

THE MONTHLY CEO ADVISORY™

revenue

A hand in a light blue shirt is drawing a red arrow on a whiteboard. The arrow starts as a horizontal line on the left and curves upwards to the right, ending in a sharp arrowhead. The background is a blurred office setting.

FEBRUARY 2021

VOLUME 2, ISSUE 2

Dear Friends,

It's hard to believe but when you read this we will have been dealing with this COVID-19 crisis for eleven solid months.

Much has changed in the world of business in that time frame which is why I am pleased to provide you with the February 2021 issue of ***The Monthly CEO Advisory***™.

We continue to positively impact thousands of CEOs, Presidents, Business Owners and others at the C suite level.

This periodical is all about you working "on" and not "in" your business.

You might ask "Who has time to read these articles?" My reply: "Are you too busy driving to stop for gas?"

Carve out the time and don't read as if you are going to take an exam because I'm not going to give you one. Skim for nuggets that will help your company grow revenue, operate more efficiently, improve your profitability and stay out of hot water.

Enjoy the articles that follow. The Trusted Advisors that contribute to this publication are the best in their respective fields. If you need help, please reach out to them.

Thank you for allowing us to be part of your continuing business education, growth and success. Stay safe.

Sincerely,



Ken Keller
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The Monthly CEO Advisory is a publication for business leaders. Please enjoy the articles, send us any suggestions of topics you would like to see covered and pass this on to others so that they might benefit. Thank you. Ken Keller

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BUSINESS GROWTH & PROFITS

EXPLORING THE PROFIT ZONE

Profits are much more than increasing revenue and keeping costs down.

There are ten elements in your profit zone, and I am going to address five this month and the rest next month.

The first element is having an engaged workforce. If employees have “checked out” (meaning disengaged), profits will suffer but not before everything else does, starting with quality, service, customers, and morale of other employees.

Employee engagement is determined by factors such as: feeling clear about role and responsibility; knowing the value contributed to the team; having opportunities to do what a person does best; having opportunities at work to improve; enjoying strong coworker relationships; working with a common mission or purpose; and, believing that whom-ever you report to cares about you.

You address this challenge by looking first in the mirror at yourself and then by taking a long, hard look at your managers. Employees leave managers, not companies.

Second, as CEO, understand your company generates revenue with three levers. First, increase the number of customers. Second, increase the number of customer transactions. Third, increase the dollar amount of the transaction.

You must proactively and regularly address these three if you want to continually and positively impact profitability.

Third, do you have a strategic plan and how focused are you on executing it? Without a firm focus on executing your plan, profits may remain elusive.

Execution is your job as the leader. Execution is a discipline and integral to strategy. Execution must become a core element of your company's culture. Execution is a systematic way of exposing reality and acting on it.

If you fail to achieve goals, look first to the failure to execute the plan. You must hold people accountable for getting things done.

Fourth, do the people in your company know how the company makes a profit? If you keep this information secret, you are the only person trying to make a profit when you could have every employee helping you.

Can your employees identify and understand your cost of goods sold or the cost of sales if you are a service firm? Have you taught them about the levers of volume, price, and cost?

And, are you running your company by relying on a standard Profit & Loss statement that only tells you what happened 30 days ago? Driving ahead while looking in the rear-view mirror is a recipe for a disaster.

The fifth element is cash flow. Cash flow \neq income. Cash flow is the relationship between when money comes in and when it goes out of your business. Since most people no longer reconcile their checking accounts, if you want your employees to understand the critical importance of cash flow and cash management, you will need to teach them.

But first, how often are you tracking cash flow? You should be tracking it as often (daily? weekly? monthly?) as you require to be comfortable. And, if you make it clear to your employees that cash is so important that you constantly have your eyes on it, they will quickly start to pay attention to their impact on it.

Your mantra needs to be “Cash is king!”

And, never lose sight of the fact that many companies have gone out of business with a strong revenue stream because they ran out of cash!



Ken Keller

Ken Keller facilitates Strategic Advisory Boards, bringing small & midsize company CEOs together to improve planning, performance and growth to increase revenue, execute plans, and grow profits. SABs meet via Zoom and clients are worldwide, in just about any industry.

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TAX NEWS

IT'S ALL ABOUT PERSPECTIVE



David Stone

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We help clients in dealing with IRS collection and audit issues of individuals and small, midsize and large businesses throughout the United States.

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There's a saying, usually attributed to Lenin, that "nothing can happen for decades, then decades happen in weeks." These last few weeks certainly feel like decades happening in weeks. The election, the coronavirus surge, and especially the violence in Washington have combined to produce a news overload unlike anything most of us have lived through. Millions of Americans who waited anxiously for 2021 to arrive are looking at the first two weeks and already wishing they could get their money back.

Sometimes, though, history's long memory works a bit differently. Which brings us to this week's story: news that Helen Viola Jackson, the oldest living Civil War (!) widow, died last month at age 101.

We start in 1843, when John Tyler was President and the Whigs were a political party, not a joke. James Bolin was born in Missouri and served as a private in Missouri's 14th Cavalry, fighting in the Civil War and earning, like all Union soldiers, a modest pension.

Fast forward to 1936. At age 93, his neighbor, 17-year-old Helen, started making daily visits to help him with chores and other tasks. Bolin, who didn't believe in accepting charity, wanted to show some appreciation.

So, he married her to leave her that pension. (Think of it as the depression-era equivalent of a "green card" marriage.) Jackson kept the union a secret, kept her last name, and continued to live on her family's farm until Bolin died three years later.

Jackson never remarried, and ironically never even claimed the pension that Bolin had married her to leave! Why not? One of Bolin's daughters threatened to ruin her reputation if she applied for it, and "I didn't want them all to think that I was a young woman who had married an old man to take advantage of him." She didn't miss out on much: Irene Triplett, the last person still receiving a Civil War pension at her death last June, was hardly making it rain on \$73.13 per month from her father's service.

Bolin and Jackson's lives bridge the entire history of income taxes in America. When Bolin was born, tariffs made up 85% of federal revenue. In 1861, Lincoln imposed the first income tax of 3% on annual incomes over \$300 (about \$20,000 in today's dollars). Congress repealed that tax in 1871 but brought it back to create the current system in 1913. When the couple married in 1936, there were 33 brackets ranging from 4% on the first dollar of income all the way up to 79% on income over \$5 million (\$94 million today).

A 79% tax rate sound high compared to our current 37%. (Ok, it is.) But at that time there were reportedly only 46 men earning more than a million a year, and just one — John D. Rockefeller Jr. — paying that tippy top rate. Imagine being so rich that you literally get your own tax bracket!

Incredibly, Jackson wasn't the last living legacy of John Tyler's presidency. Tyler, who was born in 1790, fathered 15 children. Tyler's 13th child, Lyon Gardiner Tyler, fathered three sons in his seventies. One of them, Harrison Ruffin Tyler, is still alive today at age 91.

We're all cursed to live in interesting times. But someday . . . someday . . . life will return to a new normal. Our job is to keep taxes from making that return to normal any harder than it has to be. So, call us with your questions, to age 91, 101, or beyond!

COMMERCIAL INSURANCE

THE VALUE OF HAVING AN INJURED WORKER OUTREACH PROGRAM

California has a “no-fault” Workers’ Compensation system. Yet, one out of every nine California workers’ comp claims involves an applicant attorney, defense attorney, or both. And while some litigation is endemic to any workers’ compensation system as valid disputes arise, California has always had one of the highest litigation rates of any state in the nation.

Even more alarming for employers, brokers and insurance carriers is the fact that the attorney involvement rate for “indemnity claims” (those involving lost time from work) is 4 in 10 (38%) with an average cost of over \$63,000 — nearly eight times the average for those same types of claims without attorneys.

Over the past four decades, California lawmakers have enacted several major workers’ compensation reforms with the stated intent of reducing friction between injured workers and their employers and expense within the system. Yet, the litigation rate has nearly doubled during that time for all claims, and

more than tripled for claims involving lost time.

Here are some startling figures that employers with large workers’ compensation claims are grappling with:

- Temporary disability (TD) claims with an attorney involved average over \$31,000 versus \$6,000 for those without; while payments on permanent disability (PD) claims with an attorney average \$67,000 versus roughly \$26,000 for those without.
- Ninety percent of indemnity claims that involve attorneys are permanent disability cases.
- Temporary disability claims with attorney involvement result in an average of 74 paid temporary disability days (paid days away from work), which is triple the average for temporary disability claims without attorneys.
- Permanent disability claims, with attorney involvement average 128 paid TD days (while the injured worker is recovering), or nearly double the average for those without.

- This works out to an average of 122 paid TD days during recovery for all indemnity claims with attorneys, or four times the average for indemnity claims without.
- Southern California, especially the Los Angeles Basin, has significantly higher litigation rates on claims than other parts of the state, including the Bay area and San Diego.

Once an attorney becomes involved the cost of a claim will escalate dramatically and it will take far longer to close the claim than it would have otherwise, which in turn increases premium costs. Positive communication with the injured worker and their family is critical to keeping attorneys out of the claims process.

Employers should look to their broker and carrier to help them develop a formal “injured worker outreach program” in which the employer immediately becomes actively involved in keeping their employee feeling well served by answering their questions, responding to their needs and concerns, and making sure they receive the medical care they feel they need to help them recover. An injured worker who feels like they have not been forgotten by their employer is far less likely to call the attorney they saw on TV while at home recuperating.



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HUMAN RESOURCES COMPLIANCE

CAN I REQUIRE MY EMPLOYEES TO OBTAIN A COVID-19 VACCINATION?

The answer is Yes, but! On December 16, 2020, the United States Equal Employment Opportunity Commission (EEOC) issued guidance for employers regarding mandatory COVID-19 vaccinations.

REQUIRING COVID-19 VACCINATIONS

The EEOC's position is that employers may require employees to be vaccinated before returning to the workplace. The EEOC has clarified that the administration of a COVID-19 vaccine does not seek information about an individual's impairments or current health status and thus does not constitute a "medical examination" under the ADA.

However, employers considering administering the vaccine, either directly

or through a third party, should proceed with caution. Pre-vaccination screening questions may constitute a medical examination under the ADA or may elicit information about genetic information that implicates the GINA. Consequently, with certain potential exceptions, pre-screening questions from an employer would need to be "job-related and consistent with business necessity." Simply requiring proof of receipt of a COVID-19 vaccination, though, is not considered a disability-related inquiry.

ACCOMMODATION REQUESTS

If an employer requires vaccinations, it should be prepared to respond to potential accommodation requests based on disability or religious practices or beliefs.

Under the ADA, employers may implement qualification standards regarding safety in the workplace. However, if a mandatory vaccination requirement screens out or tends to screen out individuals with disabilities, the EEOC advises that employers must show that an unvaccinated employee would pose a direct threat due to "significant risk of substantial harm" to employee safety or health that cannot be resolved through a reasonable accommodation.

Determining whether a reasonable accommodation is feasible would require individualized assessments before excluding an unvaccinated employee with a disability from the workplace. If the health or safety threat from an unvaccinated employee cannot be reduced to an acceptable level, the employer could consider other options for that employee, such as remote work or leave, such as under the Families First Coronavirus Response Act (FFCRA) or the Family and Medical Leave Act (FMLA).

Employees also may refuse to receive a COVID-19 vaccination because of a

sincerely held religious practice or belief. In this situation, the EEOC describes how employers would need to provide an accommodation unless doing so would pose an "undue hardship" under Title VII. The EEOC also emphasizes that employers should generally assume that requests for religious accommodations are based on sincerely held beliefs, unless there is an objective basis for questioning this representation, in which case the employer could request additional supporting information. According to the EEOC, as in the situation with disability accommodations, if no reasonable accommodation is possible in this context, then the employer may exclude the employee from the workplace.

SUMMARY

Employers intending to require COVID-19 vaccinations should clearly communicate expectations to employees. They also should keep any employee medical information obtained in the course of a vaccination program confidential.

Employers also should consider requiring proof of vaccination from a pharmacy or health care provider, rather than vaccinations being conducted by the employer or the employer's contractor, and should clarify that no medical information should be disclosed to the employer in order to avoid implicating the ADA.

Additionally, managers and supervisors should be trained to respond to disability or religious-related accommodation requests, including engaging in an interactive process and individualized assessment before concluding an unvaccinated individual cannot return to the workplace. And, in that situation, the employer should explore potential leave and other options that may be available.

Source: faegre drinker, 12/23/20



Barry Cohn, CEO

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I work with Top Executives of companies with 20-2000 employees, providing HR solutions in compliance, Affirmative Action Plans, technology, policies & procedures, handbooks, workplace investigations and harassment hotlines.

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MANUFACTURING EXCELLENCE

METRICS ARE MORE THAN NUMBERS

Manufacturing organizations are complex. There is no getting around it. They are also very technical in nature and are often led by individuals with technical backgrounds. These are very data-driven organizations. This bias can lead to a drive to measure everything with a number. Other "soft" metrics are easily dismissed or moved to the background.

While the goal of creating a data-driven decision process is important, it is important to not lose sight of the power and significance of those "soft" metrics - dare I say - subjective and emotionally driven indicators?

Where to start? A good place is to assess those aspects of the organization which energize you and your staff. These are key indicators of what is working well. It helps clarify the strengths of your organization which can be built upon to multiply past successes.

On the flip side, what is it about your organization that saps your

energy? Is it processes that continue to fail? Staff members who for what ever reason drain, rather than fill your energy reserves?

Consider the following potential sources that may be sapping your energy. Disloyal or weak employees. Wasted time. Being let down by key employees. Poorly prepared meetings or presentations. Excessive bureaucracy which gets in the way of getting things done. Decisions or tasks delegated upwards (to you) which should have been handled by a supervisor or lower level manager.

These are all indicators of systems, processes and staffing decisions which are broken or needing improvement. These should draw our attention to look more deeply to understand what is not working. As business leaders we must be careful to avoid the temptation to divorce ourselves from these problems. We have the position and authority to address them head on.

Other examples of these "soft" metrics or indicators can be found in the communication realm. Do

I find myself surprised by what is happening in my organization? Do I find myself in disbelief over what has been happening? Am I getting the information I need to make decisions in the best interest of the organization? Do I find myself wasting my valuable time covering, supporting or hand holding "needy" employees? Why don't they just do their job?

The good news is that we can listen to these indicators and choose to take action. The bad news is that for a range of personal and emotional reasons, we shy away and do not take the action we know we need to take.

Wouldn't it be worth the effort to transform our organizations into a place where it is a pleasure to work with my colleagues and team? To work with a competent, insightful, resourceful and enthusiastic team? To go home at night and to say to yourself, "It's amazing what we can accomplish as a team."

Some of the most transformative metrics are not numbers at all. Granted they are subjective and emotion based. But that should not detract from their significance and transformative power. Embrace them, take action, and transform your organization.



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INFORMATION TECHNOLOGY

COVID-19 VACCINES ARE HERE AND SO ARE THE SCAMS

As the COVID-19 vaccine distribution has now begun, scams are emerging. Watch out for everything from phony treatments to phishing messages. Government officials are already cracking down on phony COVID testing kits and treatments. And just when we thought it couldn't get any worse, now they're working to prevent the sale of fake vaccines.

Selling fake vaccines is likely only one of many ways scammers will try to cash in on the vaccine release. Watch out for phishing messages attempting to trick you into sharing your passwords and personal information. Con artists have already impersonated the Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO) in phishing emails.

HOW TO SPOT A CORONAVIRUS VACCINE CON

- **Research carefully:** Scammers are very creative, so be skeptical of anything that seems too good – or crazy – to be true. Double check any information about the vaccine with official news sources. And be aware that none of the vaccines can be currently purchased online or in stores.
- **Ignore calls for immediate action.** While you may want to be first in line for the vaccine, don't let that sense of urgency cloud your judgment. Scammers try to get you to act before you think. Don't fall for it.
- **Think the link may be real? Double check the URL.** Scammers often buy official-looking URLs to use in their cons. Be careful that the link is really what it pretends to be. If the message alleges to come from the local govern-

ment, make sure the URL ends in .gov. When in doubt, perform a separate internet search for the website. Don't click on links from sources you don't know. It could download a virus onto your computer or device.

- **Check with your doctor:** If you want a vaccine early, reach out to your health-care provider about your options. If you don't have a primary care physician, check out the official website of your local health department.
- **Do your homework:** When it comes to donations, whether through charities or crowdfunding sites, don't let anyone rush you into making a donation. If someone wants donations in cash, by gift card, or by wiring money, don't do it.
- **Be alert to "investment opportunities":** The U.S. Securities and Exchange Commission (SEC) is warning people about online promotions claiming that the products or services of publicly-traded companies can prevent, detect, or cure coronavirus and that the stock of these companies will dramatically increase in value as a result.

HOW TO AVOID CLINICAL TRIAL SCAMS

- **Think the trial is real?** Find it on the official website: If you receive a message about a study and want to confirm if it's true, go directly to the organization's website for further information. The National Institutes of Health (NIH) and the National Library of Medicine (NLM) also maintain ClinicalTrials.gov, a free searchable database of clinical studies on a wide range



Craig Pollack

FOUNDER & CEO

FPA Technology Services, Inc. – "IT The Way It's Supposed To Be!" FPA provides fixed fee, worry free IT services focused on professional services firms such as RIAs, CPAs, Business Managers, Legal, Insurance, as well as Manufacturers & Distributors and Non-Profits.

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of diseases. If there is no government agency, university, or hospital mentioned, it's likely a scam.

- **Never pay to be part of a clinical trial:** Real clinical trials will never ask you to pay them.
- **Legitimate clinical trials do gather information about candidates – but not financial information:** A real study might ask for your name, contact information, age, gender, race, ethnicity, or various pre-existing medical conditions. But they should never ask you for information like your bank account details.

As the pandemic persists, we need to remain vigilant and know how to recognize and report potential COVID-19 fraud. Homeland Security Investigations (HSI) has initiated the S.T.O.P. COVID-19 Fraud campaign to provide facts, tips, and red flags on pandemic related crime. You can access it at <https://www.ice.gov/topics/operation-stolen-promise>.

COMPANY BENEFITS

EMPLOYERS WITH 50 OR MORE EMPLOYEES MUST REPORT UNDER SECTION 6056

It's that time of the year again when employers with 50 or more employees are required to report to the IRS information about whether they offered health coverage to their employees and if so, information about the coverage offered. This information also must be provided to employees.

It has been 5 years since employers have been required to file with the IRS and provide employees with proof of health coverage, however, every year employers ask questions and have issues with the concept of 6056 reporting.

If an employer is deemed an Applicable Large Employer (ALE) they must file. An ALE is an employer that employed an average of at least 50 full-time employees (including full-time equivalent employees) on business days during the preceding calendar year.

GENERAL SECTION 6055 REPORTING REQUIREMENTS

ALE's subject to the Affordable Care Act's Employer Mandate, whether fully-insured or self-insured, are required to report under Sections 6055 and 6056. ALE's will satisfy reporting requirements by filing forms 1094-C and 1095-C for each full-time employee, regardless of whether that employee was offered coverage or accepted or declined coverage.

INFORMATION REQUIRED TO BE REPORTED

- Name, address, and Employer Identification Number of the employer
- Name and telephone number of a contact person representing the ALE
- Name, address, and Tax ID Number of the employee
- The months, if any, during which the employee was covered under an eligible employer sponsored plan
- Months for which the employee is enrolled in and entitled, for at least one day, to receive benefits
- Certification of whether the ALE offered to its full-time employees, and dependents, the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan, by calendar month
- Number of full-time employees for each calendar month
- Total number of employees for each calendar month

HOW TO FILE

Most employers use their payroll processor or health insurance agent or broker to assist them. Of our over 750 employers I am not aware of any that actually do the work themselves as it is important to file all the information correctly and timely.

In general, ALEs responsible for reporting under Section 6056 may furnish statements to employees and file returns with the IRS on paper or electronically. However:

- Employee statements must be furnished on paper unless an employee properly consents to electronic delivery;
- Returns must be filed with the IRS electronically if an ALE is filing 250 or more individual statements (Forms 1095-C) per calendar year; and
- The IRS encourages electronic filing for all other returns.

FILING DEADLINES

The IRS extended the 2021 due date for furnishing forms under Section 6056, related to information for 2020 reporting. This deadline extension provides an additional 30 days for furnishing the 2020 Form 1095-C, extending the due date from Jan. 31, 2021, to March 2, 2021.

However, the IRS did not extend the 2021 due date for filing forms with the IRS under Section 6056, related to information for 2020 reporting. Therefore, the due date for filing Forms 1094-C and 1095-C with the IRS is March 1, 2021 (since Feb. 28, 2021, is a Sunday), or March 31, 2021, if filing electronically.

If you would like a copy of the Heffernan Section 6056 Employer Reporting Guide please email me at barryc@heffins.com.



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ALTERNATIVE FINANCING



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GREAT SBA NEWS TO KICK OFF 2021

I think we all deserve to start the new year with some exciting news from the Small Business Administration (SBA). The recent Economic Aid Act now includes benefits that could be very advantageous for you or your clients.

We represent some of the most aggressive SBA 7a lenders nationwide. They do not require you to have a banking relationship with them. So, you can keep your depository relationship with your current bank and consider them for your SBA funding needs.

FOR NEW SBA 7A BORROWERS*:

- SBA will pay principal and interest on the first 6 months of loan approved between 2/1/2021 and 9/30/2021, capped at \$9000 per month
- Increased SBA guaranty to participating lenders from 75% to 90%
- Borrower's SBA guaranty fees waived (usually 2-3%)

FOR NEW 504 BORROWERS:

- SBA will pay principal and interest on the first 6 months of payments, up to a maximum of \$9000 per month
- SBA fees waived

These changes provide a more affordable alternative for clients who need access to capital. Plus, if you work with a Preferred Lender, you are able to receive a faster, more streamlined process.

SBA Loans are tied to the prime rate.

Interest rate for the SBA 7a loans is the daily prime rate plus a lender spread. As noted earlier, the SBA guarantees a large portion of the loans to the lenders. This guarantee reduces the risk for the lenders so small businesses can get easier access to capital.

Lenders in our network are offering SBA loans as small as \$30,000 up to \$5 million.

THE 7A LOAN IS SBA'S MOST POPULAR PRODUCT AND OFFERS A FLEXIBLE SUM OF CASH FOR A VARIETY OF USES:

- Real Estate Purchase
- Business Acquisition

- Debt Refi
- Furniture, Fixtures, Equipment
- Working Capital/Inventory

IN ORDER TO QUALIFY YOU WILL NEED:

- Minimum FICO 650
- No BK's in past 3 years or open tax liens
- Typically, 2 years in business
- Profitability
- Ability to repay the loan with business earnings

There are differences in how banks underwrite SBA loans. Each bank has a different credit culture and specialty. It's important to know where you have your best shot for an approval. For example, some banks won't do any projection-based loans. Others won't consider a file with a past bankruptcy. Some banks have certain deposit requirements. This is the value of working with a broker. You can talk about what's most important to you and determine what obstacles your business may face during underwriting. A broker is not tied to any one lender and can help direct you to a lender that does a lot of work in your industry, with companies of your size who have similar credit profiles.

In this market, lenders are still going to be more selective about who gets approved. Recent declines in deposits due to coronavirus will need to be explained or mitigated. However, lenders still want to do deals when they can.

YOU WILL BE TYPICALLY BE EXPECTED TO SUBMIT THE FOLLOWING:

- Last 3 years business and personal tax returns
- Business financial statements
- Debt schedule
- Business plan with projections and business history form
- Bank statements

Let us know if you are considering SBA funding and we will help connect with the right source.

**Information above is subject to final SBA implementation guidance, required regulations, notices and revised forms.*

WE CAN DO BETTER

HIGHWAY OF HOPE

My hometown is Minneapolis, MN and when George Floyd was killed on the corner of 38th and Chicago Avenue the protesters began to gather in large numbers. Within a few days, the arsonists and rioters also arrived in our neighborhood. My friend and mentor Art Erickson, would watch the marchers coming on 31st and Portland Avenue, both the daytime and at night, and they would go out at 5:30 AM to film the burnings on Lake Street.

The riots and burnings were systematically planned targeting Walgreens, CVS and other drugstores; multiple banks: Wells Fargo, U.S. Bank, BMO Harris, etc.; 3rd, 4th, and 5th Precinct police stations; Target Stores; Cub Foods; Auto Zone; and hundreds of others businesses, 1,500 in total.

The rioters were also coming down our neighborhood streets and alleys to burn our garages and houses at night. They had to band neighbors together all night to protect each other's properties.

Rudy Trujillo is a tax consultant who owns Trujillo's Tax Services on our Lake Street block, and he does the taxes for 100s of businesses (40 of those businesses in the immediate neighborhood). When Rudy witnessed the destruction taking place, he put together a group of business friends to protect the businesses at night on Lake Street. His group saw five men, all white, breaking into our Colin Powell Youth Leadership Center/Cristo

Rey Jesuit High School where Studi-One-Eighty has its headquarters. They broke four large windows and were going inside to burn the 160,000 square-foot building.

Rudy's group drove up behind them in trucks, brandished weapons and told them to "Get Out!" The five men left quickly and Rudy's team saved the building from total destruction.

The history of redemption and restoration in South Minneapolis has been such a valuable part of our hearts and lives for decades, and it has made the destruction of Lake Street, in the past several months, that much more devastating. Our hearts are broken, yet we recognize that buildings alone don't make up a community.

Our people are hurting and broken. This racial inequity for Black communities in Minnesota and around the country has simply come to a breaking point.

You will find two important very short links from the video shot by the Story Front Productions team. It features the short comments of Rudy Trujillo, the 25 - year businessman on Lake Street who helped save our building from being burned, and John Turnipseed. <https://vimeo.com/show-case/7651719>

We are determined to not let the riots and destruction be the end of our story. Instead, it leads us to reach out to you because what happened here has become a symbol across the



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United States and the world and a testament to the boiling over of racial inequity and broken communities.

We are contributing to this total healing process by mentoring and building leaders; supporting conversations between business leaders, philanthropy, and community members; and raising up the next generation of leaders through our Rising Young Leaders Program, beginning in February 2021.

This is why we are seriously asking this of anyone who reads this to consider today - to be a significant investor in our work, as it is needed today to restore hope and build back our broken community.

If this is meaningful to you and you would like to learn more, please reach out directly to me at pmitchell@salesxceleration.com or 310-946-9287.

CFO *Insights*

SELLING YOUR BUSINESS – BEGINNING WITH THE END IN MIND

Selling Your Business: A series of articles that provides information to business owners who are starting to think about exiting their business.

This is a story about selling a business, twice. The first the wrong way and the second the right way.

JOE'S BUSINESS

Joe started his business thirty years ago. He was a bright guy, identifying a small but profitable market segment that most other potential competitors ignored. Joe was a great sales professional, growing the business to support a very comfortable lifestyle. The



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I provide strategic, financial, and operational advisory services to the owners of privately held businesses. My goal is to help business owners achieve their success, as they define it.

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business provided the funds for Joe to invest in art, to travel extensively, and support his adult children. However, Joe didn't invest in the business, limiting the Company's growth potential.

The business operated from a mansion located on a Southern California beach. The business had 10 employees. There were no systems to support the business. They marginally used Quickbooks for accounting. There were no marketing programs. The only managing executive in the business, Greg, needed to wear multiple hats supporting both sales and service. While Joe paid Greg fairly, he had not established any long-term incentive plans that would align their interests. Revenue was flat to down over the last few years. A secretary was paying bills and depositing checks but hadn't done a bank reconciliation in over a year.

FAILURE TO PLAN

On a bright sunny day, Joe has a serious medical incident that causes a permanent disability, ending his career. Naturally, the business needed to be sold. The only real option was a management buy-out, selling the business to Greg. This was a distress sale, impacting both the sales price and the terms of payment. Joe needed to provide 100% financing. The sale of the business was closed, and Joe settled into retirement.

"START WITH THE END IN MIND"

Now Greg was also a smart guy. However, he approached the business differently. B2B CFO® always advises

clients to "Start with the End in Mind". This is exactly what he did. Immediately after he took ownership, he prepared a strategic plan that anticipated his own exit in five to seven years. The plan included investment in a sales team, expanding the customer support team, implementing a marketing program, expanding the product offering, hiring a finance team, and implementing a client relationship management system and financial systems. These investments paid off, quadrupling revenue over five years.

SUCCESS

Two years into the plan, Greg received an offer to buy the company from a publicly traded company that wanted to use it as a platform to launch its own entry into that segment of the business. Greg accepted the final negotiated offer. Financially, the offer was near the top of the range of deals being done at the time. In addition, the acquiring company was a good cultural fit for his company. After a three year earn-out period, the final purchase price was eight times what Greg had originally purchased the company for.

The moral of this story is that well-run businesses with a plan will attract buyers that will pay high multiples. Businesses that are not well-run and that do not have a plan, will not.

If you are ready to start planning your exit now or would just like to know more about what exit planning is all about, please call me.



SOCIAL MEDIA

4 REASONS YOUR WEBSITE SHOULD BE ADA COMPLIANT IN 2021

Everyone deserves the opportunity to browse the Internet equally, so making your website [ADA Compliant](#) is an absolute must. Adding this component will improve your site's level of user-friendliness while increasing the potential of your company's Internet presence and audience reach.

WHAT IS ADA COMPLIANCE?

In short, ADA Compliance means that your website is as accessible as possible to Americans with a range of disabilities. Examples could include, but are not limited to, people with the following: visual impairment, speech or hearing impairments, those who use screen readers or assistive technology, such as text to speech. If your website is not accessible, it makes it hard for people with disabilities to use your website. Additionally, you could be leaving yourself and your business vulnerable to a lawsuit.

In [2010](#), it was found that 11.9% of Americans had disabilities and that number has been increasing every year since. In [2017](#), 28.3% of these disabled citizens had a hearing impairment, 18.5% reported a vision disability, and 37.8% cited a cognitive disability. With statistics like these, the need to adhere to ADA guidelines to cater to individuals with disabilities is obviously becoming more and more important.

Becoming ADA compliant doesn't just protect you from potential lawsuits it also has several other

advantages. Let's take a look at the four reasons you should make this a priority for your business.

1) SEO IMPROVEMENT

Adding captions to photos or videos is an underrated component of ADA compliance, but it can do wonders for improving your SEO ranking. This gives web developers the opportunity to insert more targeted keywords to gain the benefits of a better SEO prospect.

The increased accessibility will make your site more likely to reach the top results on Google and will undoubtedly draw more visitors to your website.

2) EASY NAVIGATION AND INCREASED USER-FRIENDLINESS

Once your website is operating within ADA regulations, this will ensure more user-friendliness and a better experience when navigating webpages for everyone, not just visitors with disabilities. A clean design that makes it easy to find what people are looking for and is free of obvious flaws and glitches will make your users more likely to return in the future.

3) REPUTATION BOOST

Your customers will take notice of the fact that you value all people and believe that they should be treated equally. ADA compliance shows your commitment to the consumer and



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your strength of character. This extra effort to create a sense of inclusivity is invaluable to your company's overall reputation. For those with disabilities, they will be especially grateful for your efforts, and will be very likely to return to your website. They might even share your site with other people, telling them about their amazing experience. This will enhance your brand awareness, creating more traffic on your website.

4) DO WHAT'S RIGHT

It's worth it to go the extra mile for customers with disabilities because it's simply the right thing to do. All people deserve the same opportunity to access your website and all of its information. Disregarding these individuals deprives them of this opportunity and you will likely lose customers because of this neglect. Make your mark by addressing the issues of inclusivity and diversity.

INSOLVENCY ADVISING

CASE STUDIES IN THE ART OF FINANCIAL RESTRUCTURING

Rubber Manufacturer Bounces Back

GUIDING AN ENTERPRISE THROUGH TOUGH PATCH

After stabilizing a troubled manufacturer at the onset of 2009, the company's CEO stated "Our company has weathered the Great Depression and every recession since then. Our intent is to see it through this one too". At the end of 2009 the CEO proclaimed "We had an encouraging year." Fast forward to 2011 their bankers proclaimed "they hit the cover off the ball." Indeed they did. Sales increased 11% and margins climbed from 28% to 33% that year. At a follow up meeting in early 2012 the CEO confided that "we could have not done this without you, your advice, guidance and initial negotiation with our bankers proved invaluable".

KEY HIGHLIGHTS OF THE ENGAGEMENT

- Negotiated a forbearance agreement with the lender
- Raised new capital
- Company now recording record earnings
- Company has ample working capital

THE SITUATION

Founded in 1910 and headquartered in California, the Company is a multi-location manufacturer of rubber products with approximately \$35M in annual revenues. Selling to manufactures in industries ranging from automotive, construction, military, playgrounds, and hospitality all over the U.S., the Company had a history of being known for quality, innovation and service.

Its primary competitive strength was customer service. Recent industry dynamics included rising oil cost which, in conjunction with the demise of key industries like automotive and construction, caused the company to break covenants and ultimately default on its debt.

Internally, the management team was dedicated but stuck in trying to run the business as it traditionally had for decades. Afraid to raise costs and determined to maintain customer service resulted in diminishing margins and erosion of working capital. A large groan was heard in the factory as the machinery stopped and the furnaces shut down.

Supplies stopped shipping and usable inventory was non-existent. "We can't sell from an empty cart" cited a key executive. To make matters worse some of the key accounting systems were unreliable. The inventory records did not match the reality of stock on-hand. Indeed, the bank wanted to help but wanted assurances that management was up to the task.

The company engage our team in October 2009 to assess the company's plan and determine an optimal path.

THE RESULTS

In short order, the team:

- Negotiated forbearance agreement with bank
- Prepared 13-week cash flow
- Streamlined financial reporting package
- Devised a plan to get suppliers to ship raw materials.



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In the near term, the team was able to:

- Developed viable plan with management
- Raise new capital and keep existing Bank as lender
- Re-priced core products and fostered new culture of selling items only if margin criteria are met

FINAL THOUGHTS

A contributor to American industry endured. Local jobs were protected. Playgrounds continued to be outfitted. Gas masks rolled off the production lines earmarked for civil and military preparedness. Car manufacturers regained confidence in their supply chain's ability to deliver. Management breathed a sigh of relief and were able to bounce back to delivering results.

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