

Welch LLP Survey Indicates Owners and Executives are Concerned

Ottawa, April 2009 – Welch LLP and affiliate **Welch Group Consulting** recently conducted a survey of businesses and not-for-profits in Ottawa regarding their needs for professional services. Overall, respondents indicated concern about the information they have to support decisions in key business areas such as human resources, insurance, tax credits, senior treasury/controllership functions, banking, investments and branding. Findings included;

- 48% of respondents either do not have a CFO for major treasury, controllership, reporting and management functions or they choose to handle these items on an as required basis with available resources.
- 38% of respondents expressed concern about the effectiveness of their brand and messaging and if it was understood by staff, clients and prospects.
- 60% of respondents (senior management/owners) have the primary role for hiring, firing and retention of employees. This was higher than expected due to the significant portion of time required from an owner or executive to manage the HR function properly. Not to mention the required specialized knowledge and training needed to fulfill this role effectively.
- 42% of respondents expressed some degree of concern about the relationship they have with their bank. One observation is that many owners and executives feel powerless and that the relationship is one sided in favour of the bank.

If you would like to speak with a Welch LLP or Welch group Consulting professional regarding any of the services covered by the survey, contact Richard Quigley, Director - Business Development at 613-236-9191 or email at rquigley@welchllp.com. Put "Survey Results" in the subject line. To complete a survey, go to welchllp.com/en/publications/2009NeedsQuestionnaire.pdf

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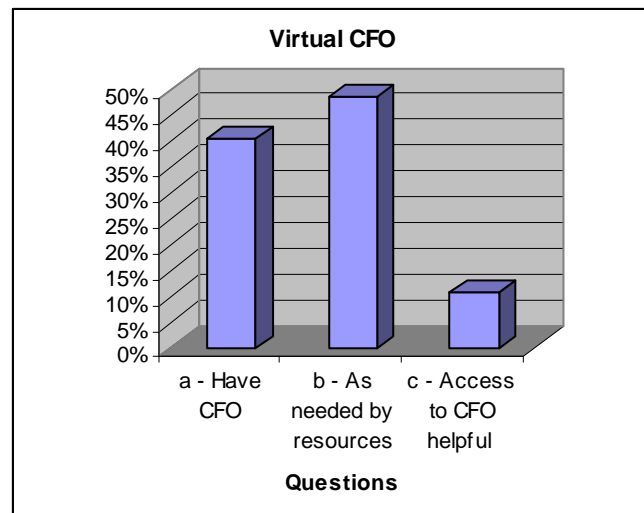
2009 Market Needs Questionnaire

Results

The 2009 Market Needs Questionnaire was mailed to the top 250 clients of Welch LLP in April 2009. The results of the survey are outlined below.

1. Virtual CFO

- **52%** of respondents have a CFO looking after their needs in Treasury, Controllershship, Reporting and Planning.
- **37%** of respondents have these responsibilities handled on an as-needed basis by available resources.
- **11%** felt access to CFO skills would benefit the management of the organization.



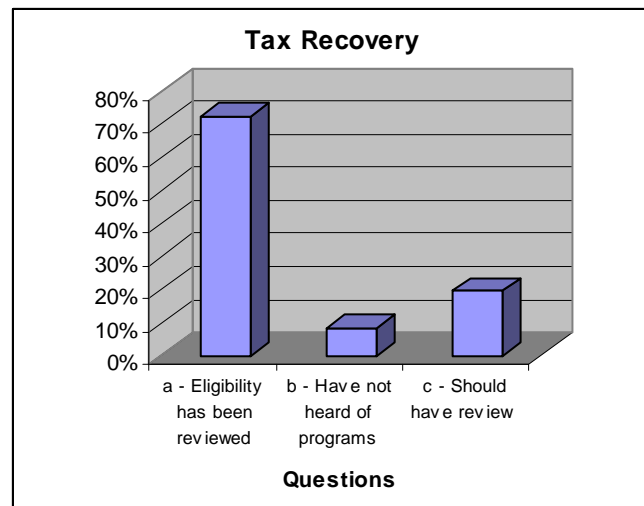
Comments:

The number of respondents in the survey that do not have a dedicated CFO resource was higher than anticipated at 48%. With 37% of respondents dealing with these key strategic management issues on an as-required basis, there is a concern that there may be a gap in the

organization's ability to engage in long-term planning and strategic management. It also indicated a reactive approach to the financial management of their organizations.

2. Tax Recovery

- **71%** of respondents indicated their eligibility for tax credits has been reviewed.
- **12%** of respondents were not familiar with available programs.
- **17%** indicated they should have an independent review of their eligibility.

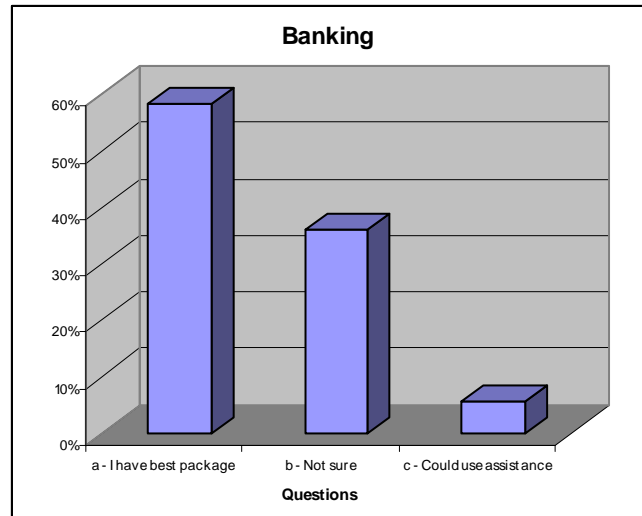


Comments:

The high level of respondents indicating that their eligibility has been reviewed met our expectations for this question. The firm has been working closely with clients to identify those that could benefit from the tax credit programs. 29% indicated they would like more information or an independent review.

3. Banking

- **58%** of respondents felt they are getting the best package of services their bank can provide.
- **37%** were not sure if they were getting the best package of services from their bank.
- **5%** indicated they could use assistance negotiating their banking arrangements.

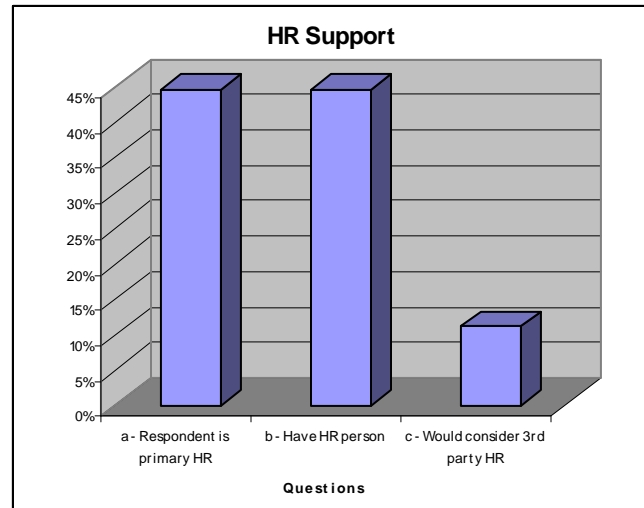


Comments:

It was not anticipated that 42% of respondents would express some degree of concern about the relationship they have with their bank. An organization's relationship with their banker is critical to its long term success in terms of credit, access to working capital and debt financing when required. One observation is that many owners and executives feel powerless and that the relationship is one sided in favour of the bank. The results indicate that clients need to be better educated regarding their own capabilities, the leverage they have in the relationship with the banks, and the value of engaging their advisors early on as the relationship grows.

4. HR Support

- **31%** of respondents have a Human Resources professional
- **60%** of respondents have the primary role for hiring, firing and retention of employees.
- **9%** would engage a third party to manage their HR needs.

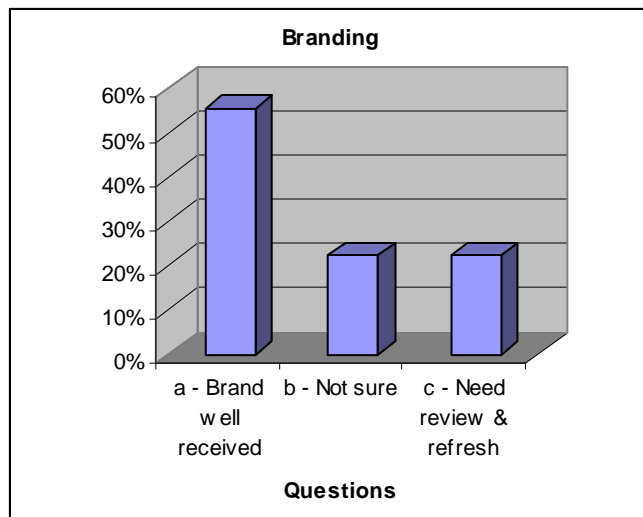


Comments:

4. The percentage of respondents that take on the primary HR role (60%) was much higher than expected. This is significant as HR management requires specific knowledge and training and would consume valuable time for an owner or organization executive. The delegation of this role to a professional resource, even on a part-time or contracted basis, could have significant benefits in terms of freeing up executive time for planning and strategic management.

5. Branding

- **62%** of respondents felt their brand message is well received and understood by their staff, clients and prospects.
- **22%** of respondents were not sure what staff clients and prospects thought of their branding.
- **16%** felt their brand messaging could benefit with a review and refresh.

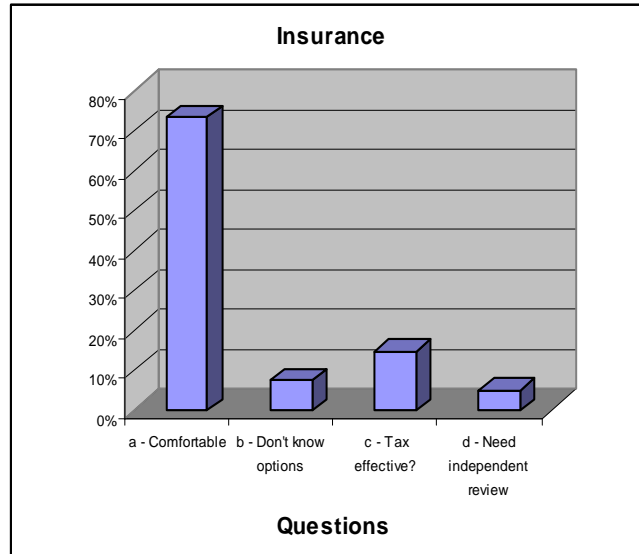


Comments:

While 62% feel they are doing a good job on branding, 38% of respondents expressed concern with their brand and the effectiveness of their messaging. This is significant as it indicates that 2 of 5 of these businesses and organizations are trying to generate revenues for their products or services but they may not be communicating clearly to staff clients or prospects why they are the best choice.

6. Insurance

- **80%** of respondents were comfortable with their current insurance coverage and felt it was adequate and took into consideration the tax savings inherent in these products.
- **20%** of respondents did not know if their insurance was adequate or tax effective. Of this group, 3% requested an independent review of their insurance coverage.

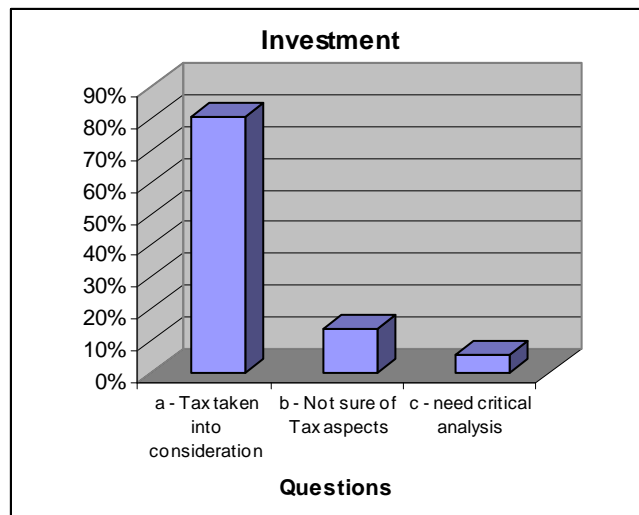


Comments:

The number of respondents that were comfortable with their current insurance coverage was higher than anticipated. However, with 1 in 5 respondents noting a need for more insight into their insurance coverage, it is still a significant area of concern to many clients.

7. Investment

- **75%** of respondents are confident all the tax consequences are being taken into consideration in the management of their investments.
- **20%** were not sure of the tax consequences.
- **5%** felt they should have a critical analysis of their investment strategy.

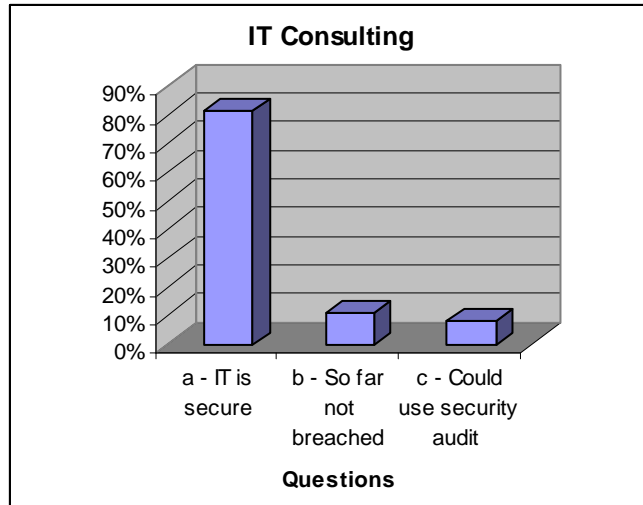


Comments:

The high level of confidence of respondents that the tax consequences of their investment management are taken into consideration was in the expected range. With 20% not sure of the tax consequences, this indicates a need for more information on understanding the options and tax outcomes of investment decisions

8. IT Consulting

- **80%** of respondents were confident their IT systems were secure.
- **14%** of respondents have not reviewed their network security, but and so far have not been breached.
- **6%** indicated they could benefit from a security audit of their systems.



Comments:

The response of 80% confident their IT systems were secure was much higher than expected based on the Welch's experience working with client data. This may have been a result of the vagueness of the question in terms of not specifying the specific type of security issue that businesses and organizations should be addressing proactively. This would include data protection, internal personnel security policies, privacy issues, disaster recovery planning, network incursion detection and prevention, control documentation, and management's legal responsibilities with respect to use of client data.

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