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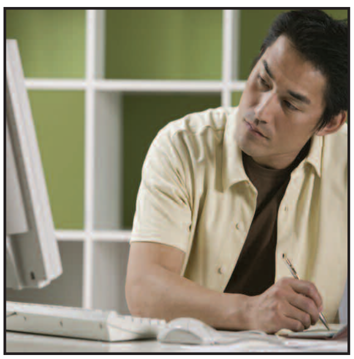
Please do not hesitate to contact your advisor for a Confidential Financial Review.



Succeed or Perish:
FRANCHISING A SMALL BUSINESS VENTURE

For most would-be entrepreneurs, franchising represents an attractive entry into a business.

Advantages include:

• Brand recognition, whether it's a fast food operation or an auto repair shop.
• Widespread advertising lures customers who might otherwise by-pass an unfamiliar name.
• Management help is available for business neophytes who may benefit from the strength of a well-run company. Head office may offer on-going assistance, including specialized computer systems.
• Reduced chance of failure means that financing is easier to obtain because there is a better chance of early profits.

Disadvantages are:

• It may amount to a large personal investment, as initial and ongoing franchise fees could be expensive.
• Not all franchisors are ethical, making misleading statements, allowing too many outlets in a geographical market or exaggerating potential profits.
• Franchisors like to exercise a high degree of control—which isn't surprising, since they have usually developed a successful formula. However, it can mean the business person has less independence than desired.

Before signing any franchise agreement, talk to others involved in the same franchise operation. Use an accountant and lawyer familiar with the special risks and responsibilities of the franchise business. As a general rule: try to amortize your investment over the term of your initial contract since you cannot be certain you will be able to renegotiate on terms acceptable to you.

Signs of Sabotage

Here are 10 signs that you may be sabotaging your business and some solutions:

1. You do not take time to plan. Review business and personal priorities daily.

2. Projects rarely get done. Release control and begin to utilize the skills of others. Develop management skills.
3. You have not hired professional advisors. Where needed, hire a computer whiz, bookkeeper, chartered

Continued on page 2...

Continued from page 1...

accountant, and a good business lawyer.

4. You cannot name 50 of your top clients. If possible, hire an assistant to call your clients once every three months to re-evaluate their needs.

5. You do not have a team working on essential projects. Larger projects need the co-operative efforts of several minds working in harmony.

6. You don't care about innovation. In order to compete, a business must develop new products or services.

7. You don't access knowledge about your business. In order to innovate, know your industry better than anyone else.

8. You rarely take a holiday. Get 8 hours of rest daily, including some play. Stay away from work one day each week. Take one week off every quarter to recharge your batteries.

9. Your business takes priority over your personal life. Set times to help and communicate with the important people in your life.

10. You don't take care of your health. Join a health spa or a gym; schedule check-ups with health professionals.

Selling YOUR BUSINESS

Many owners of family business can find efficient ways to transfer the business to the next generation. Your children can purchase the company at fair market value. The company may want to purchase a new life insurance policy on your life to be paid for by the company. The death benefit could be used to pay off company debt (including IOUs if you have loaned them the money), redeem your shares, or to help the new children-owners buy out the remaining shares owned by other parties such as the children who are not involved in the company.

Alternatively, you could own life insurance outside the company. The death benefit could pay for all your capital gains taxes due, help equalize your estate by making non-business children the beneficiaries, and provide an income for a surviving spouse. Work with your financial advisor to determine what kind of life insurance will be most effective, how the ownership of the policy should be set up, and how benefits should be paid, either through the estate, or directly to the beneficiaries thereby minimizing probate costs.

Where there is a buy-sell agreement between you and your children-shareholders, life insurance on your life, or jointly on your life and your spouse's life, owned by the purchasing shareholders, will allow for the surviving purchasers to buy out your ownership. If you plan to keep your business for several years, consider a split-dollar policy.

A split-dollar insurance policy allows the company to own and deposit extra funds into the policy in order to accrue interest tax-deferred in the company. You have the benefit of the insurance coverage personally outside the company. This may mean that there will be a substantial asset in your company after several years that you can be reimbursed for as a shareholder, in the event of a sale if purchased by an outside party.