

Plan carefully to combat U.S. dollar weakness

As Canadian exporters continue to be buffeted by fallout from Canada's strong dollar, manufacturers in all sectors must revisit their business plans to ensure investors and lenders remain on board.

Companies that developed business plans when the loonie was significantly weaker must revise them to ensure the strategies behind them remain valid in today's redrawn currency landscape. Similarly, companies must implement specific initiatives to address currency-related challenges and improve long-term performance.

Begin with a plan

As the business plan is reviewed, it is important to base financial projections on realistic and well-documented assumptions about the products, customers, geography and other critical business drivers. In addition, the financial model adopted should reflect both Canadian and U.S. revenues and costs and include explicit exchange rate assumptions. This makes it easy to isolate the foreign



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exchange risk and provide answers to the inevitable "what if" questions from investors and lenders.

Provide financial projections for near-term (quarterly) and medium-term (yearly) timelines. Calculating detailed cash flow availability and working capital requirements will identify performance-related issues early enough to take proactive action. Risk-averse financial institutions increasingly demand transparency to exchange rate risk.

Similarly, make sure sales and marketing plans outline all relevant product, pricing and volume assumptions. It must include

data on the product/customer mix, as well as action plans — structured by customer and by product — that detail management activities and timelines for achieving the revenue goals.

Then execute the strategy

As manufacturers adjust to the new dollar reality, they must also build strategies based on key changes they need to make. For instance, hedging and forward U.S. dollar contracts are no longer effective tools to buy time. Instead, manufacturers must return to the fundamentals of higher productivity and efficiency to drive improved competitiveness and financial performance.

They must examine current production and sales levels and leverage best practices and partnerships to enhance performance. To ensure longer-term sustainability, businesses must focus on developing new, differentiated products and finding new customers. This allows a shift away from price sensitive commod-

ity products to higher value products.

Staff training, capital investments and creative sourcing of inputs can further streamline internal costs and drive efficiencies. Cash flow acceleration from inventory reductions or reduced production cycle times can drive performance and reduce risk. Renegotiating deferrals from vendors and creditors can also prove worthwhile, as can government programs such as SR&ED (Scientific Research and Experimental Development) and CAIS (Canadian Agricultural Income Stabilization) for farmers.

Although Canada's strong dollar has adversely affected many manufacturers, they still have ample opportunity to act decisively to improve financial performance and reduce risk to foreign exchange-related volatility.

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Key RRSP Strategies

RRSP season is here and if you are like many investors, you probably leave it to the last minute to make your annual contribution. To get you thinking about this year's RRSP contribution, below are some excellent RRSP tips every investor should remember.

Develop a fully balanced portfolio:

Consider the full range of investments available, along with the risk and return ratio of each. With the help of your Investment Advisor, develop a balanced, diversified portfolio of RRSP assets.

Consider a spousal RRSP: You get the tax savings but the money compounds tax-free in your spouse's name for retirement. This could mean two lower tax brackets at retirement instead of one higher one. The goal here is to equalize income in retirement. You can make spousal contributions even if you contribute to your own plan, but the total amount must not exceed your own maximum allowable contribution. Keep in mind that although the assets belong to your spouse in this case, you should watch out for the attribution rules.

Consolidate your RRSP holdings for easier record keeping—and better growth: There's no limit to the number of



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RRSPs you can own. But, review your holdings periodically to make sure you're getting the most from them. And remember that when your RRSPs mature at your retirement, it's easier to move your savings into a Registered Retirement Income Fund (RRIF) from one or two sources than from several.

Understand RRSP over-contribution limits: All RRSP holders 18 years of age or older have a lifetime over-contribution allowance of \$2,000. Beyond that, a penalty of one percent per month is payable on the excess contribution.

Rely on professional advice: Investment Advisors can help you set your goals and objectives. They will work with you to build an investment plan around these objectives and determine the right investment choices for your RRSP.

Avoid taking a short-term view: By taking a long-term approach to investing, volatility becomes less of a concern and temporary downturns in the market can become buying opportunities. Remember — RRSPs are intended to be long-term investments.

(This article is submitted by Bernie Hanna, Vice President and Investment Advisor with CIBC Wood Gundy's Burlington office. He may be reached at 905-631-2561 or 1-800-650-2999. The views of Bernie Hanna do not necessarily reflect those of CIBC World Markets Inc. Individuals are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors. CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of Canadian Imperial Bank of Commerce and Member CIPF.)

Taxpayers protected by new bill of rights

(NC)—Canadian taxpayers now have three new ways to help them ensure they're getting a fair deal on their income tax—the Taxpayer Bill of Rights, the Taxpayers' Ombudsman and Canada Revenue Agency (CRA) Service Complaints Program.

The bill of rights, ombudsman and service complaints program have been introduced to ensure that taxpayers are treated fairly, equitably and with respect.

There are three websites you can visit for more information — cra.gc.ca/rights; cra.gc.ca/ombudsman and cra.gc.ca/complaints.

Figuratively Speaking

Compiled by John MacIntyre

- Percentage of Philippine companies that have women in senior management positions, according to the findings from the Experian Grant Thornton International Business Report 2007: 97
- Percentage of Mainland China companies that have women in senior management positions: 91
- Percentage of US companies that have women in senior management positions: 69
- Percentage of Canadian companies that have women in senior management positions: 66

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- Percentage of daily email traffic in 2006 made up by spam, according to a study conducted by Radicati Group Inc: 70
- Percentage of daily email traffic spam is expected to make up by 2010: 79

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- Percentage of workers age 20–29 who say that the social aspects of work are very important to their overall sense of workplace satisfaction, according to a survey conducted by SelectMinds: 77
- Percentage of workers age 30 and older who say the same: 67
- Percentage of workers age 20–29 who say they are "more likely to listen to information and recommendations if someone they know and trust presents them": 86
- Ranks of cementing relationships with colleagues and supervisors, adapting to a new company culture, and learning new job responsibilities among the top challenges workers age 20–29 say they face: 1, 2, 3

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- Estimated percentage GDP growth in Alberta for 2007, according to the Conference Board of Canada: 4.7
- Rank of Alberta among provinces with the highest estimated 2007 GDP growth: 2
- Rank of Newfoundland & Labrador: 1

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- Percentage of Americans who support greater cooperation with Canada on border security according to a survey by SES Research: 80
- Percentage of Americans who agreed that it is important to have an integrated energy policy with Canada to remove the dependence on Middle East oil: 89
- Percentage of Canadians who agreed: 85

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- Number of workers employed worldwide by Wal-Mart Stores, topping the first published list of the world's 500 largest corporate employers, according to a study by My Global Career: 1,800,000
- Number of workers employed by number two ranked Deutsche Post of Germany: 502,545
- Number employed by third ranked Siemens Group of Germany: 461,000
- By fourth ranked McDonald's: 447,000

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- Rank of Tokelau, a tiny island of coral reef formations a few hundred miles north of Western Samoa, on the list of the most dangerous destinations, according to "Mapping the Mal Web," McAfee SiteAdvisor's comprehensive study on the safest and most dangerous online destinations: 1
- Rank of Romania (.ro) and Russia (.ru) on the most dangerous large country domains list: 1, 2
- Rank of Finland (.fi) and Ireland (.is) as the safest destinations: 1, 2
- Rank of .info and .com as the riskiest generic sites: 1, 2
- Percentage chance of receiving spammy e-mails when giving an e-mail address to a random ".info" domain: 73.2

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- Percentage of Canadians who claim to be expert or very skilled when it comes to experience with the Internet, according to a study by Ipsos Reid: 32
- Percentage of self-professed high-tech cyberspace 'experts' who feel they need to work just to keep up with all the changes: 32
- Percentage who feel they are ahead of the curve: 68

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- Total number of new cell phones shipped to consumers worldwide in 2006, according to a study conducted by IDC: 1.02 billion
- Number of new cell phones shipped in 2005: 833 million
- Percentage increase: 22.5

IDLE THOUGHT: "People never lie so much as before an election, during a war, or after a hunt." — Otto von Bismarck



Business Bestsellers

As of December 10, 2007

1. *A Tale of Two Employees & The Person Who Wanted to Lead Them* by Dr. Chris Bart Corporate Missions Inc, \$18.99
2. *Getting to Yes: Negotiating Agreement without Giving In* by Roger Fisher and William Ury Penguin Books, \$18.00
3. *The Elephant, The Tiger and The Cell Phone: Reflections on India The Emerging 21st Century Power* by Shashi Tharoor Arcade \$36.95
4. *The Art of Woo: Using Strategic Persuasion to Sell Your Ideas* by G. Richard Shell & Maria Moussa Portfolio \$30.00
5. *Microtrends: The Small Forces Behind Tomorrow's Big Changes* by Mark J. Penn with E. Kinney Zelasne Twelve \$29.99
6. *Poor Charlie's Almanack: The Wit and Wisdom of Charles T. Munger* by Peter Kaufman Donning Press \$70.95
7. *Made in Canada Leadership: Wisdom from the Nation's Best and Brightest on Leadership Practice and Development* by Amal Henein & Francoise Morrissette Jossey Bass \$39.99
8. *Mobs, Messiahs and Markets: Surviving the Public Spectacle in Finance and Politics* by William Bonner & Lila Rajiva Agora \$33.99
9. *Influencer: The Power to Change Anything* by Kerry Patterson, Joseph Grenny, David Maxfield, Ron McMillan and Al Switzler McGraw-Hill \$29.95
10. *The Opposable Mind: How Successful Leaders Win Through Integrative Thinking* By Roger Martin Harvard Business School Press \$29.95