

A STRATEGY WITH DRAMATIC IMPACT

Maximize your claim under the Scientific Research & Experimental Development Program

by BRIAN HUNTER



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Many companies today are faced with the challenge of implementing new strategies to turn their operations around. Layoffs and cost cutting are the order of the day, but this is hardly the way to build long-term success. Growing sales is difficult for most in a declining economy. How then to improve the bottom line? Here are actual results of how one local manufacturer returned to profitability:

ment Program ("SR & ED"). This involved a detailed third party review of their operations to uncover previously unclaimed SR & ED expenditures and implementation of proper procedures to document their R & D activities to support their claim.

The impact of this strategy is quite dramatic to their bottom line. The business, while still underperforming, should remain viable. If the business focused on grow-

	2006	2007	2008
Sales (000's)	\$1,005	\$967	\$980
Gross Profit	292	305	307
Fixed Expenses	394	383	402
Operating Loss	(102)	(78)	(95)
SR & ED TAX CREDIT	20	23	123
Net Profit/(Loss) Before Tax	(82)	(55)	28

This example illustrates a common scenario. Sales have been stagnant for the past three years and while costs have been controlled, management have been unable to make the necessary overhead cuts to become profitable. Without a new strategy, this company is headed for failure. In 2008, the company realized the benefits of a new plan to maximize their claim under the Scientific Research & Experimental Develop-

Canada has the most generous R & D incentives in the world. If you are not taking advantage of them, you are simply not competitive.

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