



# Overview of Canadian Professional Services<sup>†</sup>

## > INDUSTRY PROFILE

The professional services industry is made up of establishments where human capital is the major input; for example legal, medical, accounting, engineering, consulting and advertising services.

The industry employs 1.2 million Canadians and represented \$49 billion of Canada's GDP in 2006. 90% of professional services firms have fewer than 50 employees.

- The legal sector is largely fragmented, comprised of numerous small firms
- The accounting services sector is made up of a few large firms, several medium-sized firms and numerous small local firms and sole practitioners
- The medical services sector employed over 60,000 general physicians in 2005, the majority of whom were self-employed

A recent study of small and medium enterprises<sup>1</sup> found that almost half of professional services organizations are planning to expand their business, and over three-quarters use debt financing for working capital requirements.

## > HOW DO PROFESSIONAL SERVICE ORGANIZATIONS PAY FOR BUSINESS EXPENSES?

Cheques and credit cards are the most widely used payment method (see *How Service Organizations Pay and Prefer to Pay for Expenses* graph, left).

More than 70% of small businesses surveyed use credit cards; however, only 35% of those use business cards, (see *How Service Organizations Use Credit Cards to Pay for Expenses* graph, left). Those who use credit cards put 26% of their business expenses on their card.

By using business credit cards over personal credit cards and cheques, professional services firms stand to benefit from reduced administrative paperwork and easier expense tracking, thereby potentially reducing time and costs associated with accounting and bookkeeping.

## > WHAT DO PROFESSIONAL SERVICE ORGANIZATIONS BUY?

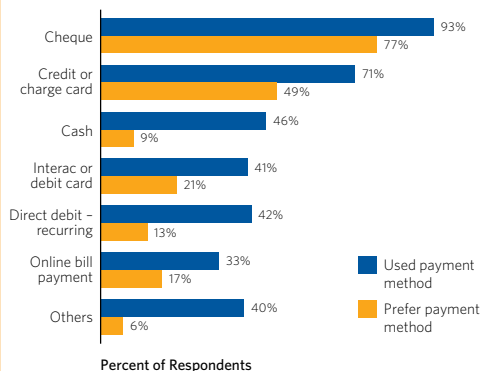
Major expenses for professional service organizations include personnel, rent, utilities, equipment leases, and inventory.

## > HOW DO CUSTOMERS PAY PROFESSIONAL SERVICE ORGANIZATIONS?

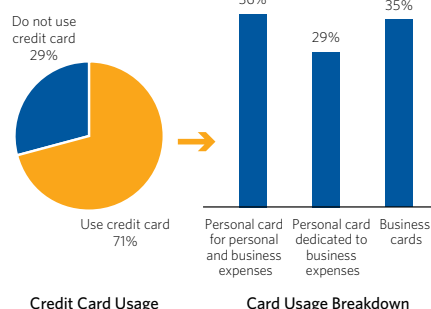
Cheques and cash are the most widely accepted forms of payment. Nearly half accept credit cards.

However, accepting cash is preferred by only 37% of service organizations, perhaps indicative of the increased processing and administration required with accepting cash over credit cards.

**How Service Organizations Pay and Prefer to Pay for Expenses**



**How Service Organizations Use Credit Cards to Pay for Expenses**



<sup>†</sup> In 2007, Deloitte and Ipsos Reid conducted a survey for Visa Canada to determine spending patterns in Canadian business. The survey, "How Business Buys and Sells", reached several conclusions about the Canadian professional services industry, which are presented throughout this document together with the statistics and charts shown.



VISA® BUSINESS CARDS:

# The Right Choice for Canadian Professional Services

> **WHAT ARE THE BENEFITS OF USING A VISA BUSINESS CARD FOR YOUR EXPENSES?**

**Over other payment methods**

- Visa Business cards can help you manage your cash flow by providing a grace period to make payments.
- They are more secure, and eliminate some of the risks associated with using cash or cheques.
- They are convenient, easy to use, and facilitate online and phone purchasing.
- Visa Business cards are often less expensive than using cheques, which are generally more labour intensive and therefore more costly.

**Over personal cards**

- Visa Business cards can provide more detailed expense breakdowns, facilitating spend analysis and tax reporting.
- Using a Visa Business card exclusively for business expenses eliminates the need to sort out personal spending from your statement, reducing administrative time.
- They can offer reward programs, such as travel points or cash back, similar to personal cards.
- Visa Business cards can have higher credit limits than personal cards, enabling large-scale purchases and business expansion.



**DID YOU KNOW?**

*Small businesses are not required to make a minimum number of transactions to qualify for a business credit card. Just like personal cards, organizations can use the card whenever convenient or whenever business needs dictate.*



**DID YOU KNOW?**

*Small businesses in the services sector save an average of \$4,400 per year in collection costs by accepting credit cards.†*

> **WHY ACCEPT VISA CARDS AS A FORM OF PAYMENT?†**

- Accepting Visa cards offers your clients another payment option and can therefore increase your sales.
- Quick receipt of funds: 78% of small professional services firms experienced improved cash flow as a result of accepting credit cards.
- A significant percentage of small professional services firms said that accepting credit cards was less expensive than issuing invoices to customers, as less paperwork and administration is required.
- Immediate payment helps to minimize collection and bad debt costs.

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VISA BUSINESS CARDS:

# Empowering Canadian Professional Services

## VISA SAVINGS FOR BUSINESS\* PROGRAM



The Visa Savings for Business program is an easy way for your business to get exclusive discounts and special offers from selected merchants when you pay using your Visa Business card. Recent offers include:

- 10% off office supplies from Grand and Toy\*
- Up to 25% off computers from Lenovo\*
- Up to 20% off at Hertz\*
- Up to 15% off at selected restaurants across Canada\*

\*For full terms and conditions, visit [visasavingsforbusiness.ca](http://visasavingsforbusiness.ca)

“Credit cards are convenient when it comes to ordering stuff on the phone... I use credit cards to order dentures from my supplier. My customers really value the ability to pay by credit cards and I have been accepting cards since I started the business.”

Dentist, Alberta †

### Case Study † 1

#### Financial planning firm takes its own advice, uses business cards

The sole proprietor of an Ontario financial planning firm—in business for 32 years, with annual sales between \$500,000 and \$750,000—recently began using a business credit card to pay for expenses. Since the switch to a business card, the firm has benefited from:

- Detailed expense breakdowns by spend category
- Efficiency and convenience in completing administrative tasks, such as reporting business expenses for tax purposes
- Ease in making payments by phone and online
- Improved cash flow due to the grace period and float provided by credit cards
- Lower costs than using cheques
- A travel rewards program

Business cards also allow this firm access to higher levels of credit, enabling the company to meet financing requirements as they arise.

Visit [visa.ca/smallbusiness](http://visa.ca/smallbusiness) to learn more

### Case Study † 2

#### Weight loss, sales gain for Ontario weight control centre

A diet and weight control centre in Ontario—employing fewer than five people and bringing in annual sales of \$100,000 to \$250,000—began allowing customers to pay using credit cards in 2004. Since then, sales have increased by 10%. Accepting credit cards has improved cash flow, since there is virtually no delay in receiving payments from customers, and has been cheaper to administer and process than issuing invoices.

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