

THE MONTHLY CEO ADVISORY™

revenue

A hand in a light blue shirt is drawing a red arrow on a whiteboard. The arrow starts from the left, goes horizontally, and then curves sharply upwards and to the right, ending in an arrowhead. The background is a blurred office setting.

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Dear Friends,

I am delighted to provide you with the November 2020 issue of ***The Monthly CEO Advisory***TM.

This is issue number eleven and we continue to positively impact thousands of CEOs, Presidents, Business Owners and others at the C suite level.

This is the time of year when you should be preparing your plans for 2021. Given the pandemic, you should be creating different scenarios or roadmaps with corresponding assumptions.

The last couple of months of 2020 should find you working "on" and not "in" your business.

As you look at your entire business from a strategic point of view, please consider the expert advice that follows on the monthly line-up of short (one page) articles in the following topics:

- Employee Benefits
- HR Compliance
- Business Growth & Profitability
- Commercial Insurance
- Manufacturing Excellence
- Information Technology
- CFO Insights
- Alternative Financing
- Sales Management

The Trusted Advisors that contribute to this publication are the best in their respective fields. If you need help, please reach out to anyone of them as appropriate.

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

Sincerely,



Ken Keller
CEO

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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

HOW TO IMPROVE COMPANY PROFITS

To improve business profitability, you must either make a larger Gross Profit on each dollar of sales or sell more without increasing fixed costs.

Whether you are a service firm, distribution company or a manufacturer, you must continually look at your direct (variable) costs to see if you can maintain or improve the quality of your product or service at a lower cost.

You also need to focus on maintaining or reducing fixed costs. Many of my clients set a goal to keep overhead as a set percentage of sales.

It goes without saying that the biggest improvement in profits will occur if you can achieve both simultaneously.

START WITH DIRECT COSTS

Remember your Gross Profit is the difference between the price of your product or service and what it costs you to purchase or create it. Therefore, the only way to increase your Gross Profit is to sell at a higher price or purchase / produce at a lower cost.

In most instances (but not all!) you will have limited scope to purchase or produce at a lower price.

However, it never hurts to ask for and to attempt to negotiate lower costs or more favorable terms and conditions from your suppliers. I have one client who negotiated with a key supplier not only a lower price for a direct cost but also received a six-month hiatus on payments.

SECOND, ADDRESS PRICING

Without a doubt, the biggest single barrier preventing CEOs from making an acceptable profit is their refusal to charge a price which will enable them to achieve this goal.

You are not in business to match the price your competitors set; you are in business to service your clients and to make a reasonable profit when doing so.

In fact, studies of the various factors that buyers regard as important influences on their decision to deal with any business indicates that product and price are relevant in only fifteen (15) percent of cases.

Not every buyer is a price only buyer and you need to ask yourself if that is the kind of client you want to have in your client portfolio.

Trying to hold or win market share using price discounting is the lazy CEOs competitive strategy.

It is relevant and applicable in only one situation and that is where you have a definite cost advantage (either variable or fixed) over your competitors and your product or service is one where customers are very price sensitive.

As an example. United Airlines has "owned" the Denver market for decades. Every time a competitor would enter the market, United would lower fares and simply wait until the competitor gave up the battle and left the market. United would then raise prices back to where they were once again making a profit.

I have done some number crunching on the subject. If your Gross Profit Margin is thirty (30) percent and you reduce prices by 10% you need a huge sales volume increase ---50% --- to maintain your Gross Profit dollars.

Rarely has such a strategy worked in the past and it's unlikely that it will work in the future.

Once you start reducing prices it is very hard to increase them again. In most market segments, it soon becomes a race to the bottom, and no one wins.

Buyers understand justifiable price increases if they can be explained. My own advice to my clients is to raise prices on a regular basis, backed by data from the Consumer Price Index or the Gross Domestic Product Price Index which measures changes in the prices of goods and services produced in the United States.



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I work with Business Owners, CEOs and Presidents leading companies with 20 or more employees, providing advice to increase revenue, decrease costs and improve profitability.

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TAX NEWS

A NEW LOOK AT MAJOR BUSINESS EVENTS

With no complete end to the COVID-19 situation in sight, many CEOs and Business Owners have begun to try to settle into whatever this “new normal” actually is. They’re resuming their regular activities (at least as much as possible) and are once again attempting to continue to follow the path that they set for themselves and their organizations at the beginning of 2020.

This, of course, presents its own fair share of challenges, including thinking about other important events down the line: valuations and appraisals, risk assessments, and succession planning.

Thanks in no small part to COVID-19, many private enterprises including family-owned businesses have been forced to dramatically rethink their points of view on these and other important wealth transition and succession-planning topics.

COVID WORLD BUSINESS VALUATIONS

One of the more unfortunate impacts involves a decrease in small business values across the board. The fact that both actual and expected revenues and earnings have likely decreased for many organizations, coupled with an increase in interest-bearing debt and liquidity issues in the market at large, all have a lot to do with this issue.

At the same time, it is entirely possible to mitigate risk to that end by keeping a few key things in mind. First and foremost, your attention needs to continue to be on cash flow, the cost of capital and top line growth.

On the plus side, this represents a unique opportunity for many to take advantage of low small business valuations to minimize things like estate and gift taxes. Lower business valuations allow Business Owners to transfer a greater portion of your business assets and reduce your taxable estate. You will be able to gift assets against your lifetime exemption previously considered a taxable event had COVID-19 not occurred.

MITIGATING RISK AND PROTECTING YOUR LEGACY

In general, you need to remember what the major goals of wealth transition and succession planning actually are: you’re attempting to preserve as much of your wealth and business as possible.

If all of this describes your situation, it’s likely that you’ve seen a short-term increase in sales and, in all likelihood, profitability. How will this impact the future of your organization? Is this what the “new normal” looks like for you, or will you eventually return to pre-COVID levels in terms of sales and profitabil-



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ity? Do you have a way to determine this right now, or is time going to have to tell the story?

These are all critical questions that you need to try to answer to make the best possible decisions in terms of succession planning.

In the end, understand that wealth transition and succession planning were always complicated processes, and COVID-19 has not done anyone any favors. No matter what, you need to recognize that this is an inherently specific process: so much is impacted by your own unique circumstances and the facts surrounding your organization. Likewise, your end goals will play an important role in the decisions you make, along with how they may have changed in the last few months.

However, if you’re able to keep these core best practices in mind and look at things through this new pandemic lens, you’ll be able to create the right plan for your objectives with as few of the potential downsides as possible.

COMMERCIAL INSURANCE

A BRIEF LOOK BACK

As we move into the final quarter of 2020, I recently took a few minutes to reflect on the way my agency and colleagues responded during the early days of the COVID crisis, and I thought they were worth sharing:

ANXIETY AND STRESS –

The COVID crisis brought an unprecedented level of anxiety and stress to our agency. Our leadership team immediately recognized this and took action to combat them. We made sure they did not negatively affect our employees or our performance. Frequent and positive communication by management with everyone in our organization was a key to reducing the overall stress level. Finding creative ways to sprinkle in some fun group activities to get people laughing together also went a long way to lowering everyone's anxiety.

PERSPECTIVE –

Optimism is the word that comes to mind when I think about the

overall perspective expressed and exemplified by my colleagues and I back in March. As a group and as individuals, we were all optimistic that by working together and supporting each other, we could overcome anything the COVID crisis threw at us. We knew we could identify what our clients needed most at that moment, and that we would deliver for them. We were also optimistic that we would all come out the back end of this crisis stronger, wiser, and better than we were before it began.

ATTITUDE –

Every person in our firm demonstrated an incredibly calm, professional, and positive attitude about everything we were facing. They also demonstrated an inspiring level of personal mental toughness that allowed them to stay focused, adapt and move ahead.

CARING, CONCERN & EMPATHY –

Almost as if it were second nature, everyone in our company demonstrated their care and concern for each other, and for our clients. We were all experiencing similar pains

and struggles, which made it easy to empathize with our clients, and that motivated us to do whatever we could to help them through a very difficult time together.

SERVICE FOCUS –

We saw the crisis as a once-in-a-lifetime opportunity for each of us to serve our clients. We work in a service industry, so it was imperative to ask how we could best serve our clients at that moment and going forward. We realized there was no better time to do that than in a time of uncertainty, crisis and need.

RESILIENCE & RESOURCEFULNESS –

The world seemed to change in a day back in March: For our clients and for our firm. We knew we had to pick ourselves up, react quickly and move forward. There was no time to waste. We had to be resilient and resourceful, and we were. We quickly moved everyone to a remote office environment, developed new and creative ways to seamlessly continue serving our clients, and to remain productive and grow.

GRATITUDE –

We were (and still are) grateful that we were given this opportunity to demonstrate, and to witness, the best attributes of each person within our organization.



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HUMAN RESOURCES COMPLIANCE

SB 1383: CALIFORNIA FAMILY RIGHTS ACT EXPANDED TO COVER SMALL EMPLOYERS AND ADDITIONAL FAMILY MEMBERS

As of January 1, 2021, Under SB 1383, 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”.

The CFRA originally applied only to employers with 50 or more employees who worked within a 75-mile radius. Under SB 1383 there will no longer be any requirement that the employees work within a specified radius.

To qualify for CFRA leave, the 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.

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 (usually 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.

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.

The 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.



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MANUFACTURING EXCELLENCE

Productivity gains in the US manufacturing sector have stagnated since 2012. To increase revenues, we are throwing more bodies at the problem. This increases manufacturing employment for the short term, but is undermining our long-term global competitiveness. What is happening?

Manufacturing employment in the US has shrunk to 8% of the total private workforce, while generating 11%-12% of GDP. With all eyes on the far more glamorous and exotic world of high tech, it is not a surprise that policy makers, politicians and schools for the most part have become blind to the decline of this strategically important sector of the US economy.

What does the future hold? Let's start with R&D spending. R&D spending is the leading indicator. US manufacturing outspends global competition in pharmaceuticals, electronics and aerospace. Yet even with the superior spend in these fields, the fruits of our R&D dollars have been landing on foreign shores. Is it any wonder that the US manufacturing sector continues to stagnate?

Regardless of who is winning the trade wars (no one wins trade wars), the recent awareness of the need for a more strategic analysis of the losses in US manufacturing gives a new opportunity to awaken the sleeping giant.

How does the US win the war in global competitiveness, bring back stra-

tegically critical infrastructure, technical know-how and long-term success for its manufacturing sector?

Let's identify some critical challenges and opportunities in US manufacturing:

- **Skilled labor.** As a matter of national policy, vocational training has been abandoned in the public schools over the past 20 years. The current focus on STEM education has generated a 16% participation rate, and of those, only half will work in a STEM related occupation. But what of the other 70% of high school students who will not pursue a B.S. degree? They are left with a disarray of unstructured offerings with poorly defined career outcomes. Consequently, the in-flow of manufacturing ready students has slowed to a virtual trickle.

The only short to mid term solution is for manufacturers to expand budgets for apprentice and internship programs. These choices will negatively impact short term financial results, but it is a necessary investment if manufacturers are serious about long-term success.

- **Internet of Things.** While we see an explosion of the Internet of Things in our personal lives, when we walk through the typical US small to mid-size manufacturer, the absence of such applications is starkly noticeable. We still find paper driven systems. Machine and test data, logs and records are still captured on paper.

While manufacturers are starting to make the move to automated data collection, analysis and information sharing, there remains a vast chasm between available technology and the reality on the shop floor. Small to mid-size manufacturers are more than willing to invest in million dollar machine tools, but continue to balk at investing in automating modern tools for design, modeling and data management.

- **Automation.** Robotics and automated manufacturing are now affordable and reliable. Yet the deployment of these technologies is slow in coming to small and mid-size manufacturing companies. While there is a welcome movement, and success, in "lights out" manufacturing, only limited advances are being made in the deployment of robotic technology, cloud computing and the Internet of Things. The technology is available today.

While we like to complain about the poor work ethic of the millennial generation (I share the opinion), it is they who put great value in all things internet and digital. Yes, they need our guidance and mentorship to find the real-life applications of these, but it often falls into a generational divide. The consequence is our young and brightest leave for greener pastures outside of the world of manufacturing. The future of manufacturing is not in the hands of the government or at the mercy of "overseas low cost manufacturing regions." Our fate is in our own hands. Do we have the vision, desire, drive and willingness to connect with our millennial "problem children" to create a new future for ourselves and our country? The choice is ours.



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INFORMATION TECHNOLOGY

CYBERSECURITY BEST PRACTICES WHEN WORKING FROM HOME

These days, working from home has become the defacto standard for most knowledge workers. Now that employees have seen how well it works, we're knee-deep in a HUGE culture shift. As they say, Work From Home is here to stay. Now what?

Well, now more than ever this means that you need to ensure that your employees and their home systems are as safe and secure as when they were inside your office.

Here are our best practices for making sure your staffs' WFH setup is as cybersecure as possible...

1. FIREWALL

Every security professional would agree that if you're working from home, you need to have a "real" firewall in place. This means a business-class one.

2. ANTI-VIRUS

Similar to the firewall concept, every machine on the home network should have a business grade anti-virus protection. Windows Defender is not ok.

3. VPN

This one goes without saying (although I'll say it anyway). Do not allow your staff to connect to your network without a VPN (Virtual Private Network). It's not ok to open ports on your firewall. All connections into your network must be secure!

4. PATCHING

All machines that are used for any sort of business function should be patched on a consistent basis. The easiest way to ensure this is happening is to add the machine to your Windows domain and have your IT department monitor and manage it.

5. TREAT IT LIKE AN OFFICE COMPUTER

Add the home computer to your office's Windows domain. This will seriously up the security level of the machine. This way, you can control and manage it no differently than if it were in your office.

6. DUAL FACTOR AUTHENTICATION (2FA)

Similar to a workstation in your office, implementing 2FA will further ensure only secure users are accessing the machine, your network, and any related resources. This is must in the office, so it should be a must for WFH machines too.

7. WIRELESS ACCESS POINTS (WAPS)

Lockdown all wireless access points. Ensure encryption is turned on, the guest network is turned off, and the administrator password has been changed.

8. IOT DEVICES

This is latest wrinkle adding to the complexity of securing the Work From Home environment. IOT (or Internet of Things) refers to all the devices that are now connectable to the internet. Things like the Ring doorbell, the Nest thermostat, Apple TV, Alexa, and even the latest refrigerators (not to mention wifi capable printers) – are all devices that connect to the internet in some way and are now additional failure points that hackers can take advantage of.

9. FILE SYNCING

Most file sharing applications (Dropbox, Box, Anchor Sync, even OneDrive) are really file syncing programs. This means if you install the program on a computer, it stores a copy of the file(s) on your computer. A HUGE security breach if the computer isn't secured appropriately. We recommend NOT installing any file sharing or syncing programs locally unless the hard drive is encrypted or the machine is being managed by your IT department.

10. USER TRAINING

Every WFH user should know and understand the cybersecurity risk they're now presented with – especially phishing. Everyone needs to understand how to connect remotely and what secure means. And what it means to the company if they're not an active participant in the company's cybersecurity footprint.



Craig Pollack

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11. POLICIES

This is no longer a luxury that you'll deal with when you get around to it. Having the appropriate Telecommuting and Work From Home Computer Use Policy in place is a must for every company with a remote work force. If you don't have one, check out our template [here](#).

12. DEVICE ADMINISTRATION AND PASSWORDS

One of THE most important items to address is to change the default Administrator password on every device that's on the home network! Remember, IOT devices are all gateways for hackers to get into the home network then get into yours. Consider that the default Administrator password that comes preset on every device is available and known to any half-way decent hacker. If they find any of these devices on the home network, they're in. So, at the very least - ensure these are changed asap!

RECAP

With the Work From Home paradigm here to stay, now more ever it's critical to protect your business by making sure all of your remote staff are as cybersecure as possible. You can find more details here: www.fpainc.com/work-from-home-resources

COMPANY BENEFITS

5 STRATEGIES TO MAKE THIS YEAR'S OPEN ENROLLMENT A SUCCESS

Employers have had a lot to deal with this year. Now that the year is winding down, there's one more thing to deal with: open enrollment. Here are five ways to make this year's open enrollment a success.

1. CREATE A TIMELINE.

Time has a way of getting away from us. Avoid missed deadlines and last-second panic by creating an open enrollment timeline before the process even starts.

- Create a schedule of events and reminders for employees.
- Don't just send out notices at the very beginning and very end of open enrollment – space everything out.
- Make sure employees know the enrollment deadline.
- Consider posting a daily countdown.

2. ENGAGE YOUR WORKERS – EVEN IF THEY ARE REMOTE.

It's a headscratcher. Open enrollment is important to your employees – but actually getting them to engage in the process can be like pulling teeth.

Engaging remote employees can be especially tricky. Keep them involved by keeping these tips in mind:

- Don't be afraid of over-communicating.
- Provide information in a variety of formats to appeal to the wide range of employees' family status and learning styles on your team.
- Ask supervisors to personally check in with each team member to gauge how they're feeling about the process. Proactively seek feedback so you can adjust early if needed.

3. EMBRACE DIGITAL TOOLS.

Are you still relying on thick envelopes stuffed with dense benefits information? Your employees probably don't even read these materials. According to the International Foundation of Employee Benefit Plans, 80% of organizations say employees don't open or read materials.

New solutions are needed – and technology can supply them. Digital tools can provide a way to educate employees and engage remote workers.

Considering using the following options:

- Online portals with interactive features
- Webinars that cover benefits information
- Video conferencing sessions to go over plan information
- Digital plan comparison tools
- Emails, text messages and other digital communication methods

Be sure that your enrollment technology functions well remotely, and that technical assistance is readily available to help your team navigate through the system and troubleshoot any issues that arise. You don't want them to abandon the process.

4. FACILITATE GOOD DECISIONS.

According to SHRM, 60% of employees say that benefits are a very important part of job satisfaction. If you want satisfied employees next year – and you do – you need to help them make good decisions now.

- Provide plan options that fit their diverse needs.

- Supply easy-to-use tools that let them compare benefits and costs.
- Break down plan information into bite-sized packets that can be easily understood.

5. WELCOME QUESTIONS.

Your employees are stressed about their benefits, and they want your help. That's what SHRM says surveys have revealed – 55% of employees want help, and 49% says benefits decisions are very stressful – and it's not too surprising. After all, this is a high-stakes decision.

Employees might be shy about asking for help, though, especially if they don't know who to ask.

- Make yourself available for questions. Tell employees when and how they can reach you for help.
- Hold a Q&A session.
- If you keep getting the same questions, put together a FAQ and send it out.
- Check in with employees one-on-one to see if they have any questions.
- Remember to check in with remote employees, too.



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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*

IT IS TIME TO SUPER CHARGE YOUR BUSINESS

When the weather cools, it is time to address financial planning for next year. Our firm provides services relating to both operational and financial improvements that will super charge organizational change with a focus on increasing profitability and cash flow. Just like you cannot build a quality home without a solid foundation, the probability of building a successful business can be greatly enhanced by



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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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developing a financial plan that can be used as a foundation for performance review and decision making. Here are the three main components you will need to build a robust foundation:

REVENUE PLAN:

Generate a revenue plan that contains sufficient detail to support monthly assessment of plan vs. actual and drive corrective action as needed. Product businesses should have detail on average sales prices, shipment volume by sales channels. Service businesses should have plans for contract awards, hours billed, split by new business and backlog.

EXPENSE PLAN:

At a minimum, your expense plan should be segregated by operations, sales/marketing and administrative expense categories. This can be accomplished by using departments or just smartly grouping your GL accounts by the above categories. This supports your ability to analyze the efficiencies of these resources as a percent of sales as well as make objective decisions regarding increasing and decreasing resources allocated to each function. As the business grows, you can increase the number of categories.

BALANCE SHEET PLAN:

A comprehensive balance sheet plan including forecasts for receivables, inventory, payables, debt and equity changes is required to accurately forecast cash flow. Though a profit and loss statement is important, it really only addresses whether your business model is able to generate more income than the expenses incurred to generate that income. A balance sheet plan will provide guide your decisions around the following: 1) what kind of terms can be extended to customers; 2) how much inventory is required to support targeted service levels; and 3) how much cash is needed to pay vendors and the bank.

Once your financial foundation is built, then you need to review how the business is performing on a monthly basis, along with taking corrective actions that flow from that review. Better yet, if you can delegate budget responsibility to key staff members, then your foundation only grows stronger and super charges your business as your team engages more deeply. If you need have questions or need assistance developing your robust financial plan foundation, contact us today.

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ALTERNATIVE FINANCING



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DEBTOR IN POSSESSION (DIP) FINANCING FOR COMPANIES IN BANKRUPTCY

Businesses in financial distress find they have very limited options for funding when they need it the most. A company's abilities to obtain capital from their current lender will likely be cut off, and they may also fall into default on their loan covenants.

For many distressed companies, there is hope for new financing. Through the bankruptcy courts, they can file for Chapter 11 for bankruptcy protection. This will allow them to take advantage of DIP financing to help them reverse course, restructure, and return to profitability. Note that DIP financing is not applicable for Chapter 7 bankruptcy where businesses are liquidated and walk away.

Some lenders and financing sources actually see DIP financing as an attractive lending opportunity because of the special treatment that business bankruptcy loans receive under U.S. bankruptcy law. Under the law, DIP creditors are typically repaid before other creditors. In fact, many lenders will commit to a DIP Chapter 11 loan while they would not make a loan offer to the same business without the bankruptcy filing.

We represent a network of alternative funding sources for businesses, so we know what lenders will offer DIP financing.

A/R FACTORING USED IN DIP FINANCING

Companies can use A/R factoring as a financing tool in DIP financing, yet many small business owners do not realize this is a possibility. In fact, accounts receivable financing can be the fastest and most flexible way to obtain funding and recapitalization during the Chapter 11 bankruptcy process.

Factoring can be a win-win for both the borrowing company and the factoring firm. The company obtains needed financing that is not based on its own credit status. The total focus is on the quality of the business' debtors. Are they creditworthy? Even a company with a debtor concentration (selling to a single debtor) can be approved if that debtor is strong enough. The business needs to be selling to commercial customers (no retail sales).

The factoring firm "wins" by achieving priority status under the bankruptcy code. Many times, it was customer credit issues that pushed a company into bankruptcy. A protected A/R facility can stop that from happening again. If the factoring company will not approve a debtor with all of the data they have at their fingertips, then the small business should not be offering payment terms to that customer. They can still take COD but it's not worth the risk to basically become the bank for that client.

IN CONCLUSION

If your company is experiencing financial distress, it's important to consult an experienced bankruptcy attorney and a restructuring/turnaround specialist to determine all of your viable options. We can refer you to one we know if needed. A workout or other restructuring process outside of bankruptcy might be a better option for your individual situation. However, if you determine that bankruptcy is your best option, DIP financing may provide a strong opportunity to turn your company around.

WE CAN DO BETTER

IT'S NOT BLACK AGAINST WHITE; BUT EVERYONE AGAINST RACISM

This is an excerpt from a book I highly recommend for anyone who wants to learn more about why white and blacks feel the way they do about race, the book is titled, "White Fragility" and is written by a white woman, Robin Diangelo.

"When white people ask me about what to do about racism and white fragility, the first thing I ask is, 'What has enabled you to be a full, educated, professional adult and not know what to do about racism?' It is a sincere question. How have we managed not to know, when the information is all around us? When people of color have been telling us for years? If we take that question seriously and map out all the ways we have come to not know what to do, we will have our guide before us. For example, if my answer is that I was not educated about racism, I know I will have to get educated. If my answer is that I don't know people of color, I will need to build relationships. If it is because there are no people of color in my environment, I will need to get out of my comfort zone and change my environment; addressing racism is not without effort."

I share this because through our hopeful compassion and empathy, we are learning to and expecting ourselves to take action. I will share my personal examples of learning. When I realized through coaching sports that there were kids on the margins that didn't have the same opportunity, I helped coach a high school football team in Compton. When I started visiting a juvenile detention center, I saw first-hand how unfair the criminal justice system was to people of color and became an advocate by mentoring at Homeboy Industries, working with former gang members to find hope and a life beyond their circumstances. When I realized there were thousands of hungry and homeless people on the streets, I started helping to take and serve food to those on the streets and I found that the high percentage of people I met were black males. You see I formed relationships and I learned and that in many ways we all are the same kind of different. Through exposure and education, I learned to meet people where they were at and learn to understand and show empathy in any way that I could. As Father Greg



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Boyle of Homeboy Industries says, 'we don't go to the margins to make a difference, we go to the margins to make US different.'

That is the message from the excerpt from the book. Yes, we have to educate ourselves, but we must also seek to be in relationship with the black community in our work and in our areas of influence. And yes, it may take us out of our comfort zone, but don't we have to do that for anything in our lives that makes a difference? That is this mission and goal for our business leaders to see that as primarily white men, there must be education and the willingness to form relationships outside of the standards we become so comfortable with. We have to learn this is not black against white; but is everyone against racism. Then we will make progress.

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.
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