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the newsletter of Prentice Yates & Clark

Burnout

Overly stressed employees can negatively affect productivity and profitability.

The flatness of modern management structures has reduced the administrative and even the social distance between managers and employees, especially in small, owner-managed companies. As a result, owner-managers can be more aware of employees who are discontent or exhibiting behaviour that indicates something is wrong. Stress at home combined with stress at work can lead to a combination of physical, emotional and mental exhaustion that affects employee productivity and ultimately your profitability.

Recognize the Signs

Learn to recognize the indicators that something is wrong. Signs that an employee may be suffering burnout include:

- constant criticism of other employees or work situations
- lateness in getting to work or completing a task or project
- impatience with fellow workers or clients
- taking too many Monday "sick days"
- appearing tired or listless on the job
- taking too long returning from lunch or break
- withdrawing from the social network at work
- thinking they are the only ones who can do their job
- frustration at not achieving desired results at work or in their personal lives.

Stress levels can be created by the attributes of the job. Some individuals may thrive on a repetitive, slow-paced routine while others may interpret the lack of change as a lack of challenge and find stability itself stressful. On the other hand, some employees may find that a constantly driving corporate culture is overwhelming. In addition, if the worker's moral compass is not pointed in the same direction as that of the company, stress will follow.



Stress can destroy the productivity of even loyal employees.

Health Problems

Stress can destroy the productivity of an otherwise qualified and loyal employee. Stress can create the conditions that can lead to alcohol or substance abuse, heart disease, type 2 diabetes, stroke, obesity, injuries and more frequent small illnesses such as colds. All of this translates to lost productivity and the potential loss of a great team member.

Even normally dedicated workers may be headed for burnout if:

- their job does not match their abilities or their job skills
- they are being abused by a bully
- their responsibilities are not supported by sufficient authority
- an inadequate job analysis has resulted in a misleading job description
- every decision is questioned
- co-workers do not have a clear understanding of the dedicated worker's responsibilities.

It is in the best interests of the business to retain individuals who are responsible and reliable. Replacing good employees is an expensive proposition and thus, if a valued employee is exhibiting signs of burnout, soft intervention may be the key.

Steps to Consider

A deteriorating employee performance does not necessarily justify dismissal; it may be an indicator that a closer look at the employee is necessary by way of a gentle intervention.

Burnout - continued

The first step is to meet and speak frankly and confidentially with the employee to understand what may be bothering them:

1. Be receptive and non-judgmental when listening to the employee's side of the story.
2. Determine the major issues and agree that these need to be overcome.
3. Review the employee's responsibilities to understand not only what they do but also to become aware of the job process overall. This will help you see the issues and enable you to determine whether any process, personnel, or job skills need to be changed.
4. If problems outside the workplace are the main issues, determine whether they can be dealt with by giving the employee time off. It could be that they have been stressed by family sickness, divorce or financial troubles. Regardless of what those issues are, your understanding provides reassurance and tells the employee you value them enough to want to help them get over this hurdle and remain with the company.
5. If the problem is job-related, work with the employee to determine what changes to the job would fix the problem. Perhaps it is less overtime, more training, flex time or moving an individual to a different task to make the job more interesting.
6. If the issue stems from management (your managers or perhaps even you), the employee might provide insight into issues of which you are already aware and this may lead to a productive review of management methods.
7. Ask the employee what they would do not only to improve their outlook on the job but also the outlook of other employees (after all, they are part of the team). Do they need more frequent breaks, incentives, recognition or rewards to build a more positive attitude toward the workplace?
8. Consider a "buddy system" and team the individual with a co-worker who has a more positive attitude.
9. Ask the employee whether they see any advantage to seeking counsel from a professional.
10. Follow-up is an important part of the process. As the initial meeting draws to a close, summarize the major issues, agree to a timetable to implement any changes and set a date for follow-up meetings to evaluate the steps taken and agree to any modifications.

Watch and Listen

Watch and listen to your employees. Their behaviour will tell you whether anything is wrong. Learn to recognize the indicators of stress. Show your employees how much you value their involvement with your organization. A disgruntled employee may be the first sign that you need to re-examine your business model and create an environment that is less stressful but more productive and profitable. ♦



Small Business and the CRA

Ensure your books are always in order for the CRA.

Owner-managers work hard in their businesses but are often overwhelmed by the reporting requirements for the Canada Revenue Agency. Few owner-managers enjoy the time spent and cost required to meet the CRA requirements, let alone the actual taxes that have to be paid; nevertheless, owner-managers must establish good business habits to ensure they stay on the right side of the tax authorities.

So, here are a few suggestions on how to make your relationship with the CRA much easier for yourself over the long run.

Establish the Correct Legal Structure

First of all, it is important to understand the tax and legal consequences of your form of business: sole proprietorship, partnership, or corporation. Each category brings with it different legal, tax and reporting issues.

Ensure Proper Bookkeeping

Recording transactions on a regular basis not only keeps your records up to date so you know where you stand at all times with respect to your receivables, payables and bank balances as well as any profit or loss, it also has your books in constant readiness for the tax authorities. Failure to routinely record all business transactions may mean missing out on taxable deductions or payment requirements. Maintaining up-to-date records also ensures that all documents required for the CRA are regularly matched and filed to the bookkeeping records.

Segregate Business from Personal

Regardless of the legal structure of your business, ensure that business transactions, bank accounts, lease agreements, and loans are maintained separately from any personal accounts. For record keeping and tax audit purposes, a clear division between personal and business finances makes for easier bookkeeping and a cleaner tax audit.

Contractors versus Employees

Make sure you distinguish the people who work for you as employees and those who work for you as contractors. Far too often, employers have persons who work for them whom they consider to be contractors. The CRA and The Workplace Safety and Insurance Board (WSIB) rules make a sharp distinction between contractors and employees; inappropriate classification by your payroll department will mean reassessment for Canada Pension Plan and Employment Insurance deductions as well as problems with the WSIB if premiums have not been paid for the employee incorrectly accounted for as a "contractor". To correct any potential inaccuracy, you will have to go through the expensive process of making adjustments, and this may not be a simple process if the person is dismissed or resigns.

Small Business and the CRA - continued

Non-Deductible Expenditures

Legitimate business expenses are those expenses incurred to earn income. Far too often, expenditures are run through the business that have little to do with earning income. The most common areas subject to CRA review are vehicle expenses, meals, entertainment and promotion of a product or service.

Failure to file is a big mistake.

Failing to File

When cash resources are not available, whether to remit payroll deductions, income tax or HST, owner-managers may decide not to file the required return. **BIG MISTAKE.** Better to file on time, even if the business does not have the cash flow to make the required payment. Late filing incurs penalties and interest. Filing on time without payment will probably not incur penalties but will incur interest. Additionally, the CRA is open to establishing a payment schedule as long as you contact them with a proposal before the payment deadline.

Understand Payroll

Payroll is a business's biggest expense and involves more than just writing a cheque or depositing money in the employee's bank account. Payroll requires calculation of source deductions, the employer's share, vacation pay, WSIB calculations, a monthly remittance for withholding taxes for each employee, data for year-end T4s as well as records of employment in the event of layoffs or dismissals. Understanding payroll will assist in determining cash flow needs as well as job costing and ultimately the bottom line. Failure to remit payroll withholding taxes will definitely invite an audit along with penalties and interest.

Accounting System

Far too many entrepreneurs use inefficient and ineffective accounting software. As a result, the information created is inadequate for a company's own purposes and creates additional issues not only for regular government remittances but also for the accountant preparing year-end statements and tax returns. Poor accounting systems cost money in the long run.

Quality Bookkeeper

Bookkeeping is more than entering data. A qualified and experienced bookkeeper not only understands the accounting system but will understand payroll, HST, WSIB, account allocation, reconciliation, online banking and a host of other business requirements. A good bookkeeper managing an accounting system suited to your business will provide information to management that is critical to making effective business decisions and also generates information critical for proper reporting to external sources such as the bank or the CRA. An inept bookkeeper is a recipe for disaster as the errors or omissions will result in mistakes in financial and tax reporting as well as the consequent cost of repairing the damage.

Measure Twice, Cut Once

This old carpenter's maxim is just a pithy way of saying that errors are unnecessary and correcting them is costly. Before making decisions on major purchases, financing, staffing, accounting systems or tax strategies, do your homework. Getting and using expert knowledge ensures that decisions will not run afoul of tax authorities or other regulatory bodies.



Let Others Attend to the Details

Dealing with the CRA and other regulatory bodies is not always what entrepreneurs do best. Nevertheless, establishing procedures that will allow other staff to attend to the details will make life easier for you while making sure your business meets all regulatory requirements. ♦



Using Technology for Gain

Abandoning paper-based processes can improve productivity and profits.

The more a task can be automated, the greater the increase in productivity and the greater the reduction in employee overtime and management frustration. Even though technology can speed up operations and reduce costs, far too often owner-managers continue to embrace legacy behaviours that keep their businesses from being as productive and profitable as they could be.

Implementing some or all of the following suggestions could be the first step to increasing productivity and making the workplace more efficient and more enjoyable.

Track Your Behaviour

Before you adopt a new technology, make sure you understand how the job to be automated is currently being done and how technology could make it cheaper and/or more productive.

1. Analyze and review existing work patterns.
2. Determine how the available technology will improve the process.
3. Use time-tracking software to understand what you do, where you do it, and the time spent on task.
4. Keep track of your activities and the activities of employees through a typical accounting cycle (i.e., invoicing, purchasing, payroll, government remittances, payment and receipts, reconciliations, business reports, job-site reviews and quotes) to determine where and how much time was spent at various stages.
5. Analyze your work and personal habits to determine potential behaviour or procedural fixes for not only employees but also for yourself.
6. Determine whether time is being wasted at any stage.
7. Determine whether the individual doing the task is cost effective (e.g., should a skilled machine operator spend time changing a tire on a company vehicle?)

Examine the communication protocols in your business.

Use Digital Communication

Consider examining the communication protocols in your business.

1. Should communication occur using email, text messaging, productivity app, video conference or telephone?
2. When does communication need to be encrypted?

Using Technology for Gain - continued

3. If communication is written, should the recipient confirm receipt?
4. How are mailboxes to be set up for access by interested parties?

Use teleconferencing to keep everyone up to date, for example:

1. Set up webinar or web conferences to reduce travel while maintaining contact among all employees – including you.
2. Determine whether online training would be a possible solution for training needs.
3. Use the Cloud to share data and files, but ensure that strict access rules and passwords are in place to avoid breaching confidentiality of employees and intellectual property.
4. Install remote access software on your tablet or smartphone to provide access to office computers so you can be updated at any time.

Digital Integration

1. If you are still on a largely paper filing system, consider moving to digital.
2. Hire a records-management consultant to examine your filing needs.
3. Design a digital filing system for the business.
4. Ensure everyone files data the same way so files can be retrieved quickly and never go missing.
5. Go paperless by insisting that paper documents be scanned and stored; shred the original unless needed. Where possible, digital documents should be stored in the same digital format in which they were created.
6. Establish protocols to ensure email is filed correctly for all customers, tax and regulatory authorities and employees.
7. Avoid faxed documents where possible. If fax cannot be avoided, set up a virtual fax-to-email number that will allow those that will accept fax communication and transform it to an email PDF.

Streamline Business Transactions

If your business does not have sufficient employees to justify the cost of new software, develop standardized spreadsheets that staff complete for time and expense reports and create an online process for employees to submit data in a timely fashion to the bookkeeping department.

All businesses need an accounting system that incorporates sales, purchases, payroll, accounts receivable, accounts payable and job costing. Even if you do not have the expertise or the need for a full-time bookkeeper, you can use remote communication software or an online accounting platform to enter records online that will provide you with the up-to-date information you need for everyday operations.

All tax data, financial statements, personal and corporate tax filings and enquiries exchanged between your office and your CPA should be encrypted before transmission.

Other uses of electronic technology include:

1. online billing
2. online invoicing from clients
3. accepting and making all payments (including taxes) through etransfers
4. online filing of all CRA and other regulatory forms

Marketing and Selling

Because your website is often the first contact a potential client has with your business, make sure it is attractive looking and the text is well written. That first impression may make the difference between getting and not getting a client.

1. Hire a specialist in website design to create your website.
2. Hire a specialist to service and monitor your website to make sure everything works all the time.
3. Update your website regularly with news concerning key employees, changes in the organization and new products or innovations. This will show that your company is an interesting and ongoing business operation.
4. Collect email addresses using an opt-in service to expand your email advertising or awareness campaign. Be mindful of Canada's Anti-Spam Legislation (CASL) when collecting and using email addresses.
5. Set up an online sales department for your business.
6. Check out the software packages that allow you to set up an online marketing system, track orders, track sales, change product suppliers and assist in up-selling by connecting the product purchased by the customer with one they may see as complementary.
7. Create pricing rules for discounts, individual and bulk sales.

Use Technology Wisely

Certainly a business can be overwhelmed with the ever-changing technology, but in the final analysis, technology is not about what is available to use, but rather how we use what is available to better our business and personal lives. ♦



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