

BUSINESS LINE

To Your Success

GROWING YOUR BUSINESS ... BEYOND YOURSELF

By Pam Butterfield, Business Success Tools LLC

You started your own business and it has soared. Success feels great and you love what you do. One day you realize how many hours you're working. Instead of running your business, your business is running you. You're tired and frustrated. You loved your business when you started it. It was beautiful, just like a beautiful baby. Unfortunately, your baby has grown and it's ugly!

Let's look at Joe, who started his business six years ago. It's clear Joe loved his business initially but its success created so many demands, he's grown to hate it. Joe's family hates it too. Joe is working 80 hours a week. He's never home. He's not taking care of himself. In addition, Joe is not able to take a vacation with the family this summer or even later in the year. There's too much to be done and

nobody to do the work in Joe's absence for a week or two. To save his sanity and the business, it's critical that Joe get things back in balance.

Are you taking a vacation this year, knowing that your business is left in safe hands? If not, it is time to put people, systems and processes in place so that you can have more freedom to take time off in the future. One of the most critical points in the life of a small business is that point in time when the small business owner needs to grow their business beyond themselves by either outsourcing work to vendors or subcontractors or by hiring employees and becoming an employer.

GET STARTED

One of the initial steps to take if you find yourself in this position is to set aside time for critical business planning. Finding the time to plan can often seem impossible. After all, the reason you are hopefully considering outsourcing or hiring is because you have grown past the point where you have enough time to do everything yourself. While this might seem like a bit of a "catch 22", not making the time to plan can lead to serious challenges down the road.

The following three questions are things to consider in your initial stages of planning:

1. What am I going to keep doing?
2. What am I going to give away and delegate to someone else?
3. What am I really, really going to give away so that I don't become "the bottleneck" in growing my business?

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Are you taking a vacation this year, knowing that your business is left in safe hands?



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Growing Your Business Beyond Yourself

Valuable information for your business including:

- *Hiring Alternatives For Growing Businesses*
- *Building Your Reputation As An Employer Of Choice*
- *Increasing Revenue & Recreation Time*
- *Tax Myths About Staffing*
- *Using A Staffing Agency*
- *BusinessBuilders Conference*

The contributors to this newsletter are independent professionals providing general information. Business owners should consult an experienced professional for assistance suited to their particular needs.

ALTERNATIVES TO HIRING STAFF

By Attorney Judy Gedge

Many small business owners run the equivalent of a 'one-man-shop'. THEY DO EVERYTHING THEMSELVES - they do the substantive work of the business, they market the business to keep work coming in the door, they do the bookkeeping, the word processing, the accounts payable, the accounts receivable and probably even lick the stamps. What keeps these business owners from hiring help? There are lots and lots of reasons why business owners are hesitant to hire. See if any of these concerns describe your situation -

- An employee will never do it as well as I can (no matter what 'it' is)
- I don't know how to find the 'right' person
- I'm worried about the additional overhead of hiring staff
- I may not have enough work to keep an employee busy all the time
- I'm unsure how to handle payroll taxes and filings and all the other compliance issues

Yes, there are plenty of reasons to continue doing everything yourself. But will that help you grow your business? Will that protect you from the inevitable burn-out factor? The answer may be to look at other options - to find a way to get needed help other than hiring a full-time employee. Let's look at some alternatives.

• CONTRACT WORKERS.

You can retain independent contractors to handle specific tasks which will free up your time to focus on the things you prefer to handle. These can include, for instance, bookkeeping services, secretarial services, payroll services, etc. By using contract workers, you pay only for the work you need done. That way you're not concerned about 'idle' employees on the payroll. (Remember, though, there are regulatory guidelines governing the proper treatment of workers as independent contractors/employees.)

• VIRTUAL ASSISTANTS.

This is a quickly growing field. With many businesses operated from home, there may not be any physical space available for an on-site administrative assistant. Hence, the virtual assistant who can provide secretarial and other assistance and can stay in close contact with the business owner primarily through e-mail.

• EMPLOYMENT AGENCIES.

If you need a part-time or temporary worker, you may want to consider using a worker furnished by an employment agency.



These workers are employees of the employment agency so the agency handles the payroll taxes and filings for the worker, carries workers' compensation insurance and takes care of employee benefits. You contract with the agency and pay an hourly fee for the services you use.

• CREATIVE (NO-COST) MARKETING SOLUTIONS.

If you're looking to increase your marketing efforts, hiring an employee is not your only option. You'll want to consider other methods including no-cost options. These include creating strategic alliances and using commissioned sales representatives. A strategic alliance is created by businesses with complementary products or services. By joining marketing forces, the alliance can reach a broader customer base and can provide a broader range of solutions for its customers. And generally there's no cost associated with creating a strategic alliance.

Whether you're in the business of selling a product or a service, it may make sense to add a sales rep to your team. A sales rep promotes your product or service and is generally paid on a commission basis. This means the rep only gets paid for sales booked so there's no fixed overhead associated with his services. If you plan to use a sales rep, you'll definitely want to have a written agreement detailing the terms of the relationship.

Growing your business beyond yourself can be a challenge. If you're hesitant to hire employees, why not look at other options to get the help you need.

HOW DO I INCREASE MY REVENUES AND MY RECREATION TIME?

by Annabel Pedemonti, Accounting Software Services

There are several ways that a sole practitioner can increase his or her business revenue. One way, that many have tried, is to work even longer hours than before. Another option is to pay someone to help you – either as an employee, a subcontractor, or an outsource agency. There are two schools of thought as to the advantages of hiring someone to create billable hours, as opposed to take over much of the non billable and administrative work that you are currently doing. At this time I am going to talk about the latter option.

Before hiring anyone, (be it an employee, subcontractor or outsource agency), you need to define the non billable and administrative tasks on which you are spending time. Having done this, you can use your accounting software (in this case, QuickBooks) to track the amount of time you spend on each task. There are several different ways to do this:-

- Set up your company as a customer, and each of the defined non billable tasks as a job
- Set up service items for each task
- Set up payroll earnings items to reflect each task, and set up a deduction item to deduct 100% of each paycheck.

The first two options will give you information about the number of hours you spend, while option three will provide information about both the number of hours spent and what each task is costing.

Once these items are created, you will need to track all your time spent on each of the defined activities using the QuickBooks timer feature. As you enter your time post the appropriate customer, service item, or payroll item for all your time. If you are using the payroll item method, you need to generate paychecks to yourself even though you do not pay yourself a salary. On each check include the 100% deduction item to bring the dollar value of each check to \$0.00. As you do this, you can analyze how much time you are spending on each of the non billable tasks by using one of the following reports:-

- Time by Job
- Time by Item
- Payroll Summary

These reports will serve as a guide when deciding which activities you can pay someone else to do, and how long each should take.

Once you have hired someone use QuickBooks to monitor how much your billable hours have increased versus how much you are paying for the administrative help.

When you pay someone to undertake your non billable and administrative activities you will increase your net revenue as well as giving yourself more time and flexibility for recreation (re-creation) as well as for work.

AFRAID TO PULL THE TRIGGER AND HIRE?

By Gail Audibert, Gail Audibert Associates, Inc.

Who isn't...and it is a dilemma that causes most small companies to remain small. But, if you answer yes to any of these questions, it may be time to take the plunge:

1. Do you extend deadlines at the risk of losing clients?
2. Do you get overrun with simpler tasks that could be handled by someone else?
3. Are there some responsibilities that could be handled more efficiently by someone else, such as graphic design, marketing, sales, administration or customer service if you had additional help?
4. Are you working longer hours to catch up on routine tasks that could be delegated?

How do you find these employees? You can always take the traditional route of finding

new candidates by advertising and networking. You can make the commitment and hope things work out for the best. But there are other possibilities.

How about a staffing firm? A staffing firm is in the business of finding, evaluating and assessing talent. They know where to find the kind of person you need, what the availability of talent is in the area and how much you will need to pay to attract them.

For years, large companies have hired workers through staffing firms with the option of making those employees permanent. Now, that same option is available to smaller companies. If you choose this route, the person is said to be a contract or temporary employee. They are actually

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BUILDING YOUR REPUTATION AS THE EMPLOYER OF CHOICE

by Andrea Obston, Andrea Obston Marketing Communications, LLC

What if there was something that could drive superior job candidates to your door instead of having to search them out? There is. It's called your reputation and it's the best way to attract the people you need, even before you need them.

A positive reputation is built on delivering on your promises as a business entity. Have you promised your customers they'll get their products in 48 hours? Have you promised your stockholders straightforward statements of your earnings? Have you promised the media that you'll do your best to respond to their questions? Have you promised your employees that you will fully support them in the quest to make your products better? Then deliver. And when you deliver, it's time to let your reputation shine.

Reputations, like careers, have to be managed. Yes, they travel by word of mouth, but engineering that word-of-mouth is critical. I had a professor in communication school who used to thunder at us, "Whose reputation is it anyway?" Who's reputation indeed. Either you manage that reputation or someone else will do it for you and you may not like the outcome.

A few years ago, a very smart new client of mine told me that the reason they were engaging a PR firm was to help them recruit the cream of the crop among recent graduates. "We want to hire these grads but our competitors usually snatch them up before we get the chance to interview them," he complained. "I know part of the problem is that our reputation is that we're formal and stodgy and they simply don't want to work at a place like that. That's how things used to be around here, but it's not true anymore. Unfortunately, those old perceptions seem to stick with us."

We went to work reshaping that misguided reputation with a series of feature stories aimed at humanizing the institution. For example, they had several highly placed executives who worked part-time because of their childcare responsibilities. We did a feature story on that. It generated coverage in the local paper and their local trade press. We also aggressively went out to the media, offering their people as guest commentators on hot news, which positioned the organization as being less remote and on top of the latest developments. And, when a large percentage of their promo-

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tions went to women, we made sure there was a story about that in their trade press.

A solid, well-planned and consistent presence in the media positions any company as a successful and dynamic place to work. That presence comes from a combination of reactive and pro-active stories that reach out to the press, along with responsive relations with the press. Reactive stories come from a company's daily successes, like gaining new customers, hiring new people or adding new product lines. Pro-active stories come from the expertise of those in the organization. Examples of this include simplifying the impact of a new law, explaining the influence of a trend or offering tips that might be seen as the "secrets" of your industry. Your relationship with the press comes from a combination of offering real news stories (not fluff) and responding to their needs in a timely manner.

When all that comes together, you build the kind of reputation that positions your company in a positive light – for customers, prospects, competitors and current and future employees. A consistent public relations strategy raises your visibility in your community, your industry and the marketplace. This kind of ongoing public relations effort makes people want to work for you because you look like a winner. Now, who wouldn't want to work for a company like that?

AFRAID TO PULL THE TRIGGER AND HIRE? *(continued from page three)*

on the staffing firm's payroll until you decide whether they are right for your organization.

The advantages of such an arrangement for the small business owner are many. First, there is no long-term commitment. Whether you have a fear of adding to staff or aren't yet sure if it is going to make sense financially, this minimizes your exposure. It gives you time to evaluate whether a person is a good business and personal fit with your company. It also lessens the fear of having to let someone go after a short period of time if they aren't a fit for your organization. For far too many of us, we will keep a person on-board long after we should have let them go just because we are afraid or feel guilty about firing them. Both are costly business mistakes.

Most agencies charge an hourly rate to cover their expenses which would include payroll and all associated taxes and insurance that an employer would otherwise be obligated to pay. If you feel comfortable enough to hire the employee, there would also be what's called a "conversion fee".

Some small businesses are tempted to employ contractors directly and not use an agency to process the payroll. This is a perfectly reasonable solution but there are now many issues with the IRS that

makes this a more risky proposition. It would be important to consult with an outside accountant to see if this would be a viable option.

There are some challenges when hiring this way. During a good economy, there are fewer people out of work who would be willing to work for staffing agencies. Depending on the position, that might mean that there would be less talent to consider. Also, most individuals working for staffing agencies are continuing their job search until they find a company willing to hire them permanently. That means they could leave before you would like them to. And lastly, there is a cost for the service.

You, as the small business owner, need to assess your particular circumstance to decide if you are ready and willing to grow in the first place.

Gail Audibert Associates, Inc. specializes in the placement of mid-level and executive candidates in the fields of Insurance, Human Resources, Marketing, Communications & Public Relations, Administrative, Legal Services, and Customer Service. Their offices are in Farmington, CT and on the web at; www.audibertinc.com. Phone: 860-409-7533

TAX MYTHS ABOUT STAFFING

by Yvonne Bruno, CPA, Fulco, DiTommaso, McMahon & Co., PC

As a business owner, do you have any employees, plan to hire some in the future, or pay individuals as independent contractors? If the answer is yes to any or all of the above, please note the following list of **common misconceptions** regarding payments to an individual for services.

- If I hire an intern for the summer for an hourly wage, they are not subject to withholding taxes because they are temporary.
- If someone works on a trial basis to see if they can handle the job, they are not an employee during the trial period.
- As long as an individual is paid less than \$600 per year, they are not considered an employee.
- A company who does work for my company is organized as an LLC or a Partnership. I don't have to send them a Form 1099 if they get paid more than \$600 per year.
- If someone works less than 10 hours a week, they don't have to be considered an employee.

- As long as an individual is a part time employee, I don't have to cover them in my retirement plan.
- If an individual is utilized on a temporary basis to ease the crunch during a busy time (holidays, for example), it is okay to pay them in cash.
- A company is organized as an LLC or a partnership. The owner(s) of the business pay themselves as if they were employees by deducting withholding taxes, medicare and social security.

All of the above statements are false. When a company has grown and begins to pay either an individual or another entity for services, it is important that they understand the rules involved for various methods of payment. The penalties for improper treatment of these expenses can be high. A preliminary consultation with your accountant regarding the rules on employees and outside contractors can often save time and dollars later on.

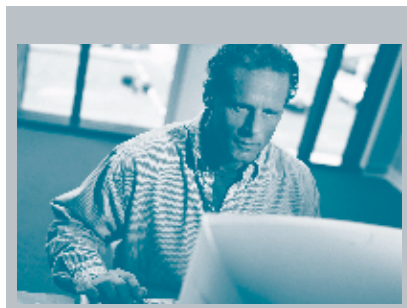
GROWING YOUR BUSINESS *(continued from page one)*

USE THE RESPONSIBILITY DELEGATION TOOL

Throughout my 25-year career as a consultant, I have occasionally stumbled upon a tool or a technique that has been life altering. The **Responsibility Delegation Tool** is one of these tools. It's simple to use. It helps me focus and gain clarity. It allows me to document my decisions about delegating tasks (as well as decision-making responsibilities) and communicate very easily with other people. To learn how to use this valuable tool, visit: <http://www.businesssucceedtools.biz/resources/tool2.shtml>.

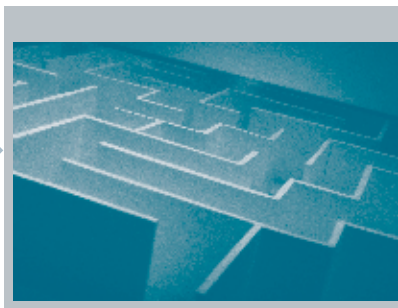
DETERMINE THE SKAB GAP (SKILLS, KNOWLEDGE, ATITUDES AND BEHAVIORS)

In order to avoid delegating work to a person who lacks the necessary skills, knowledge, attitudes and/or behaviors to be successful, be sure you determine the following:



What SKABs does a person possess?

What skills, knowledge, attitudes and behaviors does the person you are considering delegating to currently possess?



What SKABs does the work require?

For those things you are going to delegate, what are the skills, knowledge, attitudes and behaviors (SKABs) required to perform successfully?

GET A LIFE

Growing your business beyond yourself requires time, effort and perhaps even skills, knowledge, attitudes and behaviors you might need to develop in the year ahead. This edition of Business Line has some great suggestions about things you can do to be in a better position to take your business to its next level and even have time for taking a much-needed vacation in the future!

SAVE THE DATE

WEDNESDAY, OCTOBER 19, 2005

BusinessBuilders Conference

7:30 a.m. - 10:00 a.m. at the Harry Gray Conference Center

University of Hartford

LEARN HOW TO BUILD A BETTER BUSINESS

Contact any member of the Editorial Board for more information

EDITORIAL BOARD

Yvonne Bruno, CPA

Fulco, DiTommaso,
McMahon & Co., PC
365 Willard Avenue
Newington, CT 06111
860-667-0105
yb.fdm@consulting.org

Pam Butterfield

Business Success Tools,
LLC
15 Country Club Drive
Manchester, CT 06040
860-643-4744
Pam@BusinessSuccess
Tools.Biz

Judy Gedge

The Small Business Lawyer
1001 Farmington Ave.
Suite 300
West Hartford, CT 06107
860-521-7184
judy.gedge@gedgelaw.com

Andrea Obston

Andrea Obston Marketing
Communications, LLC
3 Regency Drive
Bloomfield, CT 06002
860-243-1447
aobston@aomc.com

Annabel Pedemonti

Accounting Software
Services
P.O. Box 371
South Windsor, CT 06074
860-289-7239
annabel@
quickbookservices.com

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