

Government assistance to grow your sales and increase your capacity

Elliot Schiller

The new Canadian government is about to enter into its new fiscal year, April 1, with a very clear direction from Prime Minister Trudeau that his government will focus on “things like growing the economy, creating jobs, strengthening the middle class, and helping those working hard to join it.” (Speech from the Throne, December 4, 2015). What that likely means for business in general is that since the year is just beginning for the federal government, and since the new government wants to promote growing the economy and stimulating job growth, there will be funds available for your business to expand.

INCREASING CAPACITY VERSUS GROWING SALES

Every business struggles with the dilemma of which comes first, increasing capacity (either through hiring new staff or by improving existing production capabilities), versus first growing sales and then increasing capacity to meet the demand. In businesses that require a well-trained workforce, the elapsed time to make new workers productive can be longer than the sales-delivery cycle. On the other hand, without the sales growth, there is often a cash-flow problem when new personnel are not yet completely productive and new sales are not being fulfilled quickly enough to bring in cash. That’s why the federal government is prepared to financially subsidize your job growth and subsidize your manufacturing processing efficiency. Therefore, Canadian businesses are in an excellent position in 2016 to increase capacity, grow sales and create sustainable growth.

HOW TO PREPARE YOURSELF

Now is the time to document your plans for growing sales, increasing capacity and creating sustainable growth. Begin by making a wish list spreadsheet of everything that you would need in order to achieve your objective. List items such as another production line, more shop-floor personnel, or a new marketing/sales campaign. Now, list anticipated revenues. This will provide you with a snapshot of the estimated years that will be required in order for your new project to break even with respect to start-up costs, and to begin showing a profit. For your convenience, we’ve provided a ready-to-use spreadsheet at www.teegerschiller.com/Graphic_Arts_Spreadsheet.htm.

Now, include anticipated subsidies from the Canadian government to see how this affects the breakeven point. Is the project now worth pursuing?

FORECASTING GOVERNMENT SUBSIDIES

Government subsidies can take the form of either labour expansion or training subsidies, as well as manufacturing improvement subsidies. Within the next few months, you’ll be hearing announcements from the federal government about new or enhanced labour subsidies, including the exact dollar amount of each subsidy, and when you can



expect the government funds to be released (i.e. not until year end, or immediately upon proof of hiring, etc.). You can anticipate that the most likely subsidies will be granted to companies that hire youth (under 29 years old), or who hire professionals who are currently under-employed (i.e. working at a job beneath their qualifications).

With respect to manufacturing improvement subsidies, you can anticipate that there will be more up-front funding for improvement projects through the Industrial Research Assistance Program (IRAP), as well as after-the-fact subsidies for unanticipated problems that arise during improvement projects. The later funds are available from the Scientific Research & Experimental Development (SR&ED) program. SR&ED supports your “experimental development” projects that enable your company to attempt to improve your existing processes, attempt to improve your existing products or attempt to develop new products. Currently, based on the province where the work is carried out, these subsidies can reimburse over 60% of your experimental development costs, regardless of whether the attempted project succeeds or fails to meet its stated objectives.

LIMITED FUNDING REQUIRES IMMEDIATE ACTION

Almost all government subsidies are for a finite number of total dollars. Traditionally, these funds are distributed on a first-come-first-served basis, and, when the funding runs out, all other applicants have to wait for either renewed funding this government fiscal year, or until the next fiscal year (April of 2017) when, if the program is continued, new funds might become available. If you think that there’s an attractive ROI for your growing sales, increasing capacity and expanding your business, then don’t delay. Funds will be most plentiful in April of 2016. Be ready to apply for those funds **before** your competition does.

Elliot Schiller is a Director at Toronto’s Teeger Schiller Inc., a company that specializes in obtaining government funding. His clients receive over \$5 million annually to support their ongoing business innovation. E-mail eschiller@teegerschiller.com, visit www.FundingHelp.ca or phone 1-888-816-0222 Ext. 102.



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David Teeger

Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



Elliot Schiller

Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.

As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



304 Richview Ave., Toronto, ON M5P 3G5

Tel: 1.888.816.0222

info@teegerschiller.com • www.teegerschiller.com
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