

GOOD LIVING: FINANCIAL PLANNING FOR THE HEALTHY, WEALTHY AND WISE.

Savouring the sweet taste of success

Wise financial planning addresses both personal and business needs

For brothers Laurie and Murray Venance, years of entrepreneurial experience led to a deeply held conviction that a good business is one that pays its own way – and its owners. In 2006, after developing and selling a successful, but demanding, printing and trucking business in the Calgary area, the Venance brothers bought The Candy Tree, a gourmet lollipop manufacturer. The company had all the attributes they were seeking: a great product, national distribution through retail chains, and excellent potential for further growth.

Together, they brought a complementary assortment of skills to the partnership. “My brother and I both have a sales and marketing background; he’s adept at financial forecasting, and my wife has a bookkeeping background. We divide up a lot of responsibilities, and tend to not have too much in the way of overlap, which is an important feature of any partnership,” says Laurie Venance.

Over the past two years, the Venance brothers have focused on increasing the productivity of the manufacturing plant. Now that production capacity is up (by about 20 per cent, with the same number of employees) they are focusing their efforts on expanding sales. “We’ve done a lot of work on graphics, packaging and presentation. We’re now in the process of developing new relationships with groups that can use our products for fundraising, and with food brokers,” says Laurie Venance.

“Our lollipops don’t contain allergens, and with great flavours such as chocolate milk and watermelon, they’re a confection almost anyone can enjoy. More than 90 per cent of the organizations that sell Candy Tree lollipops for the first time continue to do so – the product sells itself very well,” he says.

The Candy Tree produces up to 1.75 million jumbo lollipops each year from its 4,200-square-foot facility in Calgary. The sweets are then sold at retail chain checkout counters such as Canadian Tire.

Laurie Venance credits his dad with inspiring the entrepreneurial ambition he and his brother share. “My parents weren’t business owners, but as a mechanic, my father saw very clearly the advantages of owning a business: the opportunity to expand your personal net wealth and cash flow.”

Over the years, he says, he and his brother have learned how to effectively finance their expectation that they will be paid by the business. “We’ve gotten past some

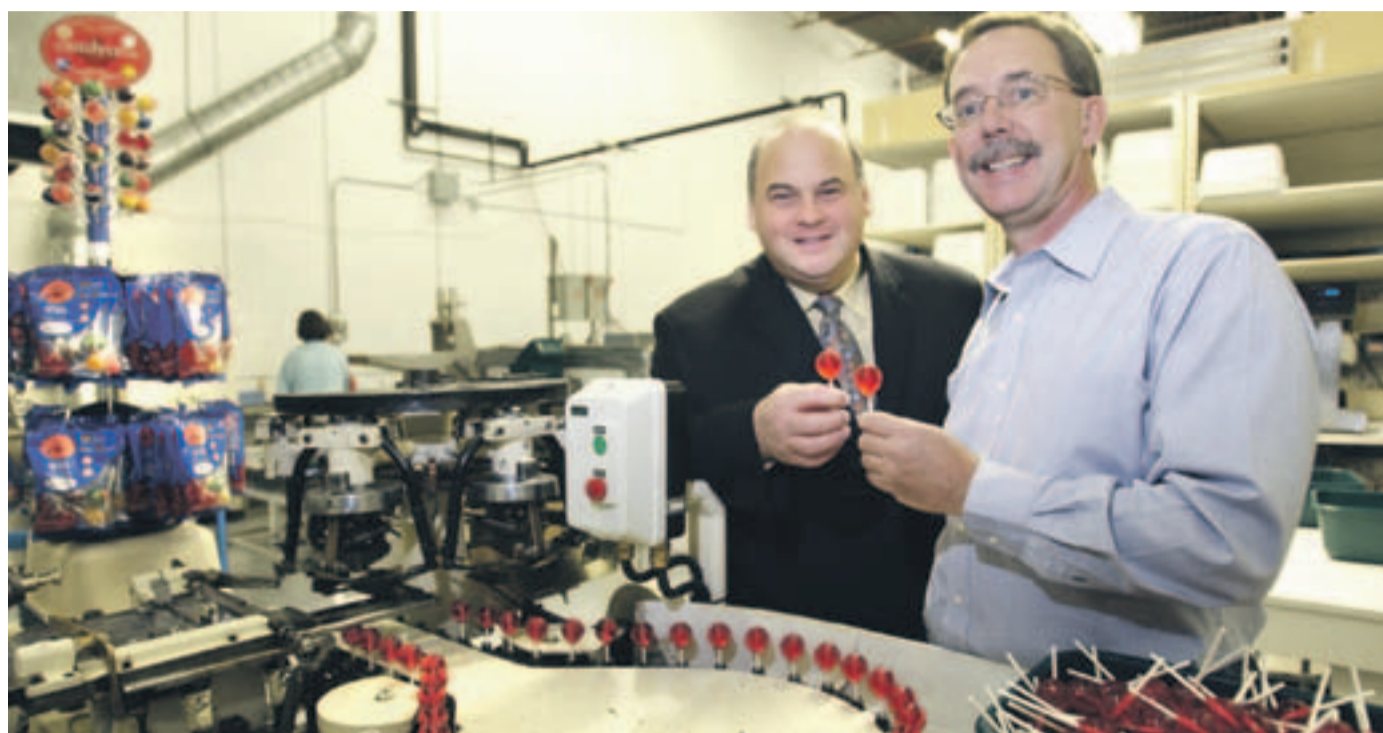


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Despite enjoying the success of his business The Candy Tree, entrepreneur Laurie Venance (pictured right) wisely engaged certified financial planner Rob McCullagh (left), who helped Laurie and his brother Maurice develop and execute a shareholder agreement and risk management strategy. “It amazes me how many companies operate with partners and no shareholder agreement in place to protect them,” says McCullagh, who adds, “It’s very difficult for a lot of business owners to separate their own interests from that of the business, but it’s essential.”

of the absolutely self-sacrificial demands of the startup. At the same time, we have learned that personal needs can never override the needs of the business – we have to put in the necessary amount of time and energy, whatever is going on in our lives.” He says they’ve also learned that paying themselves is just as important as ensuring the business earns money and remains financially sound.

The next step, he says, is the development of a formal board of advisors. “Every business owner needs advisors who can act as a sort of conscience. Even though we’re going to stay a small private company, we need to have other intelligent, experienced people to point out things we may be missing.”

One of the essential elements that time-beleaguered entrepreneurs often overlook is comprehensive financial planning. Small business owners often have the majority of their total net worth tied up in their business, so risk management is crucial, says Rob McCullagh, a certified financial planner who helped the Venance brothers develop and execute a shareholder agreement and risk management strategy.

“What are you doing to protect your partnership interests? It amazes me how many companies operate with partners and no shareholder agreement in place to protect them. What will you do in the case of disability? How will you manage the loss of your income?”

For business owners, says McCullagh, financial planning should address both personal and business needs. “Business owners need to think about what they’re going to retire

on, and how they can manage the financial risks of their business. When you have extra cash, how do you manage it in a tax efficient way that also protects it from creditors? It’s very difficult for a lot of business owners to separate

their own interests from that of the business, but it’s essential.”

A business owner has to see further, he says. “Working with a planner who belongs to a professional organization such as Advocis

can help identify and address all the elements they need to consider, currently and for the future. Accountants, planners and other advisors can play a very important role in an entrepreneur’s ultimate success.” ■

Group benefits pay

Business owners often struggle to create the right culture within their organization, and in competitive labour environments, failure to do so can undermine ability to compete with larger employers for talent.

One of the ways that small businesses can compete with larger organizations is by introducing an appropriate benefit plan. “Group benefits and insurance for your employees helps create a culture of compassion. Are you nurturing a culture of caring – or a culture of survival? You need to think carefully about how and what you’re doing. In today’s market place, benefits have become an essential element of retention and recruiting,” says certified financial planner Rob McCullagh.

Businesses can increase their talent pool by addressing the question of group benefits with a benefits professional. “It’s a matter of exploring the options available and the potential effectiveness of those options in your organization. How will they impact the lives of the people in your organization?”

Exit strategies

As boomers who hope to continue working for many years, Murray and Laurie Venance, owners of The Candy Tree, haven’t yet created a succession plan beyond agreeing that they will probably put the business in the hands of professional managers when it’s time to retire. “We know that, because of the demographic trends, a lot of business owners will be looking to cash out about the same time,” says Laurie Venance. “It may be a buyers’ market.”

In the meantime, with the help of a certified financial planner, they have created a shareholder agreement that will allow the business to operate even with the loss of one of the partners.

“Disability insurance is critical for us, and our shareholder agreement outlines what happens in the case of the death of either partner,” says Laurie Venance. “We have life insurance on each other so that the company won’t be hammered by a sudden event, and we’ve both discussed the details of the agreement with our immediate families.”

This supplement produced by Lori Bamber (www.randallanthony.com) for The Globe and Mail. Project Manager Richard Deacon (rdeacon@globeandmail.com).

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