

The TaxLetter®

Vol. 30, No. 6

Your Guide to Tax-Saving Strategies

Single Copy: \$10.00 June 2012

TAXMATTERS

Educating yourself about taxes is the first step to...

Potential savings

Edward Trapunski

No matter what kind of job you do, it pays to have some financial acumen.

Karine Benzacar, managing director at Knowledge Plus (www.knowledgeplus.ca), understands this fact better than most. She specializes in teaching non-financial employees the critical skills they need to understand their day-to-day jobs better.

The type of people she works with range from senior executives and engineers, to front line workers manning the assembly line in a factory.

Even employees like accountants and comptrollers benefit from learning, or relearning, the fundamentals of finance.

“No matter how well educated they are in their own field, the common trend is that often they can’t understand

finances,” Ms. Benzacar says. “I tackle some of the basic elements. I teach them how to read a financial statement. We walk through an income statement, a balance sheet, and a cash flow statement so they see how it all comes together. We look at what drives costs and how to improve profitability.

We also look at how their own performance is measured based on financial targets. It’s important for them to understand why the organization is asking them to do certain things and how they can improve profitability through their own contributions.”

Financial decisions drive companies. No matter what an individual is hired for, if she or he can recognize what the company is trying to achieve financially, that person will have a better understanding of some of the decisions being made.

In some cases, the non-

financial professional has to present a business plan to an organization in order to obtain money internally. This can generate a large source of tension on both sides.

The non-financial person may feel they are jumping through hoops to get money they need in order to get their job done. The financial person may feel the business plan is not appropriately presented and therefore, will not release the funds. A clear understanding of basic finance helps break down some of the communication barriers between the two.

Ms. Benzacar’s highly-interactive training course – Finance for Non-Financial Professionals – is generally presented at an organization’s location.

Although she has instructed groups as large as 500, she will narrow the sessions down to 15 to 20 people at a time in order to maintain a dynamic and interactive environment.

“With (smaller groups) participants feel comfortable enough to delve into the exercises and ask questions,” she says. “I can walk around and see who understands the concepts and who needs additional work. A seasoned trainer can see if somebody understands.”

Some people call her an accountant with a personality. She makes the courses informative, lively and entertaining – full of games and exercises that encourage participants to learn

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by doing as opposed to learning by listening.

This, she says, helps people take away the key concepts. “You can’t talk about finance and expect people to be awake for very long, especially if it is not their field.”

But it’s not all fun and games. In addition to her corporate training, Ms. Benzacar has taught in the MBA program at the University of Toronto and also teaches a Masters of Finance course for Toronto-based financial professionals through Queen’s University.

In the U.S., she has the formal designation as a Certified Public Accountant (CPA). She conducts professional development for various accounting bodies across the country and spent over 10 years in the corporate world in various financial roles. “Not only do I have a strong educational background, I have actually lived the life,” she says.

Finances and taxes

Though she is an accountant, she never specialized in taxes. In fact, she had an external accountant prepare own first corporate tax return.

When she started her own business, however, Ms. Benzacar’s financial background helped her understand enough about the tax system to be able to highlight certain aspects of her business to the accountant.

“If I didn’t have the financial understanding, my accountant might not have been able to direct his attention exactly to those areas that would generate tax savings,” she says.

Although her courses are not specifically tax oriented, she says

Karine Benzacar’s Key Strategies

- ✓ Have enough grounding in financials to be able to read financial statements and understand them, and to ask professionals the proper questions.
- ✓ Nobody cares about your finances as much as you do. An accountant will never have as intimate an understanding of the business as its owner. It is helpful for someone to have the background to be able to highlight certain facts so that the accountant can search for the proper deductions and savings.
- ✓ Understand the key drivers behind the cost and profitability of business.
- ✓ Try to get as much information about your tax returns as possible. Too many people sign on the dotted line without a good understanding of what goes into the return.
- ✓ Educate yourself on taxes so you can take advantage of deductions and any potential savings. Sometimes it means structuring your personal life or your business in order to take advantage what is available.

that some sort of discussion always comes up about tax implications at every session.

She won’t get into any particular tax situation in depth, because that has to be dealt with on a one-to-one basis with an accountant. However, she will address business opportunities on a wider scale; for example, manufacturing tax credits or scientific and development tax credits.

“Finance is really at the root of everything,” Ms. Benzacar says. “You can’t understand the tax system without having a basic understanding of finance. Both from a company and from a personal perspective, the tax return is based on financial income. If individuals understand the general basics of finance and the concepts behind income they are better able to comprehend the tax system and how it all works.”

Understanding the financials

Ms. Benzacar was in Michigan recently meeting with engineers who are senior-level man-

agers at a very large automotive organization. The company wants to equip their best and brightest to become general managers of the plants that they operate around the world.

They believe that you can’t run a plant without first making sure that it is profitable, and one of the mandatory qualifications that the company demands is a financial background.

“It was very enlightening for the employees to be able to read their company’s financial statements and understand how they can contribute to its success,” she says. “The side benefit is that they can then pick up any set of financial statements and understand them.”

A few weeks prior to meeting with the automotive company, she was at a very large nuclear power plant. And before that, an executive vice-president at one of Canada’s major banks sent a few hundred people to meet with Ms. Benzacar for financial training.

The bank judges an executive's performance on financial results. The VP wanted her team to be able to understand the results that she is trying to achieve. Among the group she sent were, interestingly, a number of experienced accountants – CAs, CMAs, and CGAs.

“These financial professionals preferred not to be there,” Ms. Benzacar says. “But by the end of the program, they understood the information other people in the organization are being exposed to.

So at a quarter-end basis, or at budget time, they can appreciate the communications barriers and better speak the language to make themselves understood. They also learnt some technical content even if it wasn't geared towards them.”

Next, Karine Benzacar is off to Alberta to instruct professional accountants on subject matter they should already be familiar with.

Realistically, financial pro-

fessionals may not be using every facet of accounting in their day-to-day jobs. And even accountants can use a refresher to pick up information that might be more up-to-date.

The other benefit for accountants is that they see what non-accountants in their organization are being exposed to, and as a result have a better conversation with the latter. “We look at how to analyze financials a little better for non-financial business people.”

A number of accountants are concerned about IFRS (International Financial Reporting Standards), new accounting rules that have recently been adopted in Canada. Knowledge Plus focuses on these new rules, which allow for more accounting policy choices and flexibility in how to report income.

Understanding the financial aspects of the company they work for can help participants in their own careers. It can also help them from an entrepreneur-

ial perspective. These days many Canadians have sideline businesses in tandem with their corporate careers. They can, and do, apply the principles they learn in the courses to their personal endeavours.

Doggy daycare – an example

At a session for a very large company, one participant was thinking about his wife, who had just started a doggy-daycare business. While the training discussed concepts that apply to a multinational corporation, this person was drawing a parallel to his wife's side business.

“This individual walked away with a long laundry list to bring home to his wife as she sets up her small business.

When she is putting together her tax returns with the help of her accountant at the end of the year, she will be able to take advantage of potential tax savings she might not otherwise have thought about,” Ms. Benzacar says. □