# THE MONTHLY CEO ADVISORY™


JANUARY 2021 VOLUME 2, ISSUE 1

Dear Friends,

2020 is now in the rear view mirror and none too soon.

If you learned anything last year, it was that running a business is the most challenging task someone could ever take on, and as you know, it is all consuming.

It means that you likely have little time to learn about all the topics you should. And you know it.

Towards that end, I am pleased to provide you with the January 2021 issue of ***The Monthly CEO Advisory.***

This compilation of short, easy-to-read articles (only one page each) was written with you in mind as the CEO, Owner or President.

Please feel free to pass along this document to others in your network that might benefit.

In the meantime, enjoy these terrific articles and thank you for allowing us to partner with you.

Sincerely,

Ken Keller

Ken Keller
CEO


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# Business Growth Opportunities to Consider in 2021



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

## IN 2021, FOCUS ON CASH

Cash is the oxygen that allows any organization to run. Its flow provides for choices, because without a steady stream of cash the company will gasp and fail.

Your business can survive a long time without profit but you cannot survive a day without cash.

Even better is having a cash reserve for your business that allows for expansion and growth.

Most CEOs don't understand that *"Growth devours cash."* Even moderate growth causes many companies to run through cash at a rate faster than they can generate it.

One of the best tools to help manage cash is to calculate your cash conversion cycle, which measures how long it takes between the time you layout or spend the first dollar, whether it's on marketing, design, or buying products until you get that first dollar (and hopefully many more), back from the sale of the service or the finished goods.

As an example, in the early days of Dell Computers their cash conversion cycle was running 63 days. In other words, from the time they first spent a dollar to make your computer until the time they sold that computer to you was about 63 days. (I know many manufacturing companies that run 90 days or greater).

So, Dell started focusing on decreasing their cash conversion cycle. Today they're running -35 days. That's not a typo; it does say Minus Thirty Five Days! When you are a client of Dell, they get your money 35 days before they start spending money making your computer.

How do they do that? Well, they get paid up front and then they order products to start making your computer and by the time they pay their vendors, it's 35 days since they've had your money on hand.

Dell has successfully changed from being a bank for you to you being a bank for them.

For your company, imagine a dramatic change from +63 days to -35 days. What would that do for your cash flow? What would that do in terms of removing stress from your life?

I doubt that most companies can see that dramatic of a swing but an improvement of some sort is possible with sharp focus and your time and attention.

Consider what it would mean going from a +40 days to a +10 days … 30 days of improved cash flow is a lot of money in your pocket that you're not using lines of credit or other sources to be able to meet the payroll to continue to operate the business.

You can survive a long time without profit but you cannot survive a day without cash, so take time now to calculate your cash conversion cycle. Take a look at how you generate cash and where and when you spend it.

There's an article in the Harvard Business Review by Neil Churchill and John Mullins entitled ***"How Fast Can Your Company Afford to Grow."*** It will provide insight into what the cash conversion cycle is really all about and help you calculate your own cash conversion cycle.

Most everything in business depends on cash. Improving your cash flow has got to be at the top of your priorities in 2021.


**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

## HAVE A COKE AND A TAX

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In 1886, a chemist named John Pemberton concocted a sweet, carbonated "brain and nerve tonic" made with coca leaves and cola nuts. Six years later, he sold his recipe for $2,300 to the druggist Asa Candler, who spun it into multinational gold. While the current product has just half the caffeine and none of the Bolivian marching powder of the original, Coca-Cola remains one of the world's most popular beverages. The formula remains so secret that, according to company lore, only two employees know it — and they're not allowed to travel together.

**(Fun fact one: in 1935, after the company swapped out beef glycerin for vegetable glycerin, Rabbi Tobias Geffen certified Coca-Cola as kosher. However, sweetening it with high-fructose corn syrup, as most bottlers currently do, makes it kitniyot, or unsuitable to drink during Passover.)**

Today, Coca-Cola sells nearly $40 billion worth of syrups to over 200 bottlers worldwide. Those bottlers add the fizzy soda water and sell the final product in every country except North Korea and Cuba. Naturally, those billions in sweet revenue means billions in tax — $1.8 billion in federal income tax for 2019 alone. Apparently, though, company brass like paying those taxes about as much as loyal customers liked "New Coke." They can't have been happy, then, when the Tax Court issued a bitter opinion last month socking them with an extra $3.4 billion in tax.

**(Fun fact two: "Coca-Cola" is the best-known brand in the world, recognized by more of the planet's 7.7 billion humans than any other English word besides "OK.")**

Here's the issue. Companies operating across national borders have to divvy up their profits among the different countries where they do business. They're supposed to establish "arms-length" prices that reflect how much those separate units would reasonably charge to unrelated customers. But the process, called "transfer pricing," encourages a fair amount of game-playing, especially when different countries impose different tax rates. Thus, a new class of tax chemists earn their living "cooking the books" the way Pemberton cooked up his original formula.

In Coca-Cola's case, the parent company here in the U.S. licenses intellectual property — trademarks, product names, logos, patents, secret formulas, and proprietary manufacturing processes — to foreign affiliates called "supply points," who produce the syrup they sell to the bottlers. The Court's 244-page opinion, which digs deep into company operations and governing law, ruled that they improperly overcompensated supply points operating in Brazil, Mexico, Ireland, Chile, Costa Rica, and Swaziland. No surprise, all of those countries have lower tax rates than ours.

**(Fun fact three: Coca-Cola, which sells 110 billion plastic bottles per year, generates more plastic waste than anyone else in the world. The fish would like to report they are not happy.)**

You may be wondering how these sorts of global strategies benefit you. But plenty of local businesses use the same principles to shift income to lower-bracket taxpayers or lower-bracket tax years. That's exactly the sort of planning we do for clients that makes us different from ordinary tax professionals. So give us a taste and see how you enjoy the savings — we're sure you'll find it's the real thing!

COMMERCIAL

# INSURANCE

## THE BUSINESS COST OF SOCIAL INFLATION

You may be unfamiliar with the term Social Inflation, but it is one of the new buzzwords in Commercial insurance. It describes the rising costs of liability claims resulting from things like increasing litigation, broader interpretations of liability, more plaintiff-friendly legal decisions, the advent numerous social justice movements and larger compensatory jury awards. While the core components driving social inflation have been with us for some time, their impacts on Commercial insurance coverage have only recently started to manifest themselves.

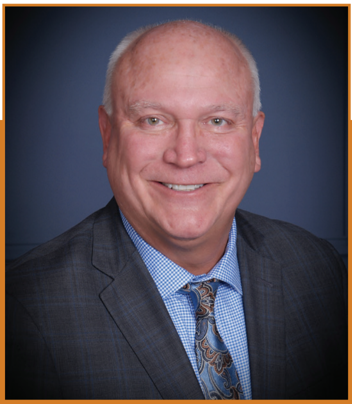
Some of the biggest drivers of Social Inflation is the general and growing anti-corporate sentiment that exists in America today, and a general feeling that someone needs to pay, and pay a lot, when there is any kind of damage or injury sustained, regardless of negligence. The biproduct is something that seems to be growing now - the targeting of small to medium sized businesses. While these businesses have always been in the crosshairs of the plaintiff's bar, they're an even bigger target these days, in large part due to the fact that there are so many more things to sue small businesses for than there were 15 or 20 years ago.

The areas of insurance most impacted by Social Inflation are General Liability, Products Liability, Employment Practices Liability and Auto. Any kind of product liability, or even a slip and fall, can now result in claim payments that are astronomical compared to what they used to be worth a few years ago, and gaining "class" status for a large group of disgruntled employees can fuel claim payments worth tens of millions of dollars.

Compounding the issue is the fact that liability claims have notoriously long "tails". Claims resulting from the opioid crisis are a good example of this. Claimants have successfully brought suits against drug companies for the role they played in the opioid crisis over the past 10-15 years. Factoring Social Inflation into coverage and pricing is challenging for carriers, because not only do they have claims occurring today, they also have to account for claims that have been lingering or developing over time.

Today there's acknowledgement by the insurance industry that the components of Social Inflation are having an impact. Insurance carriers have responded by changing to more restrictive terms and conditions, pushing higher Self-Insured Retentions (SIRs) so the insured takes on more of the first dollar risk, and higher rates.

In this tightening Liability environment controlling claims is critical. Small to medium sized businesses with difficult Products risks, large fleets and heavy General Liability exposure to the public should work closely with their broker to establish and document sophisticated quality control and risk management programs that do everything possible to prevent incidents that might lead to a claim. As your broker markets your renewal each year, they need to be skilled at telling your liability risk management story and using your efforts to negotiate the best terms possible.



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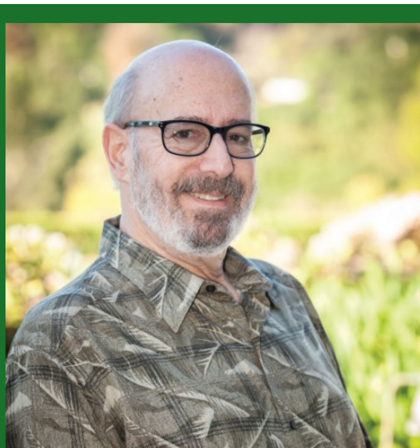
# HUMAN RESOURCES COMPLIANCE

## WHAT SB 1383: CALIFORNIA FAMILY RIGHTS ACT MEAN FOR EMPLOYERS

As of January 1, 2021, California employers with 5 or more employees will now be required to provide their qualifying employees with up to 12 weeks of unpaid, job-protected leave per year, and also expands the scope of "family members" and eliminates the "key employee" exception from the current CFRA law.

To qualify for CFRA leave, an employee must have more than 12 months of service with the employer and have worked at least 1,250 hours in the 12-month period before the leave begins.

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CFRA leave may be taken for the following reasons:

1. the birth of a child or placement of a child with the employee in connection with an adoption or foster care (the definition of "child" will now include the child of a domestic partner and children of any age);
2. to care for a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner who has a serious health condition;
3. because of employee's own serious health condition; and
4. because of a qualifying emergency related to the covered active duty or call to covered active duty of an employee's spouse, domestic partner, child, or parent in the Armed Forces of the United States.

For employers with 50 or more employees, historically, the leave provided by the CFRA and the Federal Family and Medical Leave Act (FMLA) ran concurrently in almost all situations (except pregnancy). Now that the allowable reasons for leave have been expanded by SB 1383, it is possible that an employee will be able to take 12 weeks of CFRA leave in addition to 12 weeks of FMLA leave in any situation where the CFRA leave is for a reason not covered by the FMLA.

SB 1383 did not change the rules regarding the use of accrued time off during CFRA leave. The employee may elect, or the employer may require, that the employee take their accrued and unused vacation or PTO time for any of the reasons described above, as well as sick time for leave related to the employee's own serious health condition. The employee shall not use sick time for the other reasons above unless mutually agreed by the employer and employee.

CFRA will still require that the employer maintain and pay for group health coverage during the 12-week leave period in the same manner as if the employee had continued to work.

When an employer employs both parents of a child, the employer will now be required to provide each parent with 12 weeks of CFRA leave. Before SB 1383, parents of the same employer had to share the 12 weeks of available leave.

SB 1383 will repeal the New Parent Leave Act ("baby bonding") that applied to employers with 20 or more employees. This section will be moot because the entire CFRA will cover all employers with 5 or more employees.

Small and large employers must update their leave of absence policies to reflect this change before the law goes into effect on January 1, 2021. Small employers who were not previously covered by the CFRA must now include the CFRA leave laws in their policies. Larger employers must revise their policies to incorporate the changes.

# MANUFACTURING EXCELLENCE

## AS WE LOOK BACK ON 2020 AND BEGIN FORECASTING FOR 2021, WHAT LESSONS HAVE WE LEARNED?

Depending on the industry we are in, our fortunes vary from business cycle to business cycle and from crisis to crisis. In 1994 and 2008 the real estate markets experienced significant valuation declines. The tech sector bubble burst in the early 2000's. From 2007 to 2009 automotive sales declined by 40%. Automotive employment declined by 45%.

And what of the COVID crisis? As it turns out, real estate, professionals, and the insurance industry have remained relatively unaffected. CPA firms overall are seeing increased revenues. Real estate values continue to increase.

In terms of negative impacts, the devastation to the food, leisure and entertainment industries is obvious. But surprisingly, these were not the most severely impacted industries. They are the industries which make the best sound bites and emotional videos for social media and the news outlets. The data shows a slightly different view.

S&P Global's most recent update highlights the top three industry segments impacted by the COVID pandemic. And they are not food, leisure and entertainment.

Their analysis is based on the probabilities of default (PD). What is the likelihood of companies defaulting on their credit obligations?

Having analyzed the credit risk of thousands of companies, 3 industries come out as the clear "winners." By far #1 is the Airline Industry. Secondly Oil and Gas. And finally, Automotive.

PD's for the Airline Industry went from 2% pre-pandemic to 27%. Oil and Gas from 4% to 24%. Automotive from 4% to 22%. These are unprecedented levels of default.

What is the common denominator among these hard-hit industries? They are all manufacturers. And they all have extensive supply chains dominated by small business manufacturing operations. In other words, manufacturers have been slammed by COVID. But how many small manufacturing owners do we see highlighted on the evening news. None. They suffer in silence. But I digress.

We cannot change what happened, but we can learn. As we look to 2021, what actions can we take to minimize our probabilities of default?

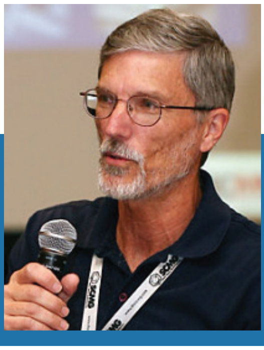
The first is **STRATEGY.** So often small manufacturers fall into their businesses. They took it over from their parents. They were an employee and purchased the company from prior owners. They started in their garage and grew from there, but the basic business model has changed little.

STRATEGY is about taking a serious look at the world we live in. Where is technology headed? Will I be obsolete in 20 years? What are the domestic and global risks my industry faces? How can I protect my organization from those risks?

The second is **AGILITY**. One of the biggest challenges in manufacturing is the significant amount of dedicated, specialized capital investment. In Lean Manufacturing we call these "monuments." They only serve a limited number of purposes and cannot be moved. When the markets move, are we anchored to our monuments? Or are we focused on AGILITY and flexibility? Do we invest in technologies that can be adapted to volatile market demand and changing technological requirements?

And finally, **FINANCE**. Do I understand my finances? Do I perform stress tests to understand my ability to survive economic shocks which are sure to come. Am I over leveraged? Do I understand my cash flows? Do I have the best advice to understand the tax effects of my business decisions?

2020 has been a brutal year for manufacturers. We are not out of the woods, but there is a light at the end of the tunnel. Here's looking toward a Happy New Year 2021!



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# INFORMATION TECHNOLOGY

## 12 TIPS TO HELP YOU SECURE YOUR HOME NETWORK AND IOT DEVICES

As hot new gadgets seek to make your home smarter and more efficient, it's become more critical than ever to ensure these devices don't weaken your home network security – especially if you're working from home!

The Internet of Things (or IoT) refers to all of those appliances and devices that connect to the internet. Some examples include a connected door lock, a home video camera, a blood pressure monitor, or your Nest thermostat. Keep in mind, any one of these devices can easily be hacked providing access to your entire home network.

Bottom line: If you have a connected home, you need to secure your home network!

### HOW YOUR SMART HOME COULD BE VULNERABLE

Consider this: if you haven't changed the default Administrator password for every device on your home network, hackers know them and have access to your home network. Every Nest thermostat, every Ring doorbell, every Peleton bike takes an IP address on your home network – and each one comes with the same default administrator password as someone else's Nest, Ring, and Peleton. This alone offers a plethora of entry points for cybercriminals.

That said, here are 12 ways to help secure your smart home...

1. **Name your router**
   Don't stick with the name the manufacturer gave it — it might identify the make or model. Give it an unusual name not associated with you or your street address. You don't want your router name to give away any personal identifiers.

2. **Encrypt your Wi-Fi**
   Use a strong encryption method, like WPA2, when you set up Wi-Fi network access. This will help secure your wireless communications.

3. **Set up a guest network**
   Keep your Wi-Fi account private. Visitors, friends and relatives should login to a separate network that doesn't connect into your IoT devices.

4. **Change default usernames and passwords**
   As mentioned above, cybercriminals already know the default passwords that come with many IoT products. That makes it easy for them to access your IoT devices and, potentially, anything else on your home network – including access into your business network when you're connected to your office! When you first connect a device onto your home network, change the password for the Administrator account.

5. **Use strong, unique passwords**
   For Wi-Fi networks and all devices, setup passwords avoiding common words or passwords that are easy to guess, such as "password" or "123456." Instead, use unique, complex passwords made up of letters, numbers, and symbols.

6. **Check the setting for your devices**
   Your IoT devices might come with default privacy and security settings. Consider changing these as some default settings could benefit the manufacturer more than they benefit you.

7. **Disable features you may not need**
   IoT devices come with a variety of services such as remote access, often enabled by default. If you don't need it, disable it.

8. **Keep your software up to date**
   When your smart phone manufacturer sends you a software update, don't put off installing it. It might be a patch for a security flaw. Mobile security is important, since you may connect to your smart home through mobile devices. Your IoT device makers also may send you updates, or you might have to visit their websites to check for them. Be sure to download updates and apply them to your devices to stay current.


**Craig Pollack**

**FOUNDER & CEO**

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9. **Audit the IoT devices already on your home network**
   It could be time to upgrade that old security camera. Take time to check if newer models might offer stronger security.

10. **Do the two-step**
    If your smart-device apps offer two-factor authentication (2FA), use it whenever possible.

11. **Avoid public Wi-Fi networks**
    If you're ever managing an IoT device via your mobile device using public Wi-Fi, they're generally unsecure. So, make sure that when you do this, you're connecting using a secure VPN connection.

12. **Watch out for outages**
    Ensure that a hardware outage does not result in an unsecure state for the device.

### BOTTOM LINE

IoT devices have become too prevalent to be ignored. If you haven't already done so, it's time to step back and take a look at all the things you have connected on your home network and make sure they're secured. And, if you have any of your staff working remotely this would be a key place for you to start helping them to secure their home networks as well.

# COMPANY BENEFITS

# EMPLOYEE BENEFITS: 2021 TRENDS

## EMPLOYERS AND TELEHEALTH

Telehealth may have been seen as a fringe benefit years ago, but it's grown into a serious, viable care model—so much so that it's starting to encroach on hospital revenue. In fact, lower hospital utilization is predicted to have cost health systems $350 billion in 2020, according to Forrester Research. This is due largely to the COVID-19 pandemic and the subsequent avoidance of in-person care facilities.

In 2021, experts predict telehealth will only grow—promoted heavily by care providers and hospitals that are looking to offer more affordable at-home care. And once consumers get used to health care with low barriers (e.g., cheaper, more convenient and with greater specialist availability), it'll be that much harder to revert back to the in-person health model.

Moreover, telehealth is expected to account for 440 million visits in 2021. Even when in-person visits slowly increase, telehealth usage will still account for a significant portion of the marketplace. That's why employers should consider this powerful cost-cutting mechanism. Telehealth might be the solution for businesses that need to curb skyrocketing medical costs.

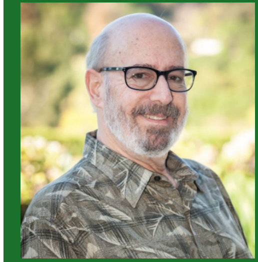
## MENTAL HEALTHBENEFITS DURING THE PANDEMIC AND BEYOND

Poor mental health is a pervasive problem that affects every industry. From a monetary perspective, mental health issues cost the United States at least $193 billion in lost earnings each year, according to the National Institute of Mental Health. Factor in lost productivity, and the losses are even higher. This is a huge issue, given that 20% of U.S. adults are diagnosed with at least one mental illness in their lifetime. And the undiagnosed cases are projected to be even greater.

All this is to say that employers can do better in terms of dealing with mental health issues. In fact, not doing so can make things worse. Luckily, there are a number of options employers can use to improve employee mental health and their company's bottom line, including:

- Making sure mental health services are covered in-network, saving employees from out-of-pocket costs and thus encouraging greater usage
- Training managers to spot mental health issues early among employees
- Having a vibrant Employee Assistance Program that is available to all employees.
- Providing employees tools such as meditation and stress reduction apps including Headspace, Calm or Happify.

The most important aspect, aside from offering mental health resources, is that employees know exactly how to get help, including whom to contact for immediate assistance.



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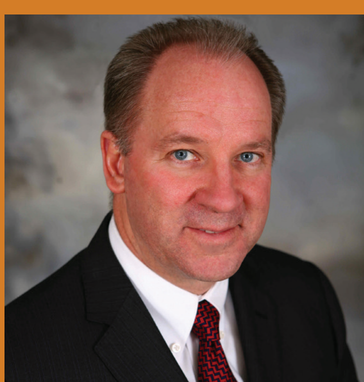
I help companies with 25 to 2000 employees become "Employers of Choice" providing employee benefits solutions and benefits compliance.

# CFO Insights

## WHY BENCHMARK YOUR COMPANY

Is benchmarking an integral part of your strategic planning process? If not, you may want to consider adding a review of your industry's key financial metrics to your next planning session, because what you do not know can really hurt your business when operating at a competitive disadvantage. For example, what if your industry average accounts receivables turnover is 25% faster than your collection metric? What is your competition doing with their excess cash? What could you do with the additional cash flow generated via a 10% improvement in collections? How about 20%?




**Chase Morrison**

I provide CFO services to manufacturing and distribution companies with revenues ranging from $5M to $40M in revenue, with a focus on helping clients better utilize their ERP/accounting systems to overcome barriers to growth and profitability.

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## HOW TO BENCHMARK YOUR COMPANY

To get started, summarize your company data, by quarter, for the past two to three of years. With historical financial data, you will also be able to identify trends in key metrics, such as revenue growth. Financial benchmarks/metrics break down into two broad categories: 1) profitability metrics from the P&L; and 2) efficiency/effectiveness metrics mostly from the balance sheet. Profitability metrics include gross margin, operating margin and return on sales. Efficiency/effectiveness metrics include days sales receivables (DSR), days inventory on hand (DIOH), current ratio, debt-to-equity ratio, return on assets employed (ROAE), and so on.

The next step is locating relevant benchmarks for comparison. The best place to start is with trade associations for your industry. Trade association metrics may also include industry-specific metrics, such as sales as a percent of revenue, or average revenue dollars per employee, which can be very helpful.

Another good source of industry-based benchmark metrics includes public companies in your industry on the SEC's EDGAR website. Though these are public companies, their financial data is referenced in both 10K and 10Q filings that can be used as a source of benchmark data. Finally, you can refer to the Almanac of Business and Industrial Financial Ratios (ABIFR), from CCH, which you can find in most libraries. The ABIFR data is sourced from IRS filings for both public and private companies and is summarized by company revenue size.

## WHAT TO DO WITH THE IDENTIFIED GAPS

Now that you have completed the benchmarking exercise for all your key metrics, more than likely you will have identified gaps, which are your targets for future improvement. Remember that the gaps you have identified are against industry averages and do not represent a comparison to "best practices" within your industry. Regardless, your benchmarking gaps need to be addressed as part of an annual financial planning process that assigns initiatives addressing those gaps to members of your leadership team. With progress toward your industry averages, you can subsequently focus on pursuing "best practices." If you need help starting your benchmarking effort, please give us call. We have the tools you need to overcome barriers to achieving your goals.

# ALTERNATIVE FINANCING

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## BUSINESS FINANCING UPDATE

Are you one of the millions of small businesses who cannot qualify for funding with their bank? There are alternative options available. Let's answer some FAQ's:

### WHAT IS ALTERNATIVE FINANCING?

Alternative financing is a broad term used to describe the wide range of loan options available to business owners outside of traditional bank financing. These alternative options are most commonly used when a business cannot obtain a traditional bank loan for any number of reasons. Sometimes businesses will also opt for alternative loans because they are usually covenant-lite (covenants are clauses in the loan agreement that requires the borrower to do or refrain from doing certain things).

### WHAT ARE BANK APPROVAL RATES?

Approval percentages are down 50% or more for all categories of small business lenders as the pandemic surges.

Small business loan approval percentages at big banks ($10 billion+ in assets) dropped from 13.3% in October to 13.2% in November, an indication that the challenges for small business owners in need of financing still continue, according to the latest Biz2Credit Small Business Lending Index™ most recently released. In comparison, big banks approved 28.1% of the funding requests they received in November 2019. This analysis is based on loan requests ranging from $25,000-$3 million from companies in business more than 2 years with an average credit score of more than 680.

It's easy to see why alternative lenders remain an important source of capital for businesses.

### WHY DO YOU SEE THE BANKS TURNING DOWN BUSINESSES?

Bank rates are very low so they really cannot afford to make mistakes. Besides that, they are highly regulated and trying to re-assess the new "normal". Historically, they will refer businesses to me that meet some of the following criteria:

- Less than 3 years in business
- Limited collateral
- Not profitable
- Weak personal credit
- High risk industry (i.e. construction)
- Past Bankruptcy/Foreclosure
- Weak cash flow

In my experience, even some otherwise "healthy" businesses growing at a rate of more than about 15% per year can also be considered too risky for conventional financing. As a consequence, business owners have sought out alternatives.

### ALTERNATIVE FUNDING OPTIONS FOR BUSINESSES

Heritage Commercial Funding Corp. represents a network of the top funding sources in the alternative lending market. Our job is to connect businesses with the right lender to increase their cash flow and improve their bottom line. Some options include:

- Lines of Credit
- Term Loans
- Merchant Cash Advances
- Personal Loans
- Business Credit Cards
- Microloans
- SBA loans
- Invoice Factoring
- Purchase Order Financing
- Asset Based Lines of Credit
- Equipment Financing

### WHAT DO WE NEED TO QUALIFY?

Each alternative lending program has a different set of qualification standards. We can usually let you know quickly which one you may qualify for.

### IS IT WORTH IT?

Lenders price to the risk. Alternative lending rates will always be more expensive than bank rates. Even within the alternative lending space, your rate will vary based on your creditworthiness, size, etc. So, is it worth it? Well it's best to just keep it simple.

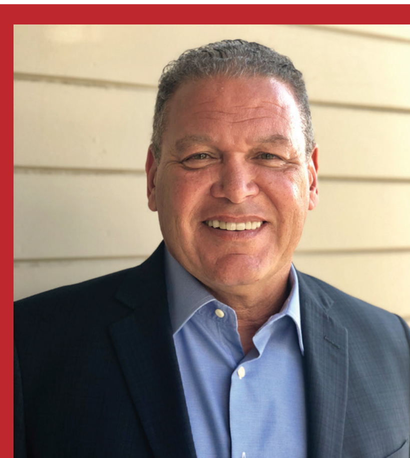
- Does the benefit outweigh the cost?
- What are your profit margins?
- Are you turning away business because you are worried about cash flow?
- Do your suppliers offer any quick pay or volume discounts?

For the right business, alternative lending can be an invaluable tool to help get you to the next level. So, weigh your options but don't lose sight of the forest for the trees. These rates are still a lot still cheaper than equity pricing for the same amount of capital.

# WE CAN DO BETTER

## A LIFE IN BLACK AND WHITE

How can we move our businesses and our people forward with compassion amid so much turbulence and tension?

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### WHY WE ARE HERE

*George Floyd's death at the hand of a White police officer has caused social unrest across the country and around the world but it is also an excellent opportunity for positive social change. Personally, I am seeing interest from many White Americans who want to learn how they can help break the cycle of Black racism and social injustice. This is a key time for business leaders to educate themselves on how to have these meaningful conversations with their employees of all races. Due to my business and life experiences, I find that I am uniquely qualified to offer support in doing just that.*

### WHY ME?

- I was born to a White mother and a Black father in 1958 in Minneapolis, Minnesota.
- Because of the culture at that time, I grew up in a predominantly Black culture and went to an historically Black University.
- As a Black teen, I was affected by the trauma of being treated differently because of the color of my skin and that has stayed with me. It was all I knew.
- When I moved to California, I looked different than I did when I was younger and because of the culture here, I was accepted in the business community and promoted to lead large sales teams in a primarily White world.
- Since I looked White, I was accepted as such and that opened many doors.

My goal in leading discussions on this very timely topic is to use my life and business experiences to promote meaningful conversations about how we can all work better to reach a new level of understanding and learn about things we simply don't know

### WHY NOW?

Corporate America is at a very important crossroads regarding race relations. Whether one chooses to move forward and expand one's ideas on this subject is an individual choice. However, now is a good time to gain understanding and positively impact all employees, regardless of their race. If nothing is done, the results can be very damaging as seen here:

- The CEO of CrossFit who recently tried to link the coronavirus to George Floyd protests. As a result of his insensitive remarks, Reebok has cancelled their 10-year relationship, franchisees are leaving, the community is unhappy, and sports icons are saying they won't compete in any CrossFit challenges. He was eventually fired.
- In Charlotte, NC, the head of a security company named CPI said, "Maybe our time would be better spent focusing on black on black crime." As a result, the Carolina Panthers, Charlotte Hornets, and literally hundreds of other corporate clients have cancelled their relationships.

If companies don't figure out how to change this narrative and focus support around eliminating social injustice, they will lose clients and employees of all races and damage their communities. Since most boards and leaders of companies are primarily White, many have no experience dealing with this so there is a strong need for information.

### FOCUSED TOPICS CAN BE:

- Why do Black Americans feel the way they do?
- Why are so many young White Americans motivated to stand with their Black peers in the movement?
- How this will affect all of your employees and your company culture?
- How can businesses best meet cultural expectations going forward?
- Do you know your company metrics when it comes to Black employees?

# Welcome

- **Ken Keller**

“I’d like to talk with you about participating in a **Virtual** **Strategic Advisory Board”**

# What is a Strategic Advisory Board?

I bring together CEOs from non-competing companies of similar size, into an advisory board process which helps them gain fresh ideas and new insights.

This form of Peer Advisory has proven to be very effective in helping CEO's increase their effectiveness and their profits by gaining advice, support and insight from their peers who have faced the same challenges as they grow their companies.

Read on to learn how you can take full  advantage to better plan, perform and grow  your business by working on it and not in it.

# Who Will Be In Your Strategic Advisory Board?

- 8 to 12 Hand Selected CEOs from Different Industries Providing Broader Perspective
- CEOs leading Growing Companies, each with 11 to 95 employees
- CEOs Committed to Growth: Both Positive Personal and Professional Change
- Individuals Who Are Life-Long Learners
- Quality People; Ones You Will Enjoy Spending Time With and Getting to Know
- Individuals who will be candid, transparent and honest with you because they will tell you what you need to hear not necessarily what you want to hear

# What to Expect From Your Strategic Advisory Board

- Having Access to a Select Group of Peers that are your Trusted Advisors
- No Competitors or Client Conflicts
- All Meetings are Confidential
- One Monthly Meeting (3.5 hours)
- Individual Leadership Coaching Monthly
- Group Annual Planning Session in October
- Operational Planning Meetings with you and your management teams in Q4 for the year ahead
- **Meetings held virtually until determined otherwise**

# Providing a Virtual SAB Experience

- One 3.5-hour session per month
- Each CEO is allocated time for a formal business update using the Strategic Growth Navigator©
- Continuing Executive Education
- Discussion of CEO's Roundtable Issues (challenges, problems & opportunities)
- Work ON and not IN your company
- Individual leadership coaching will be calendared to honor your schedule
- **Both peer group and coaching sessions will be conducted through Zoom**

# The Strategic Growth Navigator© is the basis for all SAB Meetings

The SGN is a one page Operational and Strategic Plan that covers all a CEO needs to do and track to run a growing company.

Created because far too many CEOs were running their companies without a roadmap or a report card except for tax returns.

**It's mandatory. All my CEOs use it.**

Often, CEOs share it with their bankers and management team members.

The SGN may be customized for your needs.

# Individual Leadership Coaching

- Ideally, held once a month for 90 minutes
- Not mandatory but highly recommended
- Required if the SAB meeting is missed
- Virtual to start, convert to in-person eventually
- Use of the Strategic Growth Navigator© as the foundation of discussion
- Discuss your Top Five Challenges of Growth
- Review your direct reports and their progress
- Check on goals set at Annual Fall Retreat

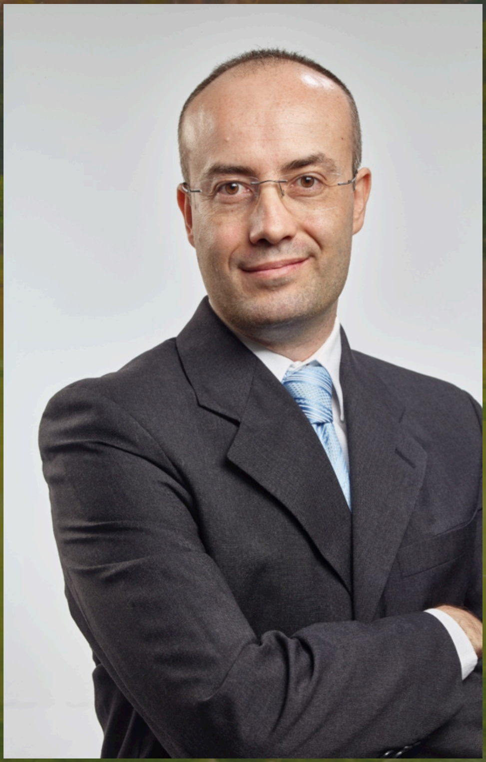
# My CEO's take themselves and their businesses to places they've never been to before

- More Revenue … More Profitable
- Better Clients … More Clients
- More Efficient Internally
- Stronger Cash Flow
- Improved Internal Focus
- Better Internal Alignment
- Stronger Teamwork
- Holding People Accountable
- Being Held Accountable by Your Peers
- Growing, Personally and Professionally

# What others have experienced….

"I've been with Ken and my SAB for over 15 years. I can share things with my fellow CEOs that I cannot, do not, share with my own Board of Directors. At my first meeting I learned about "Internal Terrorists" and at that moment I realized I had a lot to learn. I stay in the SAB because I have to keep on learning."

*—CEO of a local public company*



# What Kind of Outcomes Can You Expect from Your Strategic Advisory Board?

- ✔First year of participation could yield an increase in revenue, perhaps as much as 20%; each following year growth should be a minimum of 10%*.

- ✔You'll learn which employees are engaged, disengaged or actively disengaged.

- ✔The costs in your company will go under a microscope; expectations are that you will reduce costs by 10% or more.

- ✔You'll know when to hire & how to hire effectively, avoiding those that don't truly fit.

- ✔You'll be focused on building a better future for yourself, your company and your clients.

*Projected growth. No guarantees of outcomes.

# In a nutshell…

**Genuine CEO to CEO Input**
Avoid landmines

**Continuous Learning**
Grow yourself

**Build a Network**
Have friends for life

**Use Recruiting Tools**
Stop hiring terrorists

**Have a Plan**
Set goals, be held accountable to execute,
learn to hold others accountable

**Get Coached**
Hear what you need to; which
is not always what you want to hear

**Business Growth**
Use a predictable model

# First steps to participation

- Interested CEOs can contact me at any time via email.
- Second step is a Zoom interview and signing of an NDA followed by information sharing.
- Next, payment of registration fee and assignment to a new or existing Strategic Advisory Board.

# Registration Details

- One Time Registration Investment Fee of $1,250
- Up to 6 assessments that determine behavioral styles and what drives that behavior (DDV) for any of your direct reports
- Team debrief for these assessments via Zoom
- License to use SGN as a member of SAB
- Use of the Stages of Growth Matrix
- Use of Showcase PowerPoint

# Investment

The value of participating in the SAB program is worth $40,000 plus.

For my valued clients, the annual investment is $12,000.

* If you prefer to pay monthly, you have the option of doing so at $1,100 per month.

# About Me…

- My beautiful bride, Donna, and I have a son, daughter-in-law, two granddaughters and a grandson
- We have lived in Valencia, California (near Los Angeles) since 1990
- Donna teaches elementary school
- I have written two books on business
- Publisher, *The Monthly CEO Advisory*
- I am a cancer survivor
- I have a tremendous network of solid citizens all over the country

**Thank You for your time and consideration. I look forward to working with you.**

**Ken.Keller@StrategicAdvisoryBoards.com**