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Call the publisher with any ideas or thoughts you may have about the newsletter.

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A COMPANY'S

IMAGE

Every company looks to hold a good image. Image is built on customer service at a reasonable price.

How a company perceives itself may not necessarily be consistent with the customer's perception of the company. Large companies spend more in advertising or promotions to build up their image than smaller ventures.

It is not necessarily these perks, or the promise of them, that makes or breaks a company's image. Many things determine the image of

a business, and they are all different for different companies.

Rather, it is how your customers perceive the promises of the company are implemented. And, how things are implemented in your company can be different for different clients, as their own needs are not necessarily the same.

A company must live up to its promises. If the company offers the customers "the best" and fails to deliver, its image and repu-

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A COMPANY'S

IMAGE

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tation become tarnished.

For small businesses having a good image among customers is critical.

Larger businesses may survive a poor customer image because of its size and customer base. Small businesses do not have the same luxury as large businesses. They have a smaller clientele and therefore, need to be much more careful to make sure that customers perceive them in the best light.

Company image is not all about pleasing customers with service. There are other ways that a company presents itself to clients, so the customer perceives them in a positive image.

One way is through product differentiation. A company has to show customers that its product has something that they need or want that other companies can't offer.

Another way that companies can build up their image is by price,

or value. Companies can promote themselves as having an up scale product and attract a wealthy clientele. This would mean that the company wants people to think of it as a high quality, and having high priced products.

Some companies may charge substantially for their products even though they may not be of the highest quality, to gain an image of having snob appeal.

Other companies offer decent quality, at lower prices. These companies gain an image of serving the middle and lower class consumer.

Companies promote their image through advertising. They adopt a company logo or saying that would familiarize the customers with the company name.

When a company portrays itself to its customers, it must do so in a distinctive way. This is so its customers can identify and relate the company's promotions with its image.

A company can also promote itself by sponsoring an event of another organization. Customers may be more inclined to use a product sold by a company that supports popular organizations.

Such support not only creates a positive image to people who already use the company's products and services, but also to people who may never have heard of the company in the past.

The image a company develops should also be carried over to the office or store. The company should do this with a pleasing appearance and ambiance.

HOTLINE

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THE STAFF-LEASING

INDUSTRY

Small business companies are continuously facing a growing burden of employment regulation. These regulations spin a confusing mass of acronyms:

1. ADA--The Americans with Disabilities Act;
2. FMLA--The Family & Medical Leave Act);
3. EPPA--The Employee Polygraph Protection Act.

This act states that employers can't give lie detector tests to job candidates. Congress, in its great wisdom, has seen fit to pass a mass of sometimes conflicting, frequently onerous laws with the stated goal of protecting employees. In fact, these laws are more often a bonanza for laborers and a costly headache for small businesses.

To combat the challenges of this regulation and minimize the regulatory hassles, small business owners can retain a company that

offers staff-leasing.

A staff leasing company transfers your employees from your payroll to its payroll. It does IRS forms, pays payroll taxes, writes paychecks, and handles all of the paperwork that big companies have staffs to handle. This can eliminate the paper work for small business owners and their spouses who must often do this paper work late in the evenings or on weekends.

On average, staff leasing companies charge a percentage of a company's personnel expenses. For example, a staff leasing company that services 28,000 employees can net millions of dollars on a total payroll of about \$900 million.

And, many owners of staff leasing companies insist profit margins will increase as volumes grow and investments in computer systems and organization are spread over a bigger base. The business owner makes the hiring and firing decisions. The staff leasing company provides legal advice. If de-

sired, some staff leasing companies will place want ads and do preliminary job interviews.

Training is a possible advantage for your staff, and employees for a program offered by a staff leasing company that includes courses in things like sexual harassment awareness and workplace violence protection.

Some staff leasing companies provide benefits for you and your employees by buying in bulk. Buying in bulk enables you and your employees to pay less for health and workers' compensation insurance.

If you want your company to take part in the benefit programs, then the fee paid to the staff leasing company often exceeds the usual 3 percent, or whatever the current cost for their service is. The fee is often spread between what an employer used to pay and the bulk deals it negotiates. If the staff leasing company assumes most of the li-

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THE SMALL BUSINESS ADVISOR®

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The **SMALL BUSINESS ADVISOR®** strives to provide new and growing companies with timely information and valuable business strategies.

THE SMALL BUSINESS ADVISOR®

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THE STAFF-LEASING INDUSTRY

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ability of employee accidents, it sends professional inspectors to work sites to suggest improvements and provide safety training.

By utilizing staff leasing companies, small businesses get all of the resources of a big business. Some 2.5 million employees receive paychecks from staff leasing companies. The staff-leasing industry began in the early 1980's and did not enjoy a squeaky-clean image at that time.

Some promoters offered their services to doctors and other professionals as a gimmick for increasing the boss' tax deferred pension contributions.

Some ran sophisticated schemes that skimmed on health care and workers compensation insurance. Some just took the employer's money and ran. States like Florida, California, and Texas began regulating the industry. Licensing is now in place in all states.

Scandals or not, staff-leasing is a valid concept. Many small businesses have signed on with staff-leasing firms and the business continues to grow.

CONFIDENTIALITY AGREEMENT

On the letterhead of a disclosing entity you need to have the name, address, and number of the entity to which disclosure is made and the date of the disclosure as well as an appropriate salutation.

An example follows:

You and we plan to discuss the acquisition by you of an interest in our subsidiary (add name of company), a corporation (the name of the company).

To enable you to evaluate the Company and to determine whether you wish to acquire an interest in the Company, either we or the company have furnished and/or will furnish you with--or have provided or will provide you with access to--information about the Company.

Information will also be furnished about its businesses and the products that the Company produces (collectively called "Confidential Information)."

Except as provided in the next three paragraphs, you agree that:

A: You will not use any Confidential Information for any

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CONFIDENTIALITY

AGREEMENT

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purpose other than to evaluate the Company and to discuss with us the acquisition by you of an interest in the Company.

B: You will not disclose any Confidential Information to anyone other than your officers, directors, employees, accountants, attorneys and other advisors who need to know that information for purposes of the evaluation and discussions, and

C: You will cause your officers, directors, employees, accountants, attorneys and other advisors to abide by and comply with the requirements of this agreement as if they were you.

The restrictions of the foregoing paragraph will not apply to:

(i) Any information that is in the public domain or that comes into the public domain in a manner that does not involve a breach of any obligation of confidentiality, or

(ii) Any information that was available to you on a non-confidential basis prior to its disclosure to you provided that you immediately advise us in writing of the information of which you have prior knowledge accompanied by appropriate proof of that prior knowledge.

If a third party makes a demand on you for the disclosure of any Confidential Information, you will immediately notify us, including with that notice a copy of the demand.

You will not disclose any Confidential Information that is the subject of the demand except to the extent you are required to do so by law (including, without limitation, the order of any court or governmental agency or administrative body).

And, you will have no obligation to contest such demand. We, however, may contest the demand at our expense, and you will, upon our request, cooperate in that contest at our expense.

If you are required by law to make a disclosure, you will not make the disclosure prior to the last day on which the disclosure may be made.

At any time, at our request:

(i) You will return to us all copies of Confidential Information and all copies made from those copies.

(ii) You will permanently delete from your computers and other systems all Confidential Information and all information based on Confidential Information;

(iii) You will destroy all notes and memoranda and other writings based on Confidential Information, and

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(iv) You will verify such return, deletion and destruction to us in a writing signed by one of your executive officers.

KEEPING TRACK

ONLINE

Managing all the paperwork and financial aspects of a small business can be a formidable task for any size company, except for the fact that bigger companies have larger staffs to do the work.

Small business owners who travel frequently may have more problems managing their paperwork because they may take certain papers on a trip with them.

Papers may get lost or mixed up if this done. They may even be lost, or some may have been left in the office or your home. Then when they are returned to the office they may not be updated, or even lost in the process.

Lost documents can be a time delay, because failure to have the correct documents and important paperwork can cause embarrassment.

Small businesses that have different branches and offices of their company in different locations no longer have to worry about coordinating paperwork from one location to another.

Now small businesses can

manage their paperwork online and it can follow you wherever you go. This reduces the risk of losing statements or other important documents.

If you are having a company problem managing your paperwork online, seek out a company that specifically caters to helping small businesses manage their companies online.

Small businesses can now go to an online company and transfer everything including booking to the internet. This will leave able to access all your information as quickly as if it was in your own office.

Instead of maintaining many different programs on your office computers, and then worrying about using a foreign computer that may or may not have the program that you need, you will always be able to log into any area of your work that is necessary at any time.

The way it works is that one of the companies who provides the service usually charges a monthly fee for basics such as managing bank and retirement accounts as well as payroll.

Then for each transaction the business does online the company that provides the service takes a percentage of the deal as a "brokerage fee."

Some companies don't offer all of the services so before signing up with one company shop around.

Find out which online company offers the most services, and lowest transaction fee. Even though a company has a higher monthly fee, remember that every time the company makes a deal online the online financial services company gets a fee.

So, instead of putting up with all the hassle of a lot of different papers floating around, consider putting everything online, and making sure it is backed up in your office.

You can access all of your statements from anywhere without having to call the company to find out where statements are, or what the numbers are on the statements. The internet is continuing to be the vehicle to the future.

DIRECT MARKETING

TECHNIQUES

There are many options to consider when promoting a product or service. These include direct marketing methods, advertising, the targeting of clients who will most likely purchase a product from the company.

Direct marketing strategies include catalogues, advertising in a certain magazine or newspaper read by members of the target market. This form of advertising is intended to have clients call or mail in their order directly to the company.

This is an alternative method to mass advertising, which reaches a large number of people, most of whom ignore the company's efforts. Direct marketing also makes it easier for customers to purchase a product or service from the company without the customer having to go to the office of the company.

Direct marketing, therefore, brings in the customers most likely to buy. This reduces the company's mass advertising efforts.

Small businesses especially can use this method because it is less expensive, more focused and less costly. Direct advertising lets customers order what they want

more easily, and in less time.

Most companies find it useful to complete this form during a telephone call-in or if submitted by mail offer a money back guarantee or satisfaction guaranteed.

This does not cost anything since customers don't go directly into the office for the product or service. Because the client does not come to the point of sale little or no space is required for displays and selling areas.

Direct marketing allows the small business the freedom of operating from an office in the lower rent areas or even from your home.

This means that a small company has the freedom of operating from wherever it is most convenient for them.

Shopping at home is beneficial for clients because of time saved and convenience of deciding when to call. Small companies should emphasize these advantages through advertising.

Many people who work don't have the luxury of extra time to go to a store to make purchases during

the day, and most stores close when people arrive home from work. Mail packages in unmarked boxes to protect the client's privacy.

Also, it means using less gas, eliminating the hassle of being stuck in traffic or trying to find a parking space.

Use computers to gain larger customer databases. This will enable you to pick out the best customer prospects who will buy your products.

Direct marketing can be directed to other companies who may have a need for your products or services.

Send your catalogues to target companies who you qualify as buyers of your products or services. These sales also require little selling space.

Other methods of direct marketing that have been successful are internet ads and emails that can be customized for your clients. Mail customers discounts to be used when ordering your product. Try any method to help sales, you never know what may work.

INVESTMENT

GOALS

Your first step in determining your investment goals is to decide what it is you want to accomplish. The main item to remember is that it is never a fixed program and that you can change your goals as your circumstances change.

Financial planning is done in an environment that takes into consideration the entire financial structure of your family. The main question that you will have to answer is, "What are my goals?"

Once you and your family have decided on the goals you want to achieve, and have written them down, then those people that you choose as your advisors will have a direction with which to meet your objectives.

Without a viable plan you will make wrong decisions and reduce your financial security as well as taking more risk than necessary and cause regret later on.

It will be necessary for you to have your accountant or planning person of your choice know that changes that will have to be made in the future can be done in an easy way, preferably where you will have

a say in the matter of how your funds will be put to work for you and your family.

The following steps should be kept in mind when determining your investment goals.

PURPOSE OF PLANNING

Decide on the purpose of your plan and make sure it is a realistic one that addresses your concerns.

ASSET ALLOCATION

Determine your goals and risk tolerance. This will depend on your investible assets, some of which have to be allocated in investments that can easily be moved when needed such as stocks and fixed income categories.

NET WORTH

List your assets and debt and find your total net worth and a financial net worth. Find a way to start to eliminate your debt and grow your assets.

SPENDING NEEDS

Determine what your current spending needs and how they will change as you age.

CASH FLOW

Determine an allocation of your cash flow taking into account your interest, dividends and appreciation rates. Include all your income and be conservative in your calculations.

ATTAINING YOUR GOALS

Write out a clear plan based on everything you have done that shows how your goals will succeed. Use this as your guideline.

ARE GOALS ATTAINABLE

Match your cash flow against how much is being spent. If you show a shortfall, adjust your spending. You can also increase your risk factor, but that can cause problems. Taking a second job might solve your problem.

When you commit everything to writing it encourages more focused thinking and leads to better results.

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INVESTMENT

GOALS

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Changes will always occur that you may not have thought about. Market changes occur and you will need to monitor them. You should never lose sight of your original goals and the confidence you have in your goals.

An investment policy statement will help you manage your financial affairs and determine whether or not your strategy will have to be modified. The investment policy statement (IPS) sets forth a method of implementing a plan based on your goals.

Preparing an IPS takes a lot of thought and time but is worth the effort for the benefits it can provide. You might find it worthwhile to discuss with advisors to find that your investments are meeting your needs or may have to be modified.

If the process seems involved to you, work on it slowly and carefully. This is a serious process, but if you are diligent you can ensure your financial security for the rest of your life. Just make changes, if necessary, as things change in your life and business.

PROBLEMS WITH YOUR PARTNER?

When partnerships between big and small companies turn sour, the smaller partner often asks himself would he have been better off with a partner his own size.

Small companies can profit handsomely from a legal battle, if they prevail. And, big corporations are forced to pay substantial damage rewards because they have deep pockets.

Sometimes they even pay because fighting isn't worth the fees for lawyers and witnesses. However, smaller companies should think twice before they take on a large corporation because of the required time and money that will have to be expended.

Unfortunately, disputes keep arising, quite possibly outside of the control of the small company. So what should a small company do when facing a potentially costly fight?

For one thing, it is important for a small business owner to choose battles carefully. Consider going to court against a big company only in cases with broad implications for your company.

Some examples of an issue which has broad implications are:

1. Preserving a businesses's reputation; or
2. Creating a precedent for how companies deal with other customers or suppliers.

When a business owner does choose to sue, turning the case to the company's general counsel may be a mistake. Attorneys who handle company issues may not have the expertise, let alone the time to litigate.

Try to find the best litigator you can afford. If there is a question of affordability reconsider the anticipated litigation.

If the litigation appears too expensive, there are alternatives to consider:

1. A non-binding trial

This is usually held with a retired judge presiding. Business people can hire a lawyer, but it is not necessary.

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PROBLEMS WITH YOUR PARTNER?

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2. Business people can hire such an adjudicator from the Association of Retired Judges, a group with offices in every state; or

3. If the parties choose, there are also services that will round up a jury. (The retired-judge group can help with this as well.)

The fees for judge and jury usually range from \$10,000 and up but can be considerably more depending upon the complexity of the case.

A decision from such a proceeding, by agreement between the parties is binding. The main objective is simply to get the facts before an impartial hearer of the facts.

The better way is to prevent matters from getting to the point of litigation. Key steps should be taken before the partnership comes to fruition.

GET IT IN WRITING

Consultants specializing in small business alliances urge entrepreneurs to use prenuptial-like agreements that specify when and

how a partnership can be terminated.

KNOW YOUR PARTNER

A joint venture that is just another deal to a large company is sometimes a significant source of gross profit to the small business.

Also the owner of the smaller business tends to have higher hopes and expectations for the venture than the larger company. Unrealistic expectation sets the stage for trouble.

The smaller business owner often feels there is no one in the big company who shares his emotional commitment and he is frustrated. He sees everything that the big company does as a personal affront.

PROTECT YOURSELF

Watch for any downgrading of the terms of the partnership in case of a merger, downsizing or corporate shuffle.

Analyze the association and downside if the contract is not terminated and litigation is in order.

Some broken marriages aren't worth repairing. For example, if one partner continually fails to deliver on promises, or if either partner's priorities change, it is probably best to terminate the association.

But, if both sides want to mend the fences, doing so requires rebuilding the trust.

The process of rebuilding trust begins with setting aside accusations about who is to blame. Both parties must return to the table with the attitude that they want to fix the problem.

The process of rebuilding trust requires patience. The money a small business earns by teaming up with a larger company on projects can be substantial. The small company should put in extra effort to avoid alienating the bigger partners.

The best thing to do is to try to settle an agreement amiably and always listen. A mutual agreement can help in handling problems that arise.

LOAN DEBT VS. YOUR STARTUP

The majority of college students graduate with massive loans to pay back for their education. Because students take out a number of loans as they progress with their education, they can find the paying off of the loans to be a major drawback if they want to start their own businesses.

Recently, a television newscaster mentioned that he had just finished paying off his college loans, as he turned 44. Certainly this is a depressing thought for students as they decide to continue their education for additional degrees.

One student who wanted to start his own company, found that consolidating his loans made keeping track of his debt and payments much easier. In addition, the consolidation made his interest rate lower.

This can be done with federal and private loans once you graduate. To qualify for this consolidation your credit rating has to be in the high 600s and not show any bankruptcies or defaulted debts.

Make sure that when you consolidate that you won't be los-

ing out on any federal loan forgiveness programs.

You can also put off paying your student loans through private programs, but you will continue to accumulate interest. The government offers loan deferral and forbearance mostly to those students going to graduate school, taking public service jobs, or entering the military. But in the end you will have to pay more than if you had started to pay back your loans sooner.

If you are successful in getting these accounts down to a manageable amount, you will then be able to focus on what it is you really want to accomplish.

One young graduate who was able to get his loans in order was then able to focus on his project to set up a business that was developing a low cost system to monitor vital signs.

He and a friend realized that what they had been working on could be used in hospices, nursing homes and hospitals in the developing world, and hopefully in the United States as well.

He and his friend decided to take the riskier bet because they thought that they had the right idea with a medical program. He and his friend raised over a \$1 million in funding and have conducted a pilot program overseas.

Student loans make the leap to entrepreneurship very difficult, but if you are determined enough you can overcome the obstacles.

There are also private lender startups that offer programs and deferrals, to help entrepreneurs start their companies despite their college debt. These programs often mean you pay more interest over time, but it can reduce monthly payments and you can put that extra capital toward your startup.

Getting into these programs is not easy, but there are more companies going into the lending area to help those looking to start their own businesses. These lenders are hoping that those that take advantage of what they are offering will come back to them when they are successful. Then they can come to the bank for their financial services and wealth-management and mortgages.

ORGANIZING YOUR BUSINESS

INFO BANK

Rich Dad Poor Dad, by Robert T. Kiyosaki, is the number 1 Personal Finance book of all time and tells the story of Robert Kiyosaki and his two dads--his real father and the father of his best friend.

The book tells how both these men shaped his thoughts about money and investing. The book puts to bed the myth that you need to earn a high income to be rich.

There is the explanation that shows the difference between working for your money and having your money work for you.

One of the most important things that you will learn is the concept of the "Three Piggybanks." The author stresses the importance of putting all money you make, except what you need to pay your bills, into three categories:

Savings
Investing and
Tithing.

As a small business owner, this savings method can help you actively sock away money for those "big dream" items you once thought were unattainable.

Organization is the key to success. Many small businesses would benefit from having a more organized structure.

When small businesses grow and expand, they have to accommodate the expansion by hiring more employees and possibly set up different departments within the same company.

Small business owners need to be able to handle the growth of their company at the time that it is growing. Small businesses should set sales goals and start to structure the company to handle the growth.

As the customer list increases the company must be organized to the point of knowing what the next step should be. Hiring new employees is one way to help grow a business. Hiring the new employees should be done after a table of organization is created.

Then have a schedule of hiring opting to proceed slowly and hiring only the number you need.

New employees could also do the added paperwork. When a business grows it becomes harder to manage. A small business owner

can hire new employees to handle the work that the manager used to do when the business was smaller.

Growing companies should start to organize departments within the business. That way, instead of one or two people handling everything, and always getting sidetracked by other issues, each department within the company could handle one part of the operation.

The departments that every growing small business should have are: Customer service and complaint, purchasing, shipping, book-keeping, and sales. There may also be other departments that may be specifically suited to the company.

Consider what aspects of the company take the most amount of time to work on, and assign employees accordingly.

Efficiency comes through organization. If a company is organized they will be able to service their customers quickly and provide better quality service. Being organized and providing better service leads to an increase in business which in turn means more growth for a company.