over a number of years and it doesn't take long to add up.

Corporate structure

The Income Tax Act imposes restriction on paying wages to family members. In short, the legislation requires that the family member earns the same amount that a non-related person would earn for doing the same function.

There is no such restriction on dividends. Income splitting by way of dividends through the family business is one of the easiest methods of reducing taxes and retaining wealth.

By creating and issuing preferred classes of shares in the corporation to the spouse and adult children, income splitting can be beneficial. By having different classes for different family members the owner/

manager can control the amount and timing of dividends paid out.

For Example: Your adult child needs \$10,000 for tuition fees. By issuing a dividend to the child of \$10,000 the child will pay zero personal income tax on the amount and the owner/manager will not need to have this amount added to their personal tax return.

Controlling income

At a personal level income taxes are paid at the highest marginal rates of the individual. In other words, the individual at the end of the line pays the greatest percentage of tax on income. By controlling when and how income is actually reported on the personal tax return, taxation can be controlled and reduced, but it all comes down to structure and management.

"Real" wealth management

Wealth management has long been defined as the accumulation, growth preservation and transitioning of wealth. Accomplishing this after taxes, after costs and after inflation is "real" wealth management. Talk to us. **AITF**

Alan Rowell, MFA, DFA is a tax services specialist and president of The Accounting Place located at 154 Grays Road, Stoney Creek. For more information, please call 905.664.1010 or 1.866.938.1010, email info@theaccountingplace.net or visit www.theaccountingplace.net.



❖❖ Tax service specialists Shawn Rowell, DFA (left), and Alan Rowell, MFA, DFA.

The Accounting Place

Stoney Creek's savvy tax experts have helped individuals and business owners save thousands of dollars in taxes.

Year Founded: 1999 | 1.866.938.1010 | www.theaccountingplace.net
info@theaccountingplace.net | [@accountingplace](https://www.facebook.com/theaccountingplace)
www.facebook.com/theaccountingplace | Location: 154 Grays Road, Stoney Creek

BY SCOTT LESLIE

The average Canadian spends nearly half of their income on various taxes. That can be a heavy burden on anyone. But it's also one that can be made lighter with the expert advice of the taxation specialists at The Accounting Place—a company that provides a range of financial services including wealth management, accounting, and corporate and personal taxation. Over time, the Stoney Creek firm has helped countless individuals and small business owners save hundreds of thousands of dollars on their income taxes.

The Accounting Place's standing in the industry is certainly well-deserved, having been built up over many years of care and perseverance.

After working in the taxation and financial services field for 35 years, owner Alan Rowell launched The Accounting Place back in 1999. At the time, there was just himself and an assistant. It was a very small

operation with about 40 accounts all told. As time wore on, however, Alan was able to attract a core of loyal employees that provide their clients with a level of comfort and consistency year after year.

"We've been real lucky," he says. "We have employees that have been with us for six years or more now. We're able to keep staff year round as well. With our growth, we don't have seasonal employees anymore."

One of the most important additions to the team has been Alan's son Shawn who began his career with The Accounting Place in 2006. Always dedicated to his craft, Shawn obtained his Distinguished Financial Advisor designation with honours in 2007 and is currently working toward his CGA designation.

At The Accounting Place, Alan and Shawn and their staff have built up a solid reputation for translating complicated tax legislation into layman's terms. They also won't hesitate to dig deeper for their clients and ask the Canada Revenue Agency for clarification when the situation calls for it.

"We make things simple for people to under-

stand," Shawn says of their clients. "The more they understand—the better off they'll be."

In Shawn's case, he works as a tax service specialist, making sure each client receives clear, tax advice that's perfectly tailored to each client's situation—whether it's a small business or a big operation. Shawn also helps run the firm's day-to-day operations while Alan is out of the office.

Over the years, Alan has become a nationally-recognized tax services specialist, often appearing in the media in places like The Financial Post, The Globe and Mail and CHCH-TV. Alan is a faculty member of The Knowledge Bureau, and often presents tax training seminars coast-to-coast—a practice that has helped him build important connections and attract more client work for the firm.

Alan says connections are a big part of their success.

"No one can be an expert in all areas of financial services," he says. "We specialize in taxation. But we also work with a team of experts including financial planners, lawyers, and insurance representatives."

Like many father and son teams, Alan and Shawn are always preparing for the day somewhere down the road when Alan decides to step back from the



❖❖ Alan Rowell founded The Accounting Place in 1999.

family business. But no matter what the future may bring, one philosophy will always stay the same at The Accounting Place—and that's the commitment to serving their clients to the best of their ability.

Shawn says it's a role that brings them no small amount of pride.

"I recently did one assignment for an elderly couple that were on disability," he says. "I got them an awful lot of money back. It's great being someone they can trust. Helping people is one of the most enjoyable parts of our job." **AITF**





❖ Tom Collins, owner of Collins Concessions Ltd., with daughter Katie Collins, owner and creative director of Candy by Katie.

Candy by Katie and Collins Concessions Ltd.

Katie Collins and her father Tom are tasting some sweet success with their two confectionary businesses.

Candy by Katie Year Founded: 2011 | 905.650.9578 | www.candybykatie.com
info@candybykatie.com | @CandybyKatie | Like Candy by Katie on Facebook
Location: 6380 Fallsview Boulevard, Niagara Falls (Inside Fallsview Casino Resort)

Collins Concessions Year Founded: 1966 | 905.357.0387 | Location: 8621 Earl Thomas, Niagara Falls

BY SCOTT LESLIE

Everybody loves sweets—and that goes double for a candy professional like Katie Collins. Katie is the owner and creative director of Candy by Katie in Niagara Falls—an edible design company specializing in sweet tables, candy displays and personalized party favours.

She says candy-making is one of the best ways around to make a living.

“Candy is colourful,” Katie explains. “It’s such a pleas-

ing experience for people. You never see anyone angry at a candy store. They’re always enjoying themselves.”

In many ways, candy is in Katie’s blood. Her parents Tom and Yvonne have operated a successful fudge and confectionary company in Niagara Falls for almost 50 years now called Swiss Fudge.

But Katie wasn’t always so sure the candy-making business was right for her. In her twenties, she spent some time away at university before moving to London, England to attend teacher’s college. Two years later, however, Katie was getting homesick and decided to move back to Niagara Falls.

Back home, she began hanging around her family’s business again, wondering which way to turn with her life when an idea suddenly fell in her lap.

“My parents were selling these candy kabobs from a supplier,” she explains. “I was really embarrassed by these things so I decided to try making some myself. I ended up doing really well. My new Katie Kabobs were so popular, people started asking me—what else do you do?”

Over the next several months, she would start up “Candy by Katie”—and began wholesaling a series of confectionary products such as gourmet Belgian chocolate bark, chocolate covered pretzels rods, and marshmallow pops.

In 2011, however, Katie came upon another new idea. She noticed an article in a decorating magazine about putting together edible design tables for special occasions, and decided to try it out in the Niagara area.

“I did a table up for a friend’s wedding—and my business just exploded!” she says. “I was getting calls all over the place for sweet tables. People really fell in love with the idea.”

With Candy by Katie, a table can feature a wide variety of taste treats including candies, cake pops, candy apples, chocolate lollipops, licorice, caramel corn, and chocolate-dipped marshmallows. All of Katie’s candy products are sourced from quality...

Continued on page 10



Candy by Katie

Love is Sweet

Candy by Katie is an edible design company that specializes in creating whimsical candy stations, one of a kind dessert tables and personalized favours to celebrate life's special moments.

xo katie

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❖❖ "I love having the opportunity to be creative and make people happy at the same time." – Katie Collins

Continued from page 8

...suppliers in North America and Europe while the dessert items are made fresh in-house. No table is ever the same with Katie. She'll often change her displays up, incorporating a number of little touches like a model airplane or old-fashioned candy jars.

Katie's one-of-a-kind tables can be designed around any special occasion including weddings, showers and family birthdays. But she can develop candy tables for a wide range of holidays too, whether it's Christmas, Easter or Halloween.

Katie says her clients are really taken by the novelty of her "candy stations."

"People love sweet stuff," she explains, "and the tables are a great place to mingle and add a bit of fun to any event. People are attracted to the bright colours."

Thinking Big

As you'd expect, Katie's father Tom is no stranger to success in the confectionary business.

Born and raised in Niagara Falls, Tom first started making fudge at a local candy factory as a summer job back in 1964. The candy-making business appealed to him and two years later, he founded Collins Concessions, renting a dairy bar where he could focus on his specialty—making quality homemade fudge.

Tom would soon open a head office on Earl Thomas Avenue in the Falls, and gave many Niagara residents their first summer jobs over the years. Even his

wife Yvonne would come on board, helping out with their fudge-making operation. A talented seamstress in her own right, she would make many of their company's first staff uniforms.

As time wore on, however, Tom started thinking beyond Niagara. He began opening up small concessions at fairs and tourist attractions across North America. And the idea would pay off big. Tom ended upselling fudge and confections at outlets as far away as the West Edmonton Mall and at such major events as Expo '67, Expo '86 and the Daytona 500.

At Tom's peak in the mid-1980s, he was running 20 stores across the country and had over 800 employees. Like his daughter, Katie, would years later, however, Tom would take some time to reflect on his situation.

"In the late 1990s, I decided to slow down a bit and think of retiring," he explains. "But then the Fallsview Casino came along and I was asked to open up a new store there—so I jumped at the opportunity."

Open 365 days a year, Tom's Swiss Fudge store has become a thriving outlet's in the casino's retail area. Of course, one of their popular products is their premium homemade fudge. Using fine ingredients and no preservatives, Tom's staff cooks and prepares their fudge in copper kettles before heating it in cast iron stoves. The store sells 17 different kinds of fudge which are made daily in the front window where customers can watch.

But Tom offers much more than just fudge. Their stock includes a wide assortment of handmade confections including truffles, chocolate licorice, peanut butter cups, polar paws, and chocolate brittle. That doesn't include their large selection of imported candies and chocolates from places like France or England or their specialty items like salt water taffy, maple ice wine cookies and gift baskets.

The Swiss Fudge store has been open for ten years now, and Tom says they're always looking for ways to improve on their quality and selection.

"We have one of the nicest candy stores in Canada," he says. "We must get 20 compliments a day."

Something Special

When it comes to Candy by Katie, Katie's starting to follow in the footsteps of her successful father lately.

Working under the same roof as Collins Concessions, she keeps busy with the wholesale end of her business during the week. Weekends are another story. Katie and her staff cater special events throughout Niagara and up into Toronto, sometimes doing as many as five to six assignments per weekend.

Since Katie launched her candy table idea two years ago, she's been inundated with orders. The wedding season is typically her busiest time of year—and she already has customers lined up as far ahead as 2015.

Word of mouth and social media have been a big help in spreading the word about Candy by Katie. She recently made the "Glitterati" list in the pages of WedLuxe Magazine—a list that recognizes trendsetters in the Canadian wedding industry, and has been featured on www.stylemepretty.com—a prominent on-line wedding blog.

In the new year, Katie's even looking at starting up a new on-line store where she can sell "do-it-yourself" table kits to a worldwide audience.

And she's excited about her prospects for the future.

"I'm really passionate about what I do," Katie says. "I love having the opportunity to be creative and make people happy at the same time. I'm excited coming into work every day—and not everyone can say that."

Katie feels one of the big pluses of her business is getting the chance to work with her family. At the age of 65, Tom is still in the office every day at Collins Concessions, keeping busy with his Swiss Fudge store and retail end accounts while Katie works nearby at her wholesaling and special event orders.

"We're two very different people," Katie says of herself and her father, "but he's a great resource. He knows everything about the business. I don't know how many times he's helped me out or pointed me in the right direction."

In Tom's case, he's just as proud to see his daughter come so far in the business so fast.

"It's really impressive what she's done," he says. "She's taken things a notch higher." **AITF**

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When to retire, when to sell and when to plan for sale

"Philosophically-speaking, the decision to retire and the decision to sell are two separate decisions. Practically and emotionally speaking, the decisions are normally related."



BY BRUCE HORSLEY CPA, CA, CBV, CEPA

The decision to retire is a very personal decision often based on age, health, level of satisfaction at work, the alternatives available for the owners' time, and potential pressures from the spouse. Philosophically-speaking, the decision to retire and the decision to sell are two separate decisions. Practically and emotionally speaking, the decisions are normally related.

We've noted the following reasons for an unplanned for retirement / sale date being:

- ✦ death
- ✦ major shareholder disagreement
- ✦ sudden health problems (i.e. the doctor says stop today)
- ✦ required divorce settlement requirements.

We have noted the following reasons for a planned for retirement / sale date:

- ✦ you see an economic downturn coming
- ✦ you are in bad health which is expected to continue
- ✦ you need cash for other purposes
- ✦ you want to spread your investment capital into a more diversified from a risk situation
- ✦ you want to maximize the value received for the business and now is the best time to sell
- ✦ you foresee major changes in the industry or technology, requiring that major long term commitments be made and the owner believes the person making this decision should be the person that's going to have to live with the decision.

The least understood result of retiring / selling out is the psychological impact of a life change. By nurturing customers, suppliers and employees through good times and bad, living with the ups and downs of cash flow from the business, and trying to be fair to everyone, business owners often end up regarding the business—not as a business—but as a way of life. Often there's a very real fear of the unknown, and what to do next.

Assuming the owner / manager can eventually come to grips with the situation and decide to sell, the value of the business can be maximized through an organized and planned sale. Certain owners never make this decision. The estates are then left with the problem of disposing the business in a forced sale situation at a distress sale price or the spouse is left trying to manage a business.

Pre-Sale Planning and Timing

When you've decided you want to sell, you're ready to make use of another's expertise, advice and opinions. You may need about three to five years to plan...

Continued on page 25



Between The Lines Family Estate Winery



The Wertsch brothers are focused on building a reputation for premium quality wine at a great price.

Year Founded: 2009 | 905.262.0289 | www.betweenthelineswinery.com
lisa@betweenthelineswinery.com | [@BTL_Winery](https://twitter.com/BTL_Winery) | [f](https://facebook.com/BetweenTheLinesWinery) Between The Lines Winery
 Location: 991 Four Mile Creek Road, Niagara-on-the-Lake

BY LISA SUÁREZ

One of the newest wineries in Niagara-on-the-Lake is building a reputation on how wine is produced and sold in Ontario. Between The Lines Winery is new, but the two men who built it have lived and worked in wine for more than 15 years.

After visiting Niagara in 1995, the Wertsch family including two brothers (Greg and Yannick) decided they would bring their wine growing experience to Ontario—a region they believe is ideal for growing quality wine grapes. In 1998, the family purchased a 45-acre farm on Four Mile Creek Road in Niagara-on-the-Lake. They began with the renovation of the vineyard. They pulled out most of the hybrid vines and replanted them with European varieties. Once the fruit was ready, they began to cultivate relationships with many of the estate wineries in the region.

The winery story began, ironically, when Greg and Yannick decided to pursue interests outside of farming. Yannick was looking into computer programming. Greg focused on microbiology. But the older brother found himself in his first year at university thinking about the farm and its potential. Their success as growers gave them a strong base in the wine industry. So, why not make wine themselves?

Yannick had been dabbling in home winemaking. Together they decided to create a plan to gather as much education as possible before jumping in.

In 2004, Greg set off for Geisenheim University in Germany and the heart of cool-climate viticulture



❖ Yannick (left) and Greg Wertsch.

in Europe. He completed a degree in wine economics. While Greg was in university in Germany, Yannick focused on winemaking. He enrolled in the grape and wine technology program at Niagara College. With his first diploma in hand, he left for Germany in 2008 for an intense winemaking program in Weinsberg, Germany. In 2009, while Yannick was finishing his last year, Greg returned to Canada and began making their first wine and set up a retail space in the family's barn.

Since then, Between The Lines has focused on differentiating itself with a wine style it believes will help Ontario build a reputation on premium quality wine at a great price—a difficult task for a small winery in a field of producers with large capacities and big budgets. This challenge was not made easier by a monopoly retailer. The brothers then turned to other markets outside of Ontario to help grow their business including sending ice wine shipments to China.

This past November the winery turned three years-old. Visitors who come to the winery often remark how deliciously different the wines taste. Greg and Yannick's approach is simple. They want a comfortable and easy atmosphere. They've leveraged their small business, go-local attitude into a very unique experience for visitors while building on intense word of mouth chatter and free media interest. Today, they're producing more than 5,000 cases. The wines are available at the winery and restaurants. A new online store launched in November will also allow anyone in Canada to buy their wines and have it shipped to their doorstep—a sales channel they plan to cultivate for years to come. For the brothers, this is just the beginning. The goal is to make Niagara wines available to everyone in Canada and around the world. **AITF**



Corporate commercial issues in family law

BY MARTA SIEMIARCZUK

When people get married, choose to live together in common law relationships, or when they separate from their married or common law spouse, corporate and commercial issues can often come into play. If you or your spouse has an interest in a corporate entity you should make sure to seek advice from a family law lawyer experienced in corporate and commercial issues facing spouses, some of which are discussed in this article.

Jointly Owned Corporations (The Family Business)

If you and your spouse have an ownership interest in a privately held corporation (the family business) you either own it on the basis of a 50/50 share holding, or one of you owns more than 50% of the shares (majority interest) and the other owns less than 50% (minority interest), or you may own it with another individual(s).

In the case of 50/50 ownership, both spouses have an equal say on decisions affecting the business unless they have a shareholder agreement saying something to the contrary. In the context of a separation, this can result in deadlock and problems keeping the business running smoothly and profitably. It can also create problems if the time comes for one spouse to walk away from the business and the couple is faced with sorting out who will keep the business if both spouses want it or whether it simply must be sold or wound up. Determining this either by agreement or court order can be a very complicated matter and may involve a great deal of analysis of the spouse's roles in the business. Some spouses ultimately choose to continue joint ownership, and in those cases, thorough shareholder agreements ought to be put in place to deal with possible future conflict, job security, etc., and may impact the ultimate result of how the rest of the parties' assets are divided if the spouses are married.

In situations where one spouse owns the majority of the shares and the other has a minority shareholding, problems of shareholder "oppression" can often arise. This is when the majority shareholder conducts the business in a way that is oppressive to the interests of the other minority shareholder spouse—for example, not paying out dividends or reducing or eliminat-

ing salary and job functions, not disclosing financial information, or managing the business operations in a manner that does not protect the interests of the minority shareholding spouse.

While the courts can help shareholder spouses in these situations through remedies under the Family Law Act of Ontario and the Business Corporations Act, the remedies available from a court may be very costly to achieve through the litigation process. It is precisely for such reasons that no matter how solid your marriage or common law relationship is, spouses should have a cohabitation agreement or marriage contract, or a shareholder agreement that deals with exactly these sorts of matters and was drafted with the spousal relationship, and family law legislation in mind. Without one, the consequences can be devastating to the business and the spouses.

Division of Assets Between Spouses and Valuation of Shares

There are also valuation issues which come into play when spouses are separating and dividing property. In some situations, courts have discounted the value of a spouse who owns a minority number of shares on the basis that a shareholding in a privately held corporation which does not amount to a controlling interest has little value on the open market. This can be particularly problematic if one spouse has a minority interest in his or her family's business with other relatives. The following is an example: Bill and Pat are married. Bill owns 20% of the shares in his uncle's company. For years the plan was that Bill would ultimately take over his uncle's business and that time is coming up soon. Bill and Pat separate and are in the process of valuing their respective assets to address property division issues. Bill says his shares are worth very little because no one would buy them and Pat says that Bill's shares are valuable because essentially, the business is about to become his. In certain situations, the court may value Bill's shares at less than 20% of the value of the entire business specifically because no third party would ever actually buy Bill's 20% shareholding in his uncle's company. This means that Pat may receive less than anticipated through the division of property process due to Bill and Pat's marriage breakdown. In other circumstances, the court may determine that Bill's shareholding is actually worth 20% of the value of the business. A similar issue can also present itself where both spouses own shares and one spouse is buying the other spouse's shares and what value should be ascribed to each spouse's shareholding.

The analysis is extremely fact driven. The reality is certainly not as simple as outlined here but these are examples of valuation problems for which sound legal and likely accounting advice will be crucial.

Income Determination Issues for Child and Spousal Support

Another common issue which separating spouses are faced with involves the determination of one spouse's actual available income from a privately held corporation which he or she controls. If you earn income through your own corporation and pay yourself a salary, that salary may not be a true reflection of income available to you for purposes of determining your spousal and/or child support obligations to your former spouse.

It is very common for business owners to retain money in a corporation. This is primarily a tax planning measure and there is nothing wrong with doing so. However, what works for the Canada Revenue Agency and accounting purposes may be far from what is appropriate in a family law situation where support is an issue.

With respect to child support, the Child Support Guidelines include specific provisions allowing for attribution of income to a support payer at a level higher than his or her historical salary and dividend income. Moreover, as concerns the issue of spousal support, courts have determined that the income determination provisions of the Child Support Guidelines should equally apply to the spousal support context as well. Therefore, if a spouse with a support obligation habitually maintains earnings within his or her corporation, those "retained earnings" may (and likely will) be added into that spouse's income upon which his or her child or spousal support (or both) obligation will be based, unless there is good reason why the company must maintain retained earnings for, as an example, cash flow purposes. There is also the problem of personal expenses or benefits which are flowed through a corporation. This again happens regularly. Depending on the nature of the business, shareholders often derive benefits which must be valued in the context of income determination. Experts, such as accountants and business valuers have to be retained to assess what is and what is not required by the company in the way of retained earnings to meet the corporation's financial needs versus what retained earnings ought to be added back to the payor spouse's income for support purposes, and what expenses ought to be added back into the payer's income for support purposes.

This article is but a snapshot of corporate and commercial issues which can be faced by parties who are in spousal relationships, separating or not. The circumstances of each business and spousal relationship must be considered which is why it is so crucial to obtain solid legal advice whether you are starting a new relationship or business with your spouse or whether you are separating. **AITF**

Marta Siemiarzczuk is a family law lawyer with Nelligan O'Brien Payne LLP. You can reach Marta by email at marta.siemiarzczuk@nelligan.ca or visit www.nelligan.ca.



let it **SNOW**

COAST TO COAST DEALER SERVICES INC.,
HAS IT COVERED

Ontario, December 1, 2013

As 2014 nears, Coast To Coast will reach its 24th year and continue to be an innovator in the automotive after-market industry.

HAMILTON, December 1, 2013 – Coast To Coast was incorporated in the Province of Ontario in 1990. From modest beginnings a small but dedicated group of entrepreneurs began providing niche mechanical breakdown protection services to franchise and independent automotive dealers. By 1996 the company had achieved considerable success in Ontario and had expanded into Canada's Eastern and Western Provinces. A decade later, Coast To Coast enters the U.S. market and is licensed in 48 states. Over the next 15 years Coast To Coast continued to provide innovative dealership products and software solutions for its growing dealer network.

Innovator and Founder, Bill Wereha began his career working in sales and management before entering the automotive industry in the early 1980s. He and his brother Nick, owned and operated a Hamilton car dealership and gained valuable experience and respect in the industry before launching Coast To Coast Dealer Services Inc. in 1990.

"During my early career, I always noticed how important it was to care about the customer and to deliver a first-class experience. By the late 1980s, I also began to realize that dealerships were being under-serviced when it comes to the aftermarket industry. I felt there was a gap that needed to be filled and that's where Coast To Coast came in."

Coast To Coast products are fully insured through Assurant Solutions Canada. "Acting with integrity is the foundation of our company. It is the fabric of our organization of associates. Our business strategy is very effective, but it is complex to deliver. Our success depends on the coordinated efforts of all of our associates. Each associate, regardless of where in the organization they work, play a critical role, that when linked with the efforts of others, creates our unique total solution and delivers value for our clients." Steve Phillips Regional Director Canada/Europe

Coast To Coast Dealer Services Inc. is committed to providing the innovative products and services required to enhance the professionalism and profitability of our associated industry partners. With this in mind, Coast To Coast is offering a unique opportunity for all Dealerships across Canada. The "Let It Snow" promotion running this winter, from December 1 to March 31, 2014 is an exclusive opportunity available to Coast To Coast supporters only. Speak with your local Coast To Coast Dealership Representative to find out more details. If you would like to partner with Coast To Coast please call 1.800.387.0119.



COVER STORY

Right on *the Money*

Veteran financial advisor Frank Cooper celebrates 50 years of serving Niagara—and beyond.

❖❖ From left to right: Mira Bucciarelli, Associate Advisor; W. Frank Cooper, B.Admin., FCSI, CIM, Associate Portfolio Manager; Walter Harmidarow, CFP, CIM, FCSI, Vice-President & Portfolio Manager; and Trevor C. Cooper, B.Admin., CIM, FCSI, Vice-President & Director, Associate Portfolio Manager

Cooper Wealth Management

of RBC Dominion Securities

Year Founded: 2001 | 1.800.263.7200 | www.cooperwealthmanagement.com | trevor.cooper@rbc.com
Location: 63 Church Street, Suite 306, St. Catharines

BY SCOTT LESLIE

Frank Cooper can look back on his career with a tremendous feeling of accomplishment. An associate portfolio manager and the co-founder of Cooper Wealth Management of RBC Dominion Securities, the St. Catharines resident has spent the past 50 years in the investment industry, building people's financial lives and giving them a sense of security.

"It's been years and years of hard work," he admits, "but it's always interesting. It's a tough business sometimes. But success all comes with the attitude. You have to expect to succeed."

In many ways, Frank's investment career all started with a trial by fire.

In August of 1959, Frank's father died when he was just 20-years-old. At the time, Frank's family owned a small chain of drugstores in the Acton area. As an only child, Frank quickly realized he would need to help support his mother financially and see that the business was properly looked after. After a little soul-searching, Frank moved to Toronto that September to pursue a business administration degree at Ryerson College.

Frank soon learned something from his days at Ryerson—he was in love with the financial industry. Following his graduation, he honed his skills by working as a stockbroker at Ross Knowles & Company—a financial advisory firm in Toronto. Frank eventually decided to start up his own practice in St. Catharines in March of 1964. With the support of his new wife Beverley, Frank quickly built up a large portfolio of clients.

Over Frank's career, there have been many changes in the industry. But one thing has always remained the same with him—and that's his way of working with a client. Frank's knack at building a sense of trust has put him in good stead over the years.

"Everybody comes with their own set of rules," he explains. "You have to figure the client out, what they need, and how you can make it happen. It's a combination of listening to the client and knowing the math. You have to tell them—'Okay, here's how you get there.'"

Family Matters

Frank was pleased when his son Trevor decided he wanted to get into the business—without any prodding from his father.

"I had a laser focus when I was 22," Trevor admits. "I knew exactly what I wanted to do—but I had to prove myself."

After graduating from Brock University, Trevor moved away to Hamilton and began working at RBC Dominion Securities in wealth management where he built his own very successful professional practice.

By 2001, Trevor had a vision for the future direction of the practice and he saw the industry was moving toward a more integrated advisory approach. Through his connections, Trevor had met Walter Harmidarow, who was working as a portfolio manager with one of his competitors. Trevor, Walter and Frank all decided to join together, founding Cooper Wealth Management at RBC Dominion Securities in the fall of 2001.

"I knew someday we'd put the businesses together," Trevor says of their new team. "It was really time at that point."

His father was in perfect agreement.

"Walter's sophisticated portfolio management skills were a welcome

addition to the team," Frank says. "There was a lot of hard work early on—but everything's worked out tremendously."

Trevor has led Cooper Wealth Management of RBC Dominion Securities with a focus on business development, managing relationships and coordinating the financial affairs of various entrepreneurs, family businesses and high net worth individuals. Cooper Wealth Management of RBC Dominion Securities offers its expertise from two offices in Hamilton and St. Catharines. In addition to providing portfolio and wealth management, the Cooper team offers a wide range of services such as estate planning, insurance and family business transitioning, and has access to a variety of banking products through RBC. Frank now provides a strong supportive role to his son's leadership.

However, Trevor feels he's still learning from his father's example.

"My dad's an ambassador," Trevor says. "He's had such a long standing in the community and provided the solid foundation we needed to build the business. He draws an energy from seeing our clients succeed."

The partnership has grown dramatically in the past decade. Since 2001, Cooper Wealth Management of RBC Dominion Securities has doubled its staff and tripled its business, now managing approximately 2,000 clients and 8,000 accounts. The Cooper team still deals with many of the same clients Frank started out with—although now they're also dealing with their children and grandchildren.

The firm has clients all over Canada, and the Cooper team continues to grow its business, actively taking referrals and seeking new clients.

A Solid Foundation

Client work is one thing—but it's been a Cooper tradition to help people out in another respect—by supporting the community.

During his early career, Frank fundraised for several infrastructure projects in Niagara like Brock University and the Bill Burgoyne Arena. Now Frank, Trevor and Walter carry the same philanthropic spirit, making substantial contributions to various organizations by continuing to support Brock University, and sponsoring various golf tournaments and sports teams. The Cooper team recently lent a hand with the "It's Our Time Campaign," helping raise \$40-million for the new St. Catharines General Hospital. Trevor co-chaired the initiative and was also the past chairman of the St. Catharines General Hospital Foundation.

"You can't take anything for granted," Frank says of his work in the community all these years. "You have to make sure you help out everyone you can, and do the right thing."

This year, Frank and his wife Beverley are celebrating their 50th wedding anniversary, and remain deeply devoted to their two children and four grandchildren which are their pride and joy.

Just don't ask Frank about retirement. He's having so much fun coming to work each day—the thought just isn't on his radar. **AITF**



RBC Wealth Management
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Cooper Wealth Management
of RBC Dominion Securities

RBC Dominion Securities is a member of the Canadian Investor Protection Fund.

Why near-source your payroll?

"You can save time, money, and frustration by hiring a Canadian company to do your payroll and related tax compliance for you."

BY RYAN TISDALL

The small business owner who handles his or her own payroll knows two things: first, it's a lot of work and one mistake can mean a lot of costly recompense; second, if you pay someone in-house to do it, that becomes expensive very quickly. Many small business owners are reluctant to outsource, however, having visions of frustrating and confusing attempts to communicate with someone overseas.

That's where near-sourcing comes in. You can save time, money, and frustration by hiring a Canadian company to do your payroll and related tax compliance for you. A near-source provider can help manage your time by allowing you to concentrate on your revenue-generating tasks so you can keep your business growing.

With a payroll services company, you eliminate the costly need for in-house accounting on your weekly, bi-weekly, or monthly payroll as well as your regulated tax filings and reporting. If you've ever done your own payroll, you know that missing deadlines with the provincial or federal government can mean costly fines. Outsourcing to professionals means this won't happen.

The time savings alone often makes near-sourcing payroll a boon to any business owner. Small business owners already have a lot of responsibilities and demands on their time. Giving over non-value-added tasks to professionals so that you can spend more time selling your products, servicing your customers, or just at home with your family is one of the best benefits of outsourcing.

The small business also gains a "big business" advantage by near-sourcing their payroll department. Many of the services that big businesses take for granted with their dedicated payroll and human resources departments can be had thanks to a professional outsourcing firm. Since these outsource professionals do nothing but payroll and because they do it for many businesses, they can scale your services for you much more affordably than if you were to do it in-house. You get all the perks and none of the costs.

When you talk to an outsourcing option, make sure that their services are based in Canada. Many firms also offer dedicated customer care representatives or even dedicated team leads for your payroll. That means someone you contact directly whenever you or an employee has an issue. Most of the better payroll service providers will accept any number of electronic filing methods, so you won't have to change how you record your time keeping or employee information. Reporting is usually done in real-time and includes full accounting for all filings with the government as well as both printed and electronic payroll stubs for your employees' records.

If you've been wary of outsourcing your payroll but have grown tired of spending your precious time or missing deadlines by doing it in-house, talk to a Canadian-based payroll services company today. Professionals like PayTrak offer the services you need at a price that saves you money. **AITF**

Ryan Tisdall is the sales manager for PayTrak Payroll Services. For more information please call 1.877.316.2999 or visit www.paytrak.ca.

What are alter ego trusts?



SUPPLIED BY
TREVOR COOPER

An alter ego trust is an inter-vivos trust created after 1999 by a settlor who is 65 years of age or older at the time the trust is created. Both the settlor and the trust must be a resident of Canada at the time the assets are transferred to the trust. The settlor must be entitled to receive all the income of the trust during his or her lifetime. In addition, no one but the settlor can receive or use the income or capital from the trust during his or her lifetime.

The ability to transfer assets to a trust on a tax-deferred basis is one thing that makes the alter ego trust so appealing.

Generally, when property is transferred to an inter-vivos trust, the transferor is deemed to have disposed of the property at its fair market value. This could result in immediate tax consequences to the transferor. However if you transfer your portfolio to an alter ego trust, your disposition price will be equal to your cost, which means that you will have no immediate tax consequences. The alter ego trust will inherit your cost base for the purpose of determining the trust's tax consequences when the portfolio is subsequently disposed of by the trust.

Generally an inter-vivos trust is deemed to have disposed of all its assets at fair market value every 21 years. This prevents a trust from accruing unrealized capital gains over a long period of time. However the 21-year deemed disposition rule does not apply to alter ego trusts. Instead, the first deemed disposition date for an alter ego trust is the date on which the settlor dies.

During the settlor's lifetime, income and capital gains earned in the alter ego trust may be attributed back to the settlor and taxed on his or her return. If, however, the trust is structured so that the settlor does not have any access to capital, it is possible to avoid income attribution. In this case,

the trust income and capital gains can be taxed in the trust at the highest applicable combined federal and provincial income tax rates.

When the settlor passes away, all of the property in the trust will be deemed to have been disposed of at its fair market value. This will trigger capital gains or losses which will be subject to tax at the trust's highest applicable combined federal and provincial tax rate.

One of the benefits of an alter ego trust is the reduction of probate tax. Assets that have been previously transferred to an alter ego trust will not form part of the estate assets and therefore are not subject to probate tax. This could result in probate tax savings if significant assets of value are transferred to the trust.

Any tax savings, however, should be weighed against ongoing costs for the trust as well as the potential for greater income taxes payable at death.

Other factors that may favour the use of an alter ego trust may include:

- ❖ the ability to provide for the continuous management of your assets in the event of incapacity or death;
- ❖ the possibility of protecting your assets from creditors and estate litigation; and,
- ❖ privacy and confidentiality in the administration of your assets on death.

Factors that make the use of these trusts less attractive may include:

- ❖ loss of the ability to create testamentary trusts, an income splitting tool for your beneficiaries;
- ❖ loss of control over the assets transferred to the trust;
- ❖ costs and time involved in the administration of the trust; and,
- ❖ the potential for higher income taxes at death.

As you can see, alter ego trusts have several advantages but may not be for everyone. You should discuss your particular situation with a qualified legal and/or tax advisor to see if these trusts are right for you. **AITF**

This article is supplied by Trevor Cooper, an investment advisor with RBC Dominion Securities Inc. Member-Canadian Investor Protection Fund.



❖❖ From left to right: Wendy Janzen, John Dyck, Lloyd Redekopp, Michelle Neudorf and Samantha O'Brien.

Peninsula Flooring Ltd.

Full-service flooring business has been serving all its customers' flooring needs for half a century.

Year Founded: 1963 | 905.468.2135 | www.peninsulaflooring.ca | peninsulaflooring@bellnet.ca
Location: 13 Henegan Road, Virgil

BY SCOTT LESLIE

Whether it's a brand new living room or an old commercial unit in need of a little TLC, a new floor can make a world of difference to any home or office. Realizing your flooring dreams is a snap—if you have the right team behind you. That's why it's important to hire a flooring professional like the ones at Peninsula Flooring in Virgil.

Serving Niagara and the Golden Horseshoe area for the past five decades, Peninsula Flooring are true flooring experts—offering up one of the largest selections of flooring solutions in the region. Their comprehensive inventory includes everything from carpet, area rugs and vinyl floors to hardwood, laminate, ceramic tile and cork flooring.

Customers are sure to find what they're looking for the moment they step in the door at Peninsula Flooring. The store's expansive showroom has over 8,000 square feet of carpet and flooring selections on display from such highly-esteemed brand names as Shaw, Richmond Carpet, Armstrong, Mannington, Integra, Olympia Tile, and Laurentian Hardwood Floors.

"Our staff has a real flair for understanding our customers' home or office needs," says Peninsula Flooring co-owner Lloyd Redekopp. "They're the experts when it comes to picking out just the right flooring and colour to suit their taste. Our customers can also take samples home to determine if the colour or texture will fit in with their plans."

The flooring industry has changed a great deal over the years—and so has Peninsula Flooring. The once modest flooring company was originally founded back in 1963 by Virgil entrepreneur Siegfried Wiens—back at a time when linoleum and shag carpeting were all the rage. Now, fifty years down the road, the operation has grown to include a staff of over 15 designers, installers and flooring experts—and is owned and operated by Lloyd and his business partner John Dyck. With its exhaustive selection, Peninsula Flooring currently supplies a wide array of residential and commercial customers, and is a proud member of FloorsFirst™—Canada's largest and most respected association of independent floor covering retailers.

John says the Peninsula Flooring team takes great pride in its ability to serve their customers' every requirement—no matter how small.

"At Peninsula Flooring, we always take the time to discuss our customers' decorating and product needs in detail," he says. "We want to make sure they're completely happy with the result and have something that will suit them perfectly for years to come."

Over its 50-year history, Peninsula Flooring has developed a sterling reputation for going that extra mile for its customers. For example, their staff offers free in-home consultations and quotes on each job.

In terms of installing, every member of their installation team has more than 15 years in the flooring trade. With their wealth of experience, Peninsula Flooring will make sure there are never any last minute surprises like warping or staining. Peninsula Flooring also provides after-sale service on every product it sells—and that includes a one-year warranty on all their installation work. In addition to its installation crew, Peninsula Flooring has three decorators to help customers with their product and colour selections.

Experience and dependability have been a part of the Peninsula Flooring success story from day one. But their commitment to satisfying each customer is the real secret behind their success.

"Most of our business these days comes through referrals," Lloyd says, "and that says a lot about the service we offer. We're dedicated to bringing new life to our customers' floors—and you can really see that in every job we do." **AITF**



Est. 1963

Peninsula Flooring Ltd.
"START A BEAUTIFUL ROOMER"

Employment agreements



BY MOIRA WALLACE

One are the days of hiring someone with a handshake, a brief discussion of salary and vacation entitlement, and a promise to show up on Monday. Hiring an employee needs to consider the entire relationship including the break-up so that all parties are clear on the terms of employment. Even small family businesses can benefit from agreements (including those for family members), which clearly define the terms and conditions of employment.

Every employment offer or agreement should include the basics:

- ❖ **Dates:** start date, term (if not indefinite), length of training and/or probationary period.
- ❖ **Job:** position title (if any), report to, work hours, job description and catch all phrase of "other duties as assigned."
- ❖ **Pay Rate:** salary, hourly, commission or a combination including any adjustment after probationary or any other period.
- ❖ **Company Benefits:** availability of and entitlement to

health, dental, life insurance, paid sick days, pension or RRSP contributions, start date and vesting date.

- ❖ **Job-related Benefits:** entitlement to bonus, company car or car allowance, gas card, cell phone, other equipment or tools, uniform allowance and other benefits.
- ❖ **Vacation:** annual entitlement, paid or unpaid, accrued or immediately available and ability to carry over.
- ❖ **Termination:** what constitutes "cause," notice or pay in lieu to be given by company, expected notice from employee, and exclusions on termination.

Other clauses to consider:

- ❖ **Company Policies:** expectation to comply with company policies, rules and procedures (like computer and electronic usage, health and safety, discrimination and non-harassment) and requirement to acknowledge them as condition of ongoing employment.
- ❖ **Confidential Information:** definition of what is included as confidential, expectation to maintain confidentiality during and after employment, expectation of confidentiality of former employers.
- ❖ **Negative Covenants:** non-compete, non-solicitation, non-disclosure relating to company business, vendors, customers, employees, subcontractors and other relevant persons and length of obligation.
- ❖ **Withholding of Funds:** consent to withhold pay to reimburse company loan, unaccrued vacation time, employee contributions to payment of equipment.
- ❖ **Conditional Offer:** based on results of drug test, criminal record check, driver's abstract, preliminary training or other relevant checks, where applicable to job.

The company and the employee should each retain an originally signed copy of the agreement. As part of the conditions of accepting the terms of employment, the employee should acknowledge having:

- ❖ Had the opportunity to review the employment offer (at least a week).
- ❖ Read and understood the terms and conditions.
- ❖ Had the opportunity to seek independent legal advice.
- ❖ Received an executed copy of the agreement.
- ❖ Entered into a legally binding agreement once signed by the employee.

Unfortunately, there is no "one size fits all" offer of employment or agreement. The terms and conditions will vary depending on the position, any applicable industry standards, individual characteristics of the employee (like age, education, qualifications and experience), and your company's history, policies and practices. The contents of the employment agreement become relevant when the relationship sours and one of the parties wants to part ways. How you deal with the employee at the start of your courtship will save you heartache (and legal fees) during the breakup. For these and other company-related legal matters, consult your Chief Loophole Advisor at moira@wallacelaw.ca. **AITF**

For all your family business needs, please contact Moira Wallace, BA, MA, LLB, Chief Loophole Advisor and Notary Public at 905.575.0732, email moira@wallacelaw.ca or visit Moira's website at www.wallacelaw.ca. You can also follow Moira on twitter @loopholeadvisor.

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❖❖ La Cascada Day Spa owner Nicole Bell with her husband Craig and daughters Grayce and Alayna.

La Cascada Day Spa

Niagara Falls medical aesthetician has built her successful full service spa from the ground up.

Year Founded: 2007 | 905.353.0772 | www.lacascadadayspa.com | lacascadadayspa@yahoo.ca
 @lacascadadayspa | www.facebook.com/lacascadadayspa
 Location: 4386 Drummond Road, Niagara Falls

BY SCOTT LESLIE

Nicole Bell believes in being the very best she can be. That's why several years ago she decided to give up on her dead end job and follow her dreams.

"I'd always wanted to start my own business," she explains. "I was approaching my 30th birthday and I just said, 'This is the time.'"

Always fascinated by beauty and health, Nicole came across Gina's College of Advanced Aesthetics in Mississauga, and started attending school four times a week between her regular work schedule.

Nicole established a small spa in her basement apartment just months after starting school. Not long after that, she moved into a new home and was able to transform the upper loft into a full service spa and skincare clinic. Officially opening her doors in 2007, Nicole began to build up a steady clientele. But the

learning curve was steep initially.

"I'm not the best with crowds," she admits. "It took me a while to get used to dealing with clients. Selling myself was tough."

Over time, Nicole became more poised and confident as a new business owner. Last September, however, Nicole decided to take her business to the next level. She moved her spa into a storefront on Drummond Road in Niagara Falls. With the help of her family, she spent three and a half months renovating it.

When she was working from home, Nicole did minimal advertising and relied mainly on word of mouth to gain new clients. But now that her two girls had reached school age, she felt free to expand her business.

"We're on a busy street now," Nicole says. "We're located next door to Classic Touch Hair Salon, and we really complement one another."

Over the past year, Nicole has been able to expand her full service spa substantially. Specializing

in eyelash extensions, skin rehab and brow couture, Nicole can provide everything from manicures and pedicures to body treatments. She's even expanded La Cascada Day Spa in recent months to include a wellness studio that offers yoga, reflexology and personal training.

Nicole has added a few new faces to her establishment including Tamara Kramer (co-op student), Christina Brock (medical aesthetician in training), and Amanda Marshall (spa therapist). Her wellness studio features Alison Orr (personal trainer), Cheryl Rothwell (yoga instructor), Laura Canal (reflexologist) and Jessie Burke (registered massage therapist).

"We're busy every day," Nicole says. "We have clients coming from Fort Erie, Welland, Oshawa—we even have people from Brooklyn and New Jersey coming to see us."

Nicole says La Cascada Day Spa offers a different vibe than many of the spas she's seen in the past.

"We want to make people feel comfortable," she says of her business. "You don't have to be quiet at our place. You can just be yourself, and people like that about us."

In terms of her professional skills, Nicole continues to improve herself by enrolling in various aesthetics programs and updates her services accordingly. Right now, she has plans to add more medical devices to help out in the treatment room. Training programs are also being discussed.



"Providing good customer service is important to us," she says. "We do a really good job, and make sure people are happy with our work. We'll even do the little things like spending that extra 15 minutes with them without charging more."

Nicole can't believe how far she's come in just seven short years. With all her recent success, Nicole was invited by a Toronto firm to be an educator for their eyelash extensions program. It was a big compliment she was happy to accept.

"Our hard work has really paid off," Nicole explains, "and doing that little bit extra is a big part of that. We're not just building relationships with our clients. We're investing in their lives." **AITF**





Family business: Know your boundaries

"While the boundaries between family and business must be differentiated, they should not be managed in isolation. Divide and conquer not!"

BY ANDREW PIGOTT

The family-run business is quite unique, and managing the often blurred boundaries between family and business and their competing interests calls for awareness, planning and execution. Do this well and the family values of love, allegiance and tradition can meld with talent, ambition, and market opportunity to create magic results—how else do you explain why more than 80% of North American businesses are family-owned? However, a failure to instill the corporate culture with a spirit of alignment between the family and business dimensions can lead to serious problems.

Lack of alignment may be the result of family hiring policies that do not clearly spell out rules and expectations about performance, career path or compensation. This can undermine morale, and pit talented family members against those who work in the business for lack of better alternatives. Or parents may choose to divide ownership equal-

ly among siblings, irrespective of skill and motivation, to avoid having to make a difficult choice about who will lead the business. Under these scenarios the boundaries between family and business, parent and boss, brother and sister become blurred and confusing. When these boundaries are not adequately managed and differentiated, relationships and the business can suffer.

So how to maintain healthy boundaries between the emotional elements of family and the task oriented nature of business? While the boundaries between family and business must be differentiated, they should not be managed in isolation. Divide and conquer not!

Consider the case of a middle son (let's call him Will) who became the third generation CEO of the family business. Will and his numerous siblings held equal ownership, but Will was chosen by his father to run the business, and was the only one working in the business. As time passed and the family grew and matured, complexities magnified. There was

simmering discontent on issues ranging from Will's appointment as leader to dividend policies to aging parents. Will realized that a more collective approach to managing the dialogue was required. After doing some research and attending the CAFE Family Business Symposium, Will discovered the best practice of forming a Family Council to aid with communications, and to help manage the boundaries between family, business and ownership. Initially, this idea didn't settle well with Will's dad, who wanted to see his traditional role as the head of the family continue, with a clear division of power and responsibility: "Son, you manage the business, and I'll manage the family, just like always!"

Will realized that his father's plan for separating duties in this way would leave him isolated and vulnerable. Given that each of his siblings were shareholders too, the family and the business had to be managed collaboratively. Will continued to advocate for the family council which would provide a communication forum where all family members could air their views, and work through their differences. In time, Will sold his father and his family on the merits of this approach and they committed themselves to meet on a regular basis using a facilitator and a structured agenda. Through this they developed a much more cohesive vision for the business and the family, and became better at managing the boundaries separating each. It is an ongoing process of continued learning.

When the complexities of family are merged with the task-oriented nature of business, tension and conflict is inevitable but successful business families are aware of these boundaries and manage them proactively using communication strategies that promote openness and collaboration. To learn more about how to successfully manage the boundaries between the family and business, visit www.cafecanada.ca and attend the CAFE Family Business Symposium from May 21st - 23rd, 2014 in Vancouver. **AITF**

Andrew Pigott is the Principal of The Succession Bridge. He works with business families and business owners to develop and implement succession plans. Andrew is a longstanding CAFE member and active contributor to CAFE resources and programming. For more information, call 905.582.8270 or email apigott@thesuccessionbridge.com.

Canadian Association of Family Enterprise (CAFE) Helping business families succeed by promoting family business and bringing families together to share experiences. Join CAFE on May 21- 23, 2014 in Vancouver, B.C. for the ultimate gathering of family enterprise in Canada. In today's fast-paced lifestyle it can be difficult to find time to focus on, and stay connected with your family. The CAFE Family Business Symposium is the perfect opportunity to do both with a program that will help you identify and address the issues and challenges of building a strong family and business while preparing for a successful transition. Visit www.cafecanada.ca, email info@cafecanada.ca or call 1.866.849.0099 for more information.



❖ From left to right: Jake, Cynthia, Jenny and Dan.



❖ Aerial view of the Ken's Salvage scrap yard.

Ken's Salvage

Family-run full-service scrap yard has been serving the Niagara area since 1951.

Year Founded: 1951 | 905.680.2323 | www.kenssalvage.com | kenssalvage@on.aibn.com

Located: 310 Allanburg Road, Thorold

BY SCOTT LESLIE

Tradition means a lot to a family business like Ken's Salvage. For over 60 years now, this full-service scrap metal yard has been built on some ironclad principles—values like quality and service.

"Service is really one of our biggest strengths," says President Dan Jankiv, who operates the family business along with wife Carolyn and long-time office manager Cynthia Lucas. "We're not a huge operation but we have the flexibility to react quickly and take on any job, large or small."

Located at 310 Allanburg Road in Thorold South, Ken's Salvage was originally the brainchild of Dan's father-in-law, Ken Jacob, who started a modest scrap business in 1951 at the age of 18. Dan says the decision to be his own man was borne from Ken's personality, more than necessity.

"Ken wasn't much into working for other people,"

Dan explains. "He was a self-starter."

During the 1950s, scrap dealing was a long and arduous process. Ken often talked of the times when he would have to load cast iron by hand, tear cars apart with axes, and gather the resulting scrap up in burlap sacks.

In the early days, Ken began operating a small scrap yard out on Matthews Road outside Welland. His office was just a trailer, and his wife Mary often helped out wherever she could. By 1969, however, Ken had incorporated his business, and moved to their current location in Thorold—all along adding more and more machinery, and acquiring a new fleet of trucks.

At Ken's Salvage, the mainstay of the family operation has always been the buying and selling of scrap metal. Buying goods from companies and individuals, Ken's Salvage deals in all types of ferrous and non-ferrous material including brass, copper, aluminum, tin, stainless steel, cast iron and used batteries.

Ken's Salvage will unload and weigh the scrap at the yard before grading and sorting it into vari-

ous commodities. The resulting metal is then sold through a tendering process.

The family firm also operates a busy rubbish and scrap removal service. Ken's Salvage can provide containers up to 40 yards in size for everything from construction sites and foundries to roofing and home renovation projects. The Ken's Salvage crew will then pick up full containers and deliver them to a landfill or sort them back at their yard for scrap.

A big shift took place 12 years ago when Dan decided to join the family business.

"Ken wanted to pull back so he invited me to come on board," Dan says of the firm where Carolyn had been working for decades. "I'd been working in the

grocery business for years but I was looking to change careers. So he took the time to show me the ropes."

The Jankivs have made several improvements to their operation in recent years like paving their 10-acre scrap yard, computerizing the bookkeeping, and adding a new Liebherr crane to the company.

As the years passed, Ken felt confident Dan and Carolyn could run the business, even though the family operation was never far from his thoughts.

"Ken always said he was retired—but he wasn't," Dan says of his father-in-law. "He would still come in every day and do things for us like helping sort brass."

When Ken died in 2010 at the age of 78, it was a sad time for the Jankiv family—but it was also a time for looking to the future. Today, Dan and Carolyn's son Jake works as the company's yard manager, and daughter Jenny is an office assistant, training for the day when Cynthia reaches retirement.

Dan feels their company is in good hands.

"We want to keep growing our business," he says, "and our kids are looking forward to being a big part of that." **AITF**





Advisory boards

"The biggest difference between advisory boards and legal boards is that advisory boards serve at the pleasure of management."

BY DON ZINYK

More than a decade has passed since Enron, WorldCom and a host of other spectacular corporate failures sparked a widespread review and modernization of governance in the corporate world. Increased scrutiny into the selection, compensation and independence of corporate directors led many companies to change their corporate governance to ensure more transparency and accountability to shareholders and other corporate stakeholders. These changes have, for the most part, been well-received and most people in the corporate world would agree that corporate governance is stronger today than it was prior to the changes.

While many of the changes in the public sector were necessitated by new regulations, many entities not subject to the new rules decided to alter their governance policies to become more open and accountable to the constituencies they serve. Many private clubs, not-for-profit organizations and non-public entities have much better governance today that they did a few short years ago. Given the changes to governance in both the public and not-for-profit worlds, one might expect that the move to better governance would extend into the private business world. Unfortunately, such expectations would be wrong.

Although hard and fast numbers are hard to come by, it is safe to say that the vast majority of private companies do not have functioning boards of direc-

tors with independent outside directors. The reasons for this are many and include the fact that corporate directors carry significant legal responsibility and can be held personally liable for various corporate transgressions. Even if the company did have the resources to compensate the directors for the risk they were taking, few people would agree to serve on a legal board where the owner of the company could ignore the board's wisdom and effectively do what they wanted.

While it is easy to understand why most private companies do not have functioning boards, why the vast majority do not utilize advisory boards is harder to grasp. Advisory boards look and function much like legal boards of directors without the inherent legal responsibility. Although they are usually structured to meet the needs of the particular business, typically they will consist of key members of the management team and a number of independent outsiders. Meetings can vary from formal to casual, again depending upon the needs of the particular business. The biggest difference between advisory boards and legal boards is that advisory boards serve the pleasure of management.

In spite of this very important difference, many owner managers and family businesses are reluctant to implement an advisory board. The reluctance typically stems from fears about losing control, losing confidentiality, lengthening the time it takes to make decisions and other aspects of the entrepreneurial spirit. Yet, despite the fears, some entrepre-

neurs do take the step and set up functioning advisory boards. Two such entrepreneurs are Gord Wiebe, CEO and majority owner of All Weather Windows and Brian Gingras, president and majority owner of Bee Clean Building Maintenance. Both companies are successful private companies based in Edmonton with operations in several provinces. Both Gord and Brian agreed to share their perspective and experience related to advisory boards.

Why did you set up an advisory board?

Brian admits to being slow off the mark. After learning about the concept at the Roadmap program for entrepreneurial families, Brian took a couple years to allay his concerns about confidentiality and to "realize that boards were not just for large companies." Ultimately, he decided that the fact he had both a son and a son-in-law moving up the management ladder meant he had to do something to keep their dealings at arm's length. Gord, on the other hand, responded that one of his primary motivators in establishing the advisory board was the fact he was losing senior management through retirement. He was looking for outside perspectives that would help the company manage its growth as well as the possible transition of ownership to his family.

What value have you received from your advisory board?

Both owners answered positively. Gord indicated that the advisory board had led to the company "broadening its horizons" and "raising its internal accountability." Brian in response to the same question indicated that "I get more day to day benefit from the advisory board than I ever expected," and said, "Setting up the board is one of the smartest things I've ever done."

What advice would you have for other owner managers contemplating an advisory board?

Both Gord and Brian gave similar answers indicating it was important to select outsiders from different backgrounds with different areas of expertise. They also commented that while the members should not be friends, they should be trusted by the family. While these are just two entrepreneurs among many, the fact that both are enthusiastic about their advisory boards and continue to schedule regular meetings of their boards is testimony to the value that a well-recruited and well-implemented advisory board can bring to a private business. **AITF**

Don Zinyk is an executive professor in family enterprise at the Alberta School of Business at the University of Alberta and special advisor with the KPMG Enterprise Centre for Family Business which is dedicated to assisting family owned and operated businesses to effectively deal with their unique management challenges.

Source: KPMG Enterprise: Family Business Matters 2012

When to retire, when to sell and when to plan for sale

Continued from page 12

...and implement your plans. You need to plan what advisors to use, and how to ensure confidentiality is maintained. As you start to plan, get others involved—but only when they're needed. You should bring your accountant, lawyer and business intermediary (valuator) into the team fairly early. If they're to be helpful, they need to know your motives and objectives early enough to advise you properly and provide continuity. Income taxes and income tax planning is very important and should be addressed as part of the business price setting and valuation.

It's important to understand the nature and size of the business affects, who the likely buyers of the business will be, and who will pay the most for your business as the business is worth different amounts for different buyers.

The Readiness of the Marketplace

The dynamics of the marketplace can affect the salability of your business. A time when the economy is strong, the interest and inflation are low, and plenty

of domestic and foreign money is available would be ideal. Predicting or affecting these economic variables is not possible. But knowing how positive or negative they are can help you set your expectations for the relative ease or difficulty you will be facing.

You may choose not to change your timing in response to any of these things, but you should know they can have an impact on salability. Holding a business off the market—or withdrawing a business from the market in the face of bad timing—can be a wise decision.

Readiness of the Business

Very few businesses are operated in a way that makes them ready for sale. In order to get the best price to sell quickly and have fewer problems, you need to prepare the business for sale. Your objective should be to prepare well enough that you anticipate the buyer's needs and provide for them.

Anyone who has sold a house has been told that relatively small improvements can help the selling appeal and add thousands of dollars to the selling price. Repainting the front door and modernizing the kitchen are just a few of the typical preparations that bring more value than they cost. House sellers are cautioned against certain expenditures because they won't bring enough of a return to make them worthwhile.

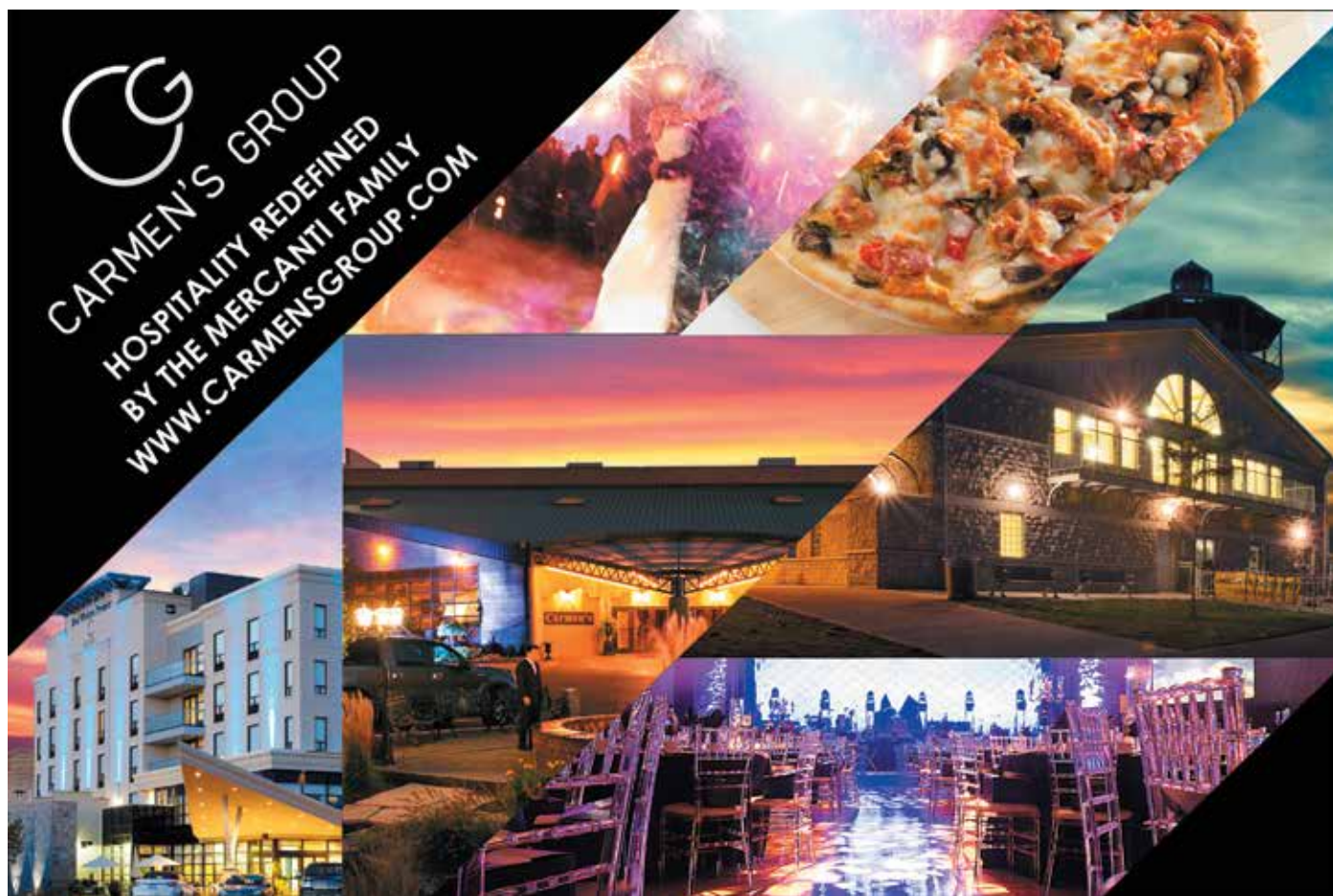
The same is true in the sale of a business. Some

improvements can be cost-effective and others can be wasteful. Improvements should be done far enough ahead so the improvement shows up in the company's bottom-line. As a general rule of thumb under a capitalized earnings approach, every dollar on the bottom-line can yield between \$5 and \$10 in the selling price. Some changes such as shoring up management so the business is not dependent on the owner can take years to achieve.

Given the enormous results that can be achieved, owners of businesses often hire consultants to prepare divestiture plans / strategic planning valuation assignments years in advance in order to know what types of adjustments are cost-effective in adding value to their business.

You know, and the buyer will eventually come to know, that people are the heart of your business. Corrective action with regard to people is seldom easy and often time-consuming. Train or replace people to improve competence. Redesign organizations and jobs to require fewer people to make the jobs more efficient. You need to assess whether or not key people will stay with the company if it's sold. This last point is one buyers always consider in their analysis. **AITF**

Bruce R. Horsley, HBA, CA, CBV is the founder of Horsley & Associates Inc. located at 25 Main Street West, Suite 515 in Hamilton. For more information, please call 905.528.4446, email brh@hacbv.com or visit www.hacbv.com.



Water is the new fire

BY TOM GRAVES C.I.P., C.C.I.B.

Weather patterns are changing across the country and extreme weather events are becoming more frequent as well as severe. The summer of 2013 was a record breaker with both Calgary and Toronto hit by storms causing major flooding and damage, surpassing all previous years at a combined cost of \$2.85-billion.

In general, the Insurance Bureau of Canada has documented a rise in property losses due to extreme weather with minimum estimates at \$1.7-billion paid out each year in Canada. In particular, the estimate for 2012 highlighted that 40% of all property losses were caused by water.

For insurers, water has now become the new fire. It is the leading cause of property damage in Canada. In addition to extreme weather events, insurers realize that aging infrastructure and continued expansion of paved surfaces are not helping the situation and posing new challenges to the insurance industry.

Further complicating the situation is the rise of renovated basements. Homeowners are investing significantly in their basements, spending thousands if not hundreds of thousands of dollars to create that perfect

living space. However, in Canada, there is no flood insurance that can be purchased. Instead, homeowners can only purchase sewer backup coverage to protect property found within basements. Prior to the rise of basement renovations, this type of insurance coverage for the most part was sufficient. When most of us think back to our childhood homes, the basement or recreation room probably consisted of a painted concrete floor with knotty pine panelling and a bar made out of a wine barrel sawed in half and a piece of plywood for the top.

Homeowners beware! Before we make that big investment into our basement sanctuary, homeowners need to be aware that some insurers are introducing sub-limits to this coverage and you may not have enough to protect your below grade "man cave." Sub-limits can be as low as \$10,000 which wouldn't do much to repair damage from a sewer backup. You may be able to increase these limits by paying a greater premium. However, check with your insurance company.

The Insurance Bureau of Canada states the solution for ever-increasing insured losses caused by sewer back-ups is not for insurers to hike premiums and / or slash coverage but rather use innovative tools that help cities and their overburdened infrastructure to handle water runoff.

Also, the industry is looking at using a "Municipal Risk Assessment Tool" (MRAT) a web-based aid to determine the chance or probability of municipal sewer back-flows now that will serve as an underwriting tool to calculate risk. These results will be used to calculate premiums for the sewer backup cover or whether in

fact coverage for sewer backup will be available in a particular area.

The other method insurers are using to address water damage payouts is increasing deductibles when water damage occurs. For example, one major insurer has just introduced a \$2,000 water damage deductible and substantial rate increase for 2014.

There are some things that we all can do to minimize the effects of severe weather on our property:

1. Direct downspouts away from foundations so water doesn't pool near the home.
2. Install back-flow prevention devices on the sewer line coming into the home.
3. Keep eavestroughs clear of debris.
4. If homeowners and building owners were to implement "Low Impact Development" or LID on their front and backyards, it would reduce runoff to storm sewers.
5. Don't use washing machines or dishwashers during rainstorms as this adds water to an already full sewer system. **AITF**

Tom Graves C.I.P., C.C.I.B. is the vice-president of operations for The Mitchell & Abbott Group Insurance Brokers Limited. For more information, please call 905.385.6383, toll free 1.800.463.5208 or direct at 905.381.4212. Have a question? Email mail@mitchellabbottgrp.com or visit www.mitchellandabbott.com for further information. The Mitchell & Abbott Group Insurance Brokers Limited is located at 2000 Garth Street, Suite 101 in Hamilton.

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Challenges for future generations

What are the biggest obstacles that future generations need to overcome to succeed in the family business?

Respondents to a study conducted by KPMG Enterprise identified the following key challenges:

Gaining the right experience. Future generations need to develop broad business experience and expertise, and many respondents felt that education and experience working in other businesses is crucial.

Acquiring the right skills. Respondents said that future generations need to develop skill sets that are currently needed for the specific business or that would complement the skills of existing family members and employees.

Gaining business knowledge. Future generations face tremendous hurdles in gaining the same level of business knowledge as the first generation, but this is essential if the business is to thrive in the hands of the second generation and beyond.

Developing new ideas. Future generations need to have the vision and leadership capabilities to innovate new ideas to help the company stay competitive and continue to grow.

Overcoming entitlement issues. Some respondents said that members of future generations need to develop a strong work ethic and understand that their success in the business must be earned.

Source: KPMG Enterprise: Family Ties, Canadian Business in the Family Way 2012

All in a family's numbers

Statistics that shed some light on the unique challenges faced by family owned and operated businesses.

Which of the following do you believe are the top five characteristics of family businesses (ranked in importance, with 1 being most important)?

Most important characteristic	Percentage ranked as #1 from January 2012 survey	Percentage ranked as #1 from July 2011 survey
Having a sense of ownership and identity	33	27
Being team-oriented	13	11
Passion	10	11
Loyalty	9	6
Protecting the heritage of the business	8	4
Speed in taking advantage of opportunities	5	13
High pay for good performance	3	1
Family ownership opportunities	3	2
Being innovative	2	5
Collaboration	2	3
Security of employment	2	-
Opportunities for professional growth	2	2
Being results-oriented	1	5
Sharing information freely	1	2
Being highly organized	1	1
Risk taking	1	1
Promote and encourage family participation	1	1
Family employment opportunities	1	1
Having fun	-	-
Family community involvement	-	1
Praise for good performance	-	-
Other	2	2

Source: KPMG Enterprise: Family Ties, Canadian Business in the Family Way 2012

What makes a good family business great?

"Great family businesses talk to each other, and I mean real conversations. Knowing what everyone wants to contribute to. They also seem to recognize that conflict is not only inevitable, it's healthy—and great family businesses are able to manage it productively and collaboratively, they hunt the elephants in the room instead of running from them, and talk about the undiscussables."

— Niki Kux-Kardos, family business facilitator, Nexus Facilitation and member of the FEYA 2011 Award Selection Panel

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- (X) NO EXCUSES**

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❖ From left to right: Herbert Konzelmann, Claudia Konzelmann and Fabian Reis.

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Located: 1096 Lakeshore Road, Niagara-on-the-Lake

BY SCOTT LESLIE

For six generations now, the Konzelmann family has been making a name for themselves by doing what they do best—developing an exceptional selection of premium wines.

The Konzelmans originally founded Konzelmann Estate Winery in Stuttgart, Germany back in 1893. By the early 1980s, however, family winemaker Herbert Konzelmann decided to relocate their winemaking operation to Canada, establishing a new winery in Niagara-on-the-Lake in 1984, by the shores of Lake Ontario. Here, Herbert found the perfect blend of sun, soil and moisture to produce their quality wine products.

Now entering its 30th year in business, Konzelmann Estate Winery has developed into one of Canada's most successful wineries, offering more than 30 VQA selections, and producing 40,000 cases of wine annually. The Konzelmann family has also won countless awards over its history including a Grand Gold medal for its 2007 Vidal Icewine at the VinItaly International Wine Competition in 2009.

Despite their storied legacy, the Konzelmans have never been afraid to introduce new techniques. Over the past five years, the family has introduced several organic practices to their operation. These include using all-natural fertilizers like foliar nutrients and ground molasses to make their vines stronger and extend the life of their vineyard. And the Konzelmann family itself continues to grow. Herbert's daughter Claudia Konzelmann works as vice-president while her son Fabian has assumed the role of head winemaker. Fabian's fiancé Stephanie Wiens has also joined the family's retail operation.

Even at 76 years of age, Herbert Konzelmann still works closely with his family to perfect their bestselling wines. Fabian is constantly impressed by his grandfather's commitment to his trade.

"My grandfather has been a great mentor to me," Fabian says. "He's always giving it his all—and believes in what he does. Winemaking is his real passion." **AITF**

konzelmann
estate winery

Alternative financing options—Immediate cash



BY GARY CARE

What do you do when business is booming but you're strapped for cash and banks are unable to provide your business with working capital?

You might want to look at alternative financing options like factoring and purchase order financing. These two alternatives alone will greatly assist a small, medium or even a start-up businesses with immediate funds without having to acquire a loan.

Many small and medium-sized businesses fail because they can't meet short-term financial obligations, not because the business is bad. Growing and profitable businesses can become insolvent if not well-financed. All it takes is one or two of your larger accounts failing to pay on time taking 30, 40 or 60 extra days for you to collect, creating cash flow problems.

Factoring, which is sometimes called accounts receivable financing, can be your businesses saviour. Through factoring, your company receives immediate cash based on your current receivables without having to chase your customers for payments.

Another alternative is purchase order financing. When your company receives a large purchase order from a customer, you are then required to place a purchase order with your supplier perhaps overseas. The supplier may require payment upfront prior to manufacturing—the solution? Purchase order financing. This form of financing is accomplished by providing a letter of credit to the supplier. The letter of credit is issued based on the future receivables of your customer.

Around the world factoring and purchase order financing volume has exceeded the trillion dollar mark with companies operating in 60 countries. In the last four years factoring transactions alone has increased in excess of 60%. There are other alternatives to solving short term cash issues beyond the traditional sources. **AITF**

Gary Care is the owner of Liquid Capital Financial Services Inc. in Burlington. He can help you with factoring and other alternative financing needs to help grow your business. He can be reached at 905.592.0178 or gcare@liquidcapitalcorp.com. For more information, please visit www.gcare.liquidcapitalcorp.com.



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- 57% would not recommend a business with a bad mobile site
- 84% of smartphone shoppers use their device to help shop while *in store*

By 2015, **more searches** will be done on **mobile devices** than on desktop or laptop computers. If your website is not **mobile-friendly**, you will be losing business to competitors' that are. Your customers want your website to be **easy to read and navigate** without zooming in or scrolling back and forth. At Future Access, we create **RESPONSIVE websites** that look great on all devices that you can **easily manage** from one simple system. View our online portfolio and call us today to see what our team can do for you!

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PROFESSIONAL WEBSITE DEVELOPMENT