



# NewsForum

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## adventec Manufacturing Inc.

# Enjoying the journey one of the keys to success



Jim Campbell, left with employee Paul Morosin.

As the calendar marked the millennium and speculations of Y2K chaos evaporated with the strike of midnight, Jim Campbell decided that was his cue to take things into his own hands. An inventor by nature and an entrepreneur at heart, Campbell had spent his entire career working at large multinational corporations.

When the world awoke on January 1, 2000, not to a technological meltdown but to business as usual, he took a bold step and started his own company, *adventec Manufacturing Inc.* It was a move made even bolder by the fact that he did it at a time

when the manufacturing industry in Canada was suffering its greatest decline. More and more, companies were (and still are) sending production to off shore facilities where they can take advantage of lower labour costs.

“There are some major constraints to establishing a manufacturing business in Ontario,” says Campbell. There’s more to it than hanging an “open for business” sign on the door, equipment costs alone can be financially prohibiting, ranging in the millions just to set up with the basics. And setting up in Southwestern Ontario, one of the hardest hit areas in the province for manufacturing loss seems almost counterintuitive.

What makes the work that *adventec* does so special is that it involves sophisticated technology that requires well-educated and highly skilled workers, unlike much of the unskilled work that has been lost to China. And what makes Southwestern Ontario one of the best places to do this work is having direct access to the kind of employees who

are best qualified to do the job.

Campbell characterizes *adventec* as a solution provider. “We’re a highly inventive and creative team. The business that comes to us tends to involve applications or programs with a high degree of technical uncertainty or difficulty.” In fact, an entire line of the company’s business comes from having solved a problem that was brought to them over seven years ago. That’s when an overseas client came in search of a North American supplier for the ultrasonic membrane that goes into the park-assist sensors in the rear bumpers of cars.

“What makes this challenging,” says Campbell, “is that the finished part needs to be tuned to a specific frequency; like a tuning fork that plays one note. It’s a highly specialized project that no other company in North America was able to do. They came here to have *adventec* solve the puzzle.”

*adventec* also contributes to the production of lithium metal polymer (LMP) batteries for the BLUECAR. BLUECAR is an electric urban vehicle, a joint venture between European firms Pininfarina (of Ferrari fame) and Bolloré, designed for European markets. The LMP battery is a technological innovation in battery development that promises to provide more function and flexibility than any other system to date.

Yet, despite the complex nature of the projects that come his way, Campbell says, the biggest challenges are always organizational in nature. “Every day is a struggle. But you’ve got to enjoy the journey; you’ve got to enjoy what you’re doing. In my case, I always wanted to do my own thing. It’s about implementing my own philosophy and creating an environment that is fun; one that is an outlet not just for my creativity but for the creativity of my people.”

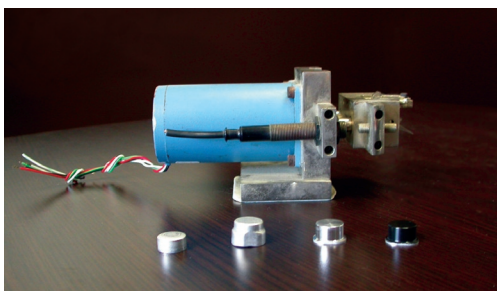
When it comes to starting a business Campbell believes the following are crucial for success. First and foremost, he says, you must align your work with your passion. “If you don’t love it you’re not going to have the motivation to put the time and the blood and sweat and tears into it that are required to make your business successful.” He also believes you need to seek out and solicit advice from people who have been there before. “Find a mentor. Find someone who will tell

you what you need to hear not just what you want to hear.”

Campbell has four children, Matt 28, director of plant maintenance; daughter Erin 21, a Brock university student; son Dylan 18; and 13-year-old daughter, Brooke.

### We have a very inventive team here

At the heart of your car’s park-assist system is a small, ultrasonic, membrane that resonates at a specific frequency. *adventec* designed and implemented the manufacturing process that takes the part from aluminum slug to finished membrane in three finely tuned steps. Behind the samples sits Campbell’s first invention. A device he designed on a napkin in 1984 that automated relay adjustments and saved his employer millions of dollars a year.



## Our client's side

# Leading lady leading a triple life

## Making it work in today's market!

By: Jacqueline (Jackie) Harris

Two beautiful, healthy children, wife of ten years and entrepreneur at age 29, I thought I had it all figured out.

I own Kids Creations Art Studio, a local Cambridge business that offers art classes, birthday parties and both day and summer camp programs. I started out my business in the basement of my Hespeler home about two and a half years ago, never dreaming that it would grow to have shareholders and waiting lists.

I decided back when I started that to make this work, I would be in for some major life changes. How'd I do it?

"I've learned the art of juggling!" I say all the time. My family is my life and always my main priority but owning a business meant sharing myself and my life with my company.

Having an understanding and supportive family is the first piece of the pie. Balancing everything in harmony is difficult, but if you can do it, that is the other half of the puzzle.

Some of my secrets and most valuable tips for ambitious moms who want to share their business lives with their kids can be related to fast food restaurants. How does this philosophy translate into my world?

1. Combo Deals—How can you also not miss out on the important milestones of your kid's lives?

Bring them to work with you! While I recommend only trying this part time, this can allow you to maximize your time with your kids while putting in the time and effort necessary for survival as an entrepreneur in today's market.

How can you do this? I suggest trying

to bring your kids to work three days a week or only in the mornings. Get the best of both worlds but still allow yourself alone time to focus solely on your business.

2. Two Can Dine—Don't forget to make date nights with your partner. With the whirlwind of owning a business and making time for your kids, don't forget to make time for your relationship. You need to keep that bond strong as you will need that strength and help as you grow your business.

3. Say "No" to Supersize—Don't push the limits: know yours. You should never try to be superwoman (or superman) and don't be afraid to ask for help. It's like the key to staying trim: all in moderation.

4. Rewards Program: Whether you crave a hot stone massage at the spa or ice cream on a park bench on a sunny day, take the time to pat yourself on the back. Being your own boss means that it's possible nobody else will do this for you so make sure to take time to appreciate yourself.

The road to being a great parent, adored wife and successful business owner isn't easy. It can be rocky with loads of speed bumps and roadblocks

but as long as you take care and remember to balance your life carefully, you can arrive just where you intended on going in life.

Good luck and remember to always love what you are doing!



Jackie Harris face painting at Kids Creations Art Studio. Jackie is the "adored wife" of Mark Harris of Diversco Supply in Cambridge.



## Kidney Disease

# ARE YOU AT RISK?

### Risk of kidney disease increases in people who:

- Have been diagnosed with high blood pressure
- Have been diagnosed with diabetes
- Have a family member with high blood pressure, diabetes and kidney disease
- Identify as being of Asian, South Asian, African/Caribbean, Hispanic or First Nations descent

Learn more about the prevention and treatment of kidney disease:

[www.kidney.ca/ontario](http://www.kidney.ca/ontario)

1.800.387.4474



# HA, HA, HA, HA, HA!

Here are some more interesting facts about the 1500s.

Houses had thatched roofs of thick straw piled high with no wood underneath. It was the only place for animals to get warm, so all the cats, dogs and other small animals (mice, bugs) lived in the roof.

When it rained it became slippery and sometimes the animals would slip and fall off the roof. Hence the saying "It's raining cats and dogs."



There was nothing to stop things from falling into the house. This posed a real problem in the bedroom where bugs and other droppings could mess up your nice clean bed.



Hence, a bed with big posts and a sheet hung over the top afforded some protection. That's how canopy beds came into existence.

## Words for Thought

*I wanted to be good, but I did not want to make noise, because I felt that noise never does any good and good never makes any noise.*

*I do not want God to be proved exclusively by nature. But how can we look at nature without being reminded of its Author?*

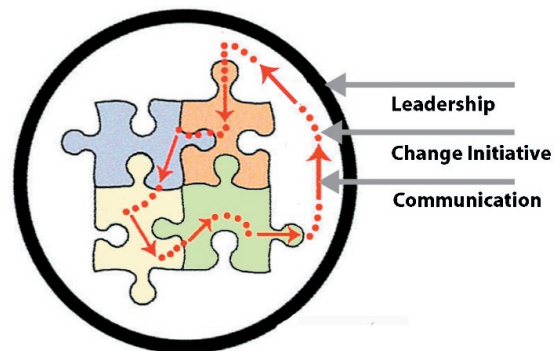
*Louis Claude De Saint-Martin*

# Are you leading or managing change?

*I developed the following model for my MBA degree in leading (not managing) change initiatives in small and medium size enterprises (SMEs) like ours. This article is continued from our last issue.*

Excerpted from Lordy's MBA dissertation, adapted for NewsForum.

A major source of resistance in implementing change in SMEs is the failure of change leaders to capitalize on the "family atmosphere" by harmonizing the interaction among *culture*, *communication* and *leadership*. In the change process, culture serves as the "digestive tract" through which the change must pass. Communication acts as the digestive enzymes. An organization is made up of people who have ways of doing things: the organizational culture. Culture is the passage through which change must pass to consolidate. Since communication acts as the "enzyme" that facilitates the "digestion" or consolidation of the change initiative.



This model emphasizes the path through which a change initiative passes. The colours of the puzzle represent the changing behaviours and attitudes of the organizational culture and the different stages of the change process. The red dots indicate the change initiative. The red arrows are communication guiding the dots through the change process. The leadership circle encompasses and synthesizes communication and culture, building team cohesion, and maintaining focus on the objectives of the change effort. So, the change process is a continuous loop occurring as one change effort gives rise to another. In other words, the only thing that is constant is change.

*Leading* change involves creating an environment where employees are inclined to work together to implement a change effort. *Managing* change focuses on planning, organizing and controlling employees. The former shapes behaviour whereas the latter tries to control it. Most successful major or transformational changes are led and not managed. Communication is always leading the way for a change and is key to successful implementation of a change effort.

A change leader shapes and interprets the process. Encouraging members to participate in the process is a more effective way of changing attitudes and behaviours leading to consolidation. Organizational culture is at the centre of managing any change initiative. Management must keep in mind that culture is the last thing to change. Habits cannot change overnight. Managing change is not a mechanistic process. Patience is thus a cardinal virtue in change leaders as employees can only be shaped and not controlled.

## The Corporate Estate Transfer: Unlocking Trapped Surplus



Each year many Canadian corporations take advantage of the small business deduction on the first \$500,000 of corporate income. In many cases, this income which is taxed at a very low rate, ends up parked in a holding company (Holdco).

This protects the retained earnings from creditors of an operating company (Opco) and preserves the small business tax status of the Opco. Although many business

owners would like to take the money in Holdco for personal use, they are reluctant to do so because of the severe tax consequences of moving the funds out of the Holdco.

Here is a real life example: Business owner and client, Mr. Zokpata (not his real name) had \$500,000 trapped in his Holdco, earning very low interest. Even though he wanted to grow the funds and leave them and other assets to his family upon his death, several things were impeding him.

First, the interest earnings were abysmally low in today's fixed interest rate market. Furthermore, the income attracted very high corporate tax of approximately 47 per cent. Under these circumstances, his objective of growing the funds was not being met.

At the same time he realized that withdrawing the money as taxable dividends for personal use would cost him \$160,000 in income taxes—approximately 32 per cent of the rate currently charged on dividends. He would only be left with \$340,000.

Here is how we helped him invest the trapped surplus. Since his income from the operating company can easily support his lifestyle, he agreed to transfer \$450,000 of the money into a tax deferred account in a life insurance policy over a specified time period. This created the following immediate benefits:

- i) His estate value multiplied exponentially with the purchase of life insurance;
- ii) He reduced his potential capital gains on the deemed disposition of his shares at death by converting the \$450,000 cash into a life insurance death benefit;
- iii) A significant portion of the cash was converted into a life insurance, which with the use of some special provisions in the Income Tax Act, will allow him to pass the money on to his family, at his death on a tax-free or nearly tax-free basis;
- iv) At retirement, he has the permission to enjoy his assets to the fullest because he does not have to worry about what

to leave behind for his loved ones. In fact, it creates the opportunity for him enjoy more tax free income than he otherwise would.

So by taking advantage of the various provisions in the Income Tax Act, we were able to help this business owner to greatly enhance his estate while reducing capital gains liability and investing in a tax-deferred environment. *It is very important to note that since all tax-exempt plans are not made the same, choosing the right type is critical.*

Have a great summer and remember that the only obstacle between where you are today and where you want to go is YOU.

### Building a Safe Haven for your Retirement Nest Egg

Providing a safe haven for your business "sweat equity" to build a retirement nest egg has been my business for over 22 years.

Canadian small and medium size business owners used to rely on the business as the main source of retirement income. Everything worked out just fine: you took care of your customers, they were loyal and in turn took care of you during your retirement years.

Now more customers are moving to Mexico or outsourcing to China. Recently I had a conversation with a family business owner and his wife. They shared their concerns about how they have gradually watched the value of their pallet business disappear as they lose more and more customers to Mexico. "We put our sweat into the business for over 30 years with the hope and goal of selling it and retiring comfortably."

This couple in their 60s made the mistake of keeping their "sweat equity" in the business, instead of gradually moving it into a tax-exempt, safe investment vehicle that was guaranteed to be there for them when they retired.

I'd like the opportunity to share this wealth building approach with you: *The Corporate Estate Transfer: Unlocking Trapped Surplus*. If you are interested in hearing more about how you can build and protect your nest egg, please give me a call at **519.621.4422** today to arrange a briefing.

**About the company.** We've focused on small business owners and executives since 1988. Founded by Lordy Morgan Numekevor, Numekevor & Associates is one of Canada's leading corporate insurance advisory organizations. We are the innovators of Health Disaster Relief Programs (HDRPs), combining comprehensive benefit and insurance programs to give you, the business owner, the peace of mind you're after. Contact Numekevor & Associates Inc., 88 Robson Avenue, Cambridge, Ontario, N1T 1L2, Tel: 519-621-4422; Fax: 519-621-1466; hdrp@numekevor.com; www.numekevor.com. **About the newsletter.** This newsletter belongs to our clients. Publication dates are January and July with deadlines in November and May. Submissions of original articles, photos or artwork are welcome. For guidelines contact us at 519-621-4422 or email hdrp@numekevor.com. We reserve the right to edit articles for length and clarity.