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INSIDER 94

Midwest Business Journal

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Welcome to Insider 94. Insider 94 is a quarterly online and in-print publication for small business owners within the Interstate 94 corridor. Insider 94 provides access to a curated source of advisors with direct and useful guidance in our complicated and information-rich world. Our staff and contributors share firsthand knowledge covering many facets of business ownership.

To subscribe, get in touch or advertise, contact us at Insider94.com.

Organizations Contributing to this Issue:

Banking:
Centrust Bank

Wealth & Assurance Advisory:
Xartis Group

Operational Efficiency:
The ProAction Group
Reverie

Accounting:
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Next-Level Financial Advisory Services

What it is and Why You Need It

Author: Jeff Cismoski, Founding Partner, Xartis Group

Business owners everywhere appreciate their most valuable commodity is time, and their time and attention are best utilized on aspects of the business that create revenue. Oftentimes, this most valuable use of business time is hijacked dealing with other essential aspects of business ownership (and quite frankly the complexity of life). It becomes easy to be bogged down with other essentials such as managing family peace for those in the business, tax planning (business, personal and other entities), administration of employee benefits, estate planning and asset protection – as well as generating true wealth outside of business.

The solution to maintaining focus is often solved with a host of business advisors such as a CPA, attorney, bookkeeper, bankers, and investment advisors. Collectively, these advisors provide sage and critical advice, however none of these advisors are aligned or compensated in a way that looks at a holistic view of the business and personal financial affairs.

The best approach is usually a holistic one that takes the whole picture into consideration and orchestrates each of the activities to maximize outcomes. Business owners seeking flexibility with their time and resources, confidence in their plans and unbounded control over their future need next-level financial services – they need Financial Concierge.

The role of the Financial Concierge is to serve as the head of your business advisory team. They work with you to understand the needs and the goals and work independently or collectively with the additional advisors to maximize the team output. The structure, scale and scope of utilizing a Financial Concierge should be completely customizable to the business owner, and a true 360-degree approach to their business, lifestyle and personal needs. The range of activities run the gamut of strategic planning to tactical credit coordination and negotiation. It's whatever is needed whenever it's needed.

Bottom line – The goal of a Financial Concierge is to give the business owner structure, flexibility, clarity, and peace of mind – and most importantly, time.

Jeff Cismoski is a Founding Partner of Xartis Group. Xartis Group provides transparency and financial advisory services. Financial advisory is much more than investment strategies, risk profiles, and market returns. Xartis provides the path forward. Each client is important and unique in their journey, with unique goals, concerns, and limitations. To learn more visit xartisgroup.com or contact Jeff at jcismoski@xartisgroup.com.

Financial Concierge is a newer concept in the world of advisory. A financial concierge approach to advisory requires deep knowledge and experience with:

- Family Dynamics, Psychology
- Small Business Challenges
- Tax Planning and the intersections of business and personal filings
- Employee Benefits
- Estate Planning & Asset Protection
- Generating True Wealth

Am I an Entrepreneur?

Author: Tom Meyer, Senior Vice President, Centrust Bank

How is it going being Senior Vice President of that big company and making $300,000-$500,000 a year?

How is it going being Head of Sales and developing continuous income for the owner of the company?

How is it being President and creating wealth for a company you do not own?

Do want to own your own company and create your own wealth and set your own destiny?

These are not unusual questions to ask yourself. I am asking you these questions because it causes you to think outside the box and think about your potential as an entrepreneur. You're not alone in your thinking. Many people in similar positions think the same way after working in Corporate America for an extended period of time. Typically, 15-20 years. You have done a great job advancing your career along with increasing your annual income thus increasing your total wealth, but you don't own anything.

Have you ever been a salesperson? I ask this question because owning a business has a similar mindset when it comes to earning a living. A successful salesperson does a lot of "things right." We can get into those "things" later, what I am talking about is how a typical salesperson receives income in exchange for what he or she sells. For example, a salesperson typically makes some amount of a salary to help them pay their normal living expenses, but they usually make a commission and bonuses on top of their annual salary to come up with their total annual compensation.

Every successful salesperson cares more about the commission they can earn versus the salary they are paid. This is extremely important to recognize. Successful salespeople know they can earn unlimited earnings as long as they are successful. Many times, "their" success is a direct correlation to how "they" perform. "They" like the ability for them to make as much money as they can physically make without restrictions. These salespeople are typically the individuals in our economy who make over $100,000 a year. In many cases they can make $200,000 up to millions a year. Many times, the salary they receive is less than 10% of their annual total earnings.

Why do I bring this scenario up? Because if you are not comfortable with earning an unlimited commission that you can control, then you will likely not be comfortable with being an entrepreneur either. That is fine, not everyone is cut out to own their own business. If this does not sound like a scenario you want to be in, then maybe look at finding a new position within your existing "Big Corporate America" company or look at a career in another company, but business ownership is likely not for you.

If being a salesperson is appealing to you or you are already in this situation, then I am talking to you about potentially owning a business. Let me tell you about some of the other significant things for you to consider if you are thinking of being an entrepreneur.

First, you will be working just as hard as you are now, if not more. It is not unusual for business owners to initially start out working 60-80 hours a week. They do this for a period of time, sometimes years, in order to grow a company and lead it to be able to run itself. In order for a company to run itself, you need to have highly skilled, competent and trustworthy people working for you.

Second, being an entrepreneur involves risk. Financial risk, emotional risk, family risk, marital risk and any other risk you can think of. Depending on the company and how big it is, you may have significant risk. When I say financial risk, I mean, you will be either purchasing or starting a business and you will have to use some of your own savings to inject into the project as equity. "Skin in the Game" is what most banks look for when someone wants to become an entrepreneur. This could also involve pledging your house or other investment properties as collateral. For this reason alone, many people decide not to become a business owner, unless you have the physical cash to do this alone. Pledging a house as collateral, even if it is a pledge of a 2nd or 3rd lien on the family residence behind a primary home loan, will be difficult to discuss with your spouse. Many spouses are reluctant to pledge the family residence. Do not underestimate this significant hurdle if you are going to purchase or start a business and you want to use leverage or a loan from a bank to be successful. They want to make sure you are "fully committed" to this endeavor.

Third, as mentioned above in the example of being a salesperson, you need to be willing to be paid in commissions or as a business owner, in net income. The net income the business earns after paying all expenses is what you get to take home as an owner.

continued on page 5

Insider 94 Destination

Skip the Virtual Meeting, and Venture Out to Max & Benny's for Good Business with a Side of Matzah Ball Soup

Nestled in Brookside Shopping Plaza, between Northbrook and Deerfield, is the storied Max & Benny's Restaurant, Deli & Bakery. Celebrating more than 35 years in business, the Schlan family creates an atmosphere with delicious food and a comfortable setting for good conversation.

The restaurant is a destination which combines a quintessential Jewish delicatessen and restaurant with a 100- seat private event room ideal for business gatherings.

The menu is stocked with the traditional foods of many generations: big portions of corned beef and pastrami sandwiches, a variety of comforting soup options, potato latkes, kreplach and delicious black & white cookies. Beyond the food is connection. Connection to Chicago-area Jewish life, connections to young and old and connections to business.

"Walk into Max and Benny's any day of the week and you'll find the booths bustling with the who's who of the North Shore doing business, pitching business to elders or new connections breaking bread. I have seen and heard of more business deals over breakfast at this beloved destination than anywhere else," shared business neighbor Jim McMahon, Vice Chairman, Centrust Bank.

Getting There:

461 Waukegan Rd, Northbrook

www.maxandbennys.com

847-272-9490

maxandbennys

Lunch Pick:

Reuben Sandwich and the homemade Matzah Ball soup

Don't miss out on take out rugelach and mandel bread (or perhaps hand decorated cookies for the family).

Am I an Entrepreneur? *continued from page 3*

You may pay yourself a salary as the person running or leading the business, but after everything is paid for, what is that bottom line? Is it positive or negative? Negative means you lost money. That is not good either. At least being a salesperson, you can just earn less money if you are not successful. Being a business owner means you may lead the company and do everything in your power to be profitable, but you may have a net income loss. If you have a loss, where does that come from? It comes from "YOU."

Now that I have told you all the initial positives and negatives of owning a business, what do you think? Do you still want to own your own business? Many of the wealthiest people in this country are business owners. Do you want to be one of them? Let's have a discussion to find out.

Tom Meyer, SVP-SBA Division Manager for Centrust Bank N.A. and is from the "the State of Chicago," in Chicagoland, Illinois and has provided financing for business owners for over 19 years. He has personally financed over $350 million in loans to businesses throughout the country. Many of the loans are for individuals coming out of "Corporate America" and for purchasing a business of their own. To contact Tom Meyer, email him at tmeyer@centrustbank.com.

Got Coverage?
Insurance Every Business Needs

Author: Joe Emerich, Founding Partner, Xartis Group

Whether you are a solopreneur business or running an operation with many employees – it's important have the right insurance policies in place to mitigate risk. The right policies can protect a business from a lawsuit or catastrophic event, that left unprotected could put it out of business.

Assessing business risk against dangers of loss (revenue, product, injury) is an essential step to determining what kind of insurance coverage is needed. In general, here are types of policies every business should consider:

Professional Liability Insurance

Professional liability insurance, also known as Errors & Omissions (E&O) insurance, provides coverage for a business against negligence claims due to harm resulting from mistakes or failure to perform. There is no one-size-fits-all policy for this type of insurance. Each industry presents its own sets of risks to address with this type of coverage. Working with an insurance specialist is imperative to understanding a specific risk profile.

Property Insurance – Even If You Are Working From Home

Whether a business owns or leases its space, property insurance is a must. Furthermore, many professionals operating their businesses in their own homes do not realize that homeowner's policies may not cover your business equipment and inventory. Property insurance covers equipment, signage, inventory, and furniture in the event of a destructive event. It's also important to understand geographical risks as flooding or earthquakes may necessitate a separate policy.

Product Liability Insurance

If your business manufacturers products (or even represents products listed on consumer marketplaces like Amazon), you must consider product liability insurance. Even though your product may have appropriate certifications, any product could have a danger profile running the gamut from an electrical issue or choking hazard. Product liability can provide coverage tailored to your specific product offerings and its inherent risks.

Worker's Compensation/Vehicle Insurance

Employees working in your business must be protected. Whether the employees are performing low-risk work, repetitive tasks, delivering goods and services with a company-owned vehicle – the risk should be mitigated. Worker's Compensation insurance provides coverage for medical treatment, disability, and death benefits if an employee dies because of their work in the business. Vehicle insurance can provide coverage for employees, as well as third-party injuries due to an accident.

Beyond the types of coverage listed above, there are many other policies available to business owners that can be tailored to a specific risk profile.

Insurance coverage is an essential part of a healthy and prosperous business.

Joe Emerich is a Founding Partner of Xartis Group. Xartis Group offers a fresh and sophisticated approach beyond traditional insurance models you have come to know well. Where managing risk yields opportunities to seize control of your long-term insurance outlook, enhance your profit potential, and unlock the freedom to devote attention to what matters most; your business. To learn more visit xartisgroup.com or contact Joe at jemerich@xartisgroup.com.

Generating Buzz For Your Business

– Benefits to Outsourcing Marketing

Author: Stacey McClenathan, CEO, Bee-line Communications, Inc.

Whether your business is based on providing products or services, all businesses should have a carefully crafted marketing plan to generate awareness and most importantly, convert that awareness into sales. While the tools of the trade (social media, digital ads and website creation) have become more accessible in recent years, there are distinct advantages to outsourcing your marketing efforts. Here are a few of these advantages:

Marketing will be planned and handled by focused experts

Marketing is often a role within a small business that is additive to other positions. While you may have employees in your business who can operate social media or update a website, tactics take a back seat to the importance of creating a comprehensive marketing strategy that articulates where your business will compete, and what tactics it will use to attract and engage customers. Crafting a marketing strategy involves several disciplines within the marketing mix, and companies could benefit from employing an outside resource with the collective talent to advise your business on a plan that is appropriate for your business, its aspirations, and your budget.

You will get a bigger bang for your marketing buck

When you hire an employee, you have payroll for one person, and you are compensating one person for their professional talents. When you outsource marketing, you are paying one fee with access to several people with professional talents and disciplines that complement all kinds of marketing disciplines such as graphic design, copywriting, analytics, web development – and strategy. It's a team approach that is destined to get a better result than depending on this comprehensive skill set to exist in one person.

You will have the benefit of outside knowledge and benchmarking information

Marketing agencies work with a variety of clients and offer outside perspective and counsel on what tactics work best for different types of businesses. Perhaps the social media approach you envisioned working does not have a good success rate for other like businesses in your industry, or the open rate you are getting on your emails is not all that wonderful. An outside partner can provide that perspective.

You can count on a bigger ROI and continuous improvement

Marketing partners are for hire, but also for fire if you don't get the results you are looking for. Good partners can chart out the return on investment you should be getting for your marketing spend and can quickly pivot once your planned marketing tactics are in motion to get a better result. They will be guided internally at the agency and manage the creative disciplines on your behalf to continually improve the efforts.

How you handle and manage marketing is a pivotal decision for your business. Make sure to weigh all the pros and cons of how you staff and source this important function.

Stacey McClenathan is founder and CEO of Bee-line Communications. Bee-line Communications is a boutique, full-service marketing agency based in Illinois. To learn more visit buzzwithbee.com or contact Stacey at staceym@beecommunications.com.

Inside Track

Employee Retention Credit – Could it be a funding opportunity for your business?

PPP loan programs have expired, but there are still significant stimulus funds available to help your business. The Employee Retention Credit (ERC) is one of the biggest potential funding opportunities available today. The maximum ERC funding is up to $5,000 per employee for 2020 and $7,000 per employee per quarter for quarters 1 – 3 of 2021.

The basic qualifications for the program differ for 2020 and 2021 and are as follows:

	2020	2021
1. Employer size - average 2019 full-time employees (not equivalents or part-time employees) are less than	100	500
2. Revenue reduction - quarterly revenue vs 2019 equivalent quarter (example Q2 2020 vs Q2 2019 revenue or Q1 2021 vs Q1 2019 revenue)	50%	20%

Qualification for ERC is a quarterly computation. Once a business qualifies for a particular quarter, it remains qualified in subsequent quarters until the reduction in revenue is less than 20% vs. the equivalent 2019 quarter. A business that does not qualify because their revenue reduction is less than the thresholds may still qualify if they were subject to full or partial shutdown due to government orders.

The amount of the ERC is based on total compensation paid to full-time and part-time employees plus health care benefits reduced by any payroll that was utilized for PPP forgiveness. As with all government programs, there are many technical aspects to qualifying and applying. Reach out to your accountant to learn if your business qualifies.

Need additional advice?

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Inside Track
Consulting Help for Small Business

REV by Reverie

Growing up with parents who owned and operated family businesses, Jaid Mackin and Lindsay Miller founded Reverie because of their passion for small to mid-sized businesses. What they didn't anticipate is the number of micro business owners (businesses with fewer than 6 employees and with an annual revenue of less than $1.2 million) who approached them looking for opportunities to work with our team of Organizational Development Consultants. Knowing this classification of business owners deserved the same attention and opportunities that Reverie provides to small to mid-sized clients, REV by Reverie was created.

REV offers micro business owners two things: business consultation and community! Who wouldn't want that?

Business Consultation

Through both videos and live workshops, REV gives micro business owners the tools and best practices they need to build a successful business. "Our goal is to provide the micro business owners with simple strategies they can immediately apply to their business, " stated Lindsay Miller. Presented in a simplified and practical way, REV gives micro business owners the ability to apply the processes we use with our small to mid-sized Reverie clients to their micro business. All the videos and live workshops are led by our team of Reverie Consultants.

With REV, entrepreneurs can choose from three different consulting packages. They are:

- The REV Collective package gives entrepreneurs access to the REV library of videos recorded by Reverie Consultants on a variety of business topics. Priced at $50 per month, this package gives entrepreneurs the tools they need to build a successful business.
- The REV Interactive package gives you the opportunity to engage with other REV clients through monthly live workshops and accountability groups. Priced at $150 per month, this package helps business owners network and build community with fellow entrepreneurs.
- The REV Collaborative package, which is our most comprehensive consulting package, allows entrepreneurs to meet one-on-one with a consultant. Priced at $500 per month, it is designed to push and guide business owners in strategy planning and goal setting for their business.

Community

Entrepreneurs often describe the role of a business owner as lonely. The entrepreneur oftentimes doesn't have someone to bounce ideas off of, to receive feedback from, or to consult with to make big decisions. This underscores the importance of finding a community of entrepreneurs who know the ups and downs and the trials and tribulations of owning a business. REV does exactly that!

Through a private Facebook group, live workshops, accountability groups and networking events, REV brings together micro business owners, from different industries, experiences, and backgrounds, to provide one another with feedback, suggestions, and solutions to the hurdles and challenges business owners face. What was once a lonely role is no longer that way due to the network of entrepreneurs REV can provide.

To learn more about REV and how to become a REV client, please visit https://consulting.revbyreverie.com.

What Were They Thinking?

The Importance of Attorney Selection

With Ray Horn, Attorney, Meltzer, Purtill & Stelle LLC

As an attorney in a mid-size law office, my practice is focused on business mergers and acquisitions, business partnership agreements and "business divorce." I have had the opportunity and good fortune to assist on hundreds of transactions over 20+ years of practice, encountering a wide variety of clients, transaction structures, and professional advisors. The experience has been a fascinating one on many levels, and particularly in encountering entrepreneurs with their amazing energy and capacity to take on risk. However, these remarkable strengths can also manifest into some marked weaknesses. Over the years, I have tried to use the client experiences arising from those weaknesses to help others avoid similar issues, missteps, and pitfalls.

Picking the Right Attorney or No Attorney at All!

The best starting point for any business seller or buyer is to identify an attorney, and ensure to select the right attorney, while doing so as early as possible. Using an attorney is essential, and particularly given that in most cases, the parties in an M&A transaction (and particularly the sellers) have never entered such a transaction and are bringing that inexperience to bear in one of the most important financial events they will encounter in their lifetimes.

However, I have found even the choice to use counsel is not a forgone conclusion. I recall meeting with a client some years back who had previously engaged my firm for a matter with a successful outcome. Unfortunately, human nature being what it is, that success led to overconfidence and, when faced with a new opportunity, he decided to forgo counsel. The result was he agreed to egregious provisions in the new deal, including onerous restrictive covenants, putting him into a very difficult position financially. I still recall seeing his palpable angst at the realization that undoing the damage done would not be possible, and his stating that his marriage was being adversely affected by what had happened. The decision to act without advice may have saved some dollars on the front end but cost him dearly on the back end.

Picking the Wrong Attorney

Of course, it is about more than simply choosing an attorney – choosing the wrong attorney carries just as much risk. During my career, the world has become ever more complicated, not less complicated. Just looking at sellers, sophisticated buyers tend to engage sophisticated counsel who live and breathe M&A 24/7 and possess a strong knowledge base – as a result, a seller should plan accordingly. Of course, missteps often result from the best of intentions, whether from a client seeking legal assistance from a long-time friend or an attorney simply unable to say "no" to a long-time client. These good intentions often lead to disastrous results. Though attorneys focusing on divorce, personal injury, estate planning, bankruptcy, intellectual property, and litigation (among other skillsets – and I have encountered all of them over the years) are certainly well-versed in their area of focus, they invariably do more to harm than benefit when testing the waters in M&A transactions. Recently, we were engaged for a transaction that had languished for months because seller's counsel simply did not know "what was next" and how to move the deal forward. The client realized the issue and engaged us to try to change course and push ahead, but by then it was too late, and the buyer had effectively moved on, including to close purchases of other companies during the constant stops and starts. The seller not only lost a transaction with an otherwise willing buyer, but also faced a changed and more challenging marketplace, as the buyer had purchased many of the client's competitors in those lost months.

There are also more subtle elements at play, including right sizing the attorney to the deal involved. A few years back, my client was attempting to purchase a trucking company. Through misguided advice of an advisor, the seller decided not to utilize a respected law firm which had represented the seller diligently for years and instead hired a much larger international firm with offices throughout the U.S. and in other countries – a firm that arguably had much more "firepower" than was needed given the seller's business. The attorneys assisting seller (and I am being generous here) soon lost interest in the deal and moved to a $1B+ deal in another country, with the seller being passed to firm offices in other states. Finally, the seller (likely after sticker shock at the legal bill) gave up on the firm and reverted to the law firm initially passed over, with the deal closing soon after. Without question, a good result, but the cost was considerable, and my client could easily have lost patience with all the nonsense and simply decided to walk away, which would have harmed both parties.

Raymond J. Horn III is an attorney with Melzer, Purtill & Stelle LLC focused on providing responsive, well-balanced corporate transactional advice with respect to acquisitions and divestitures of closely held companies, "business divorce" matters, and corporate planning involving contracts such as buy-sell agreements.
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Insider Spotlight

Save the Date While Saving the Day – A Truly Engaging Story

The pandemic presented seemingly insurmountable obstacles to business owners everywhere. Business leaders were forced to examine every aspect of their operations looking for opportunities to pivot their model to address new market needs – or market needs that existed, but they had not meaningfully participated in before. This was the challenge for Brenda Baird and her family-owned promotional magnet manufacturing business, MagnetStreet.

Born inside the kitchen of its founder in 1991, MagnetStreet produced printed products on magnets such as real estate business cards, sports schedules, and sponsored calendar applications. After bringing all manufacturing in-house and becoming a full-scale printer of paper products as well as magnets, they realized the benefit of changing their name to Truly Engaging by MagnetStreet. During the pandemic, as weddings everywhere were put on hold, a team member realized the need for "Change the Date" announcements to help couples communicate their revised plans. Business soared.

While weddings had long been an important market to Truly Engaging, the immediate demand for change the date paper/magnetic products provided a direct relationship for more printing opportunities to serve the bridal market – invitations, wedding signage, and full-service stationary. Truly Engaging used their core product to re-launch into the bridal market and serve their customers with a full-service on-line stationary store.

Fully embracing the bridal market also meant investing in upgraded printing equipment and enhanced operational efficiencies to meet market opportunities. Brenda Baird turned to Centrust Bank for guidance and fulfillment of capital needs. Beyond assisting her business with obtaining PPP loans, Centrust Bank equipped Baird with a revolving line of credit and an SBA 7a loan for critical debt refinancing and essential equipment to fuel their business growth projections.

"It was a pivotal time in our business. A real sink or swim moment. I don't know what we would have done without Centrust Bank coming alongside us in the manner they did. The team at Centrust was generous with their time and counsel. It made all the difference," shared Baird.

Today, Truly Engaging is poised to be one of the market leaders in full-service bridal stationary.

To learn more visit www.trulyengaging.com.

Negotiating with Underperforming Suppliers

Author: Tim Van Mieghem, The Proaction Group

In this time of crisis-related supply chain opportunities, we examined the benefits of addressing underperforming suppliers and how organizations can approach the process. In essence, that first step is about identifying perceived supplier issues and then resolving to act. Once that decision is made, the word "perceived" should be eliminated and the groundwork for negotiating can begin.

Setting the Stage for Negotiation Success

A crystal-clear understanding of what is happening and the root causes perpetuating the situation is critical before moving forward with any negotiation. A simple but effective means of getting started is through the tried-and-true exercise of conferring with one's sourcing lead on the five W's (who, what, where, when, and why). While this typically oversimplifies the situation, it does provide a solid foundation to build on when done properly.

Next, gather key internal cross-functional stakeholders for a collaborative review and assessment of the data compiled. As previously highlighted, it's normal (and necessary) to discover any other factors that may be impacting the problem. Such factors are not always obvious and can lie undiscovered until multiple team members are jointly focused on the issue at hand. Items to look for may include informal design change communications, multiple sources of demand forecasts, payment processes outside of PO terms, or informal end of month material receipt policies to name a few. Things like this happen to some extent at every company. It's important to discover them internally before the external supplier points them out deflates the negotiation's credibility.

Establishing Negotiation Objectives

If the self-examination process confirms that a supplier problem exists, document in detail what it is you want to negotiate and what will constitute an acceptable result. An acceptable outcome should be one that not only resolves the pain that the company is currently experiencing, but that also avoids reoccurrence in the future. Cross-functional input and alignment across key stakeholders on negotiation objectives are critical to avoid a moving negotiation target (and again, damaging credibility).

At this stage, one should also get a group consensus on what will happen if the negotiation is not successful. Is the company willing, and able to locate, qualify, and transition to an alternate supplier? It is essential to know this before negotiations begin so that communications can avoid ultimatums that have the potential to backfire. It also typically helps to use some form of a checklist that details each term to be negotiated, what acceptable looks like for each term, and space to record supplier responses. This internal negotiation checklist can then be circulated to provide updates to key stakeholders as the negotiation process moves along. It can also be used to document final internal approvals that need to occur before amended contracts or purchase order documents proceed.

Removing Emotion and Subjectivity

The negotiation process with the supplier can be relatively simple when it starts from a solid place. Sharing objective data that illuminates the issue or issues helps to remove emotion from the equation. Evidence-backed statements like "we are currently at X but need to be at Y" give both the negotiating leader and the supplier a clear understanding of the issue, how it is being measured, and what an acceptable future state looks like. This straightforward approach will generally lead to a relatively quick confirmation of whether the supplier either can or cannot achieve the expected future-state-performance level.

Supporting a Successful Negotiation Outcome

Mutually beneficial supplier relationships are an essential element of business success. As we've noted, negotiations should never begin unless there are acceptable alternatives and contingencies in place. Negotiations should not be viewed in a negative light, however. When carried out effectively and without emotion, they can produce positive results for both parties. Suppliers that value customer satisfaction appreciate and act on customer feedback whenever they can. And businesses that demonstrate openness and appreciation with their suppliers are rewarded with relationships that can serve them for the long-term.

Cubicle Criminals?

Crime costs US businesses $50 Billion Annually

The FBI calls employee theft "the fastest-growing crime in America". And the US Chamber of Commerce estimates that 75 percent of employees steal from the workplace, and that most do it repeatedly. Employees most often steal money, produced goods, professional supplies, and sensitive information. These cubical, or corner office crimes are responsible for one third of all US corporate bankruptcies.

We asked Mark Allen, CEO of CPS Electric how companies can protect themselves. The short answer – "technology."

"Quite simply, installing surveillance systems and access control systems offer employers not only a way to monitor activity, but send a strong warning signal to others that security is taken seriously," shared Allen. According to Allen, the process of protection technology includes consultation to help organizations determine a surveillance and controls system that best suits their needs. Today's surveillance solutions are expandable and customizable, they aim to consider future business growth and development.

Benefits of Using Security Cameras

- Monitor key business areas.
- Conduct remote check-ins. Use our technology to view your building from anywhere
- Safeguard products and assets.
- Curb temptation. Cameras serve as visual theft deterrents.

"One of our favorite options is the Eagle Eye Cloud Security Camera. It provides 100% cloud management, 100% mobile and web browser viewing and 100% cloud recording. It's designed to be all cloud all the time. Pay only for what you need," Allen shared

CPS Electric also recommends employers have an access control system. Access controls help ensure that the right people have access to the right places at the right times. Tracking people within your facility and secured areas can address security concerns, protect private data and help avoid legal liabilities.

Beyond technology, other security suggestions include:

- Maintain an inventory record
- Hire smartly and supervise
- Manage cash flow effectively
- Routinely conduct audits

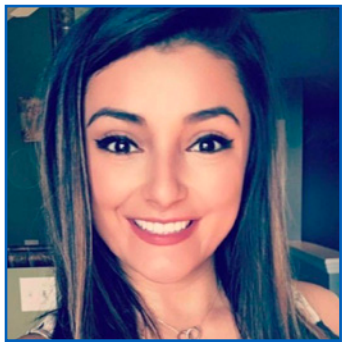
Contact CPS Electric for technologically advanced products and superior service. Since 1982, they consistently exceed customer's expectations with industry leading services including comprehensive electric, structured cabling, installing and maintaining video surveillance and access control. CPS Electric is a Disabled Veteran Owned Business. To find out more, contact us at www.4cps.com.

I94 News

Community Area Promotions

THE PROACTION GROUP LLC

Greg Bashford of The ProAction Group was recently promoted to Vice President, Service Delivery. In his new role, Greg will provide his decades of experience in aligning and delivering resources and operational expertise to clients.



CPS ELECTRIC

Cindy Lockwood is named Vice President & General Manager of CPS Electric. Formerly Director of National Accounts, Cindy will handle all local and national operations for the firm.

Digital Thought Leadership – Are You Losing 82% of Your Referrals?

Author: Dean DeLisle, Forward Progress

In the world of thought leadership, especially our "digital thought leadership" we need to be more conscious than ever about everything we have online rather than just our website or LinkedIn profiles.

In our recent surveys and polling of industry leaders, we have found on average 70% of professionals seeking new business lose referrals from lack of a consistent digital footprint. What does this mean? This means we must be aware of everything that we have online that includes our company's name or our name on it. When someone hears about our company or our people, the first thing they do is Google us. We are all one click away from rejection, and it happens more than we think. We are being judged and scored all the time based on what people find online. It truly is a brave new world.

We also now know the impact of things like user generated content, employee advocacy, digital thought leadership, social selling, influencer marketing, and other areas that have evolved in our short digital lifetime.

But one thing that has not gone away is our digital reputation, which is built by our digital footprint. In fact, my first company was MyEReputation.com, launched over 12 years ago because we saw it happening then. We even saw our university students not getting admitted or losing scholarships based on what the admission offices found online.

And for those of us in business, it can impact brand credibility in ways we cannot even see, market share, recruiting, retention, sales and yes most importantly the one thing most of us rely on, referrals.

Digital Footprint – Definition

I thought it would be prudent to start with this since many people ask us what a Digital Footprint or Digital Shadow is. Not a new term to our world, but maybe to yours. (Thanks Wikipedia)

"Digital footprint or digital shadow refers to one's unique set of traceable digital activities, actions, contributions and communications manifested on the Internet or on digital devices. On the World Wide Web, the *internet footprint*; also known as *cyber shadow*, electronic footprint, or *digital shadow*, is the information left behind as a result of a user's web-browsing and stored as cookies. The term usually applies to an individual person, but can also refer to a business, organization and corporation.

There are two main classifications for digital footprints: passive and active. A passive digital footprint is data collected without the owner knowing (also known as data exhaust), whereas active digital footprints are created when personal data is released deliberately by a user for the purpose of sharing information about oneself by means of websites or social media. Information may be intentionally or unintentionally left behind by the user; with it being either passively or actively collected by other interested parties. Depending on the amount of information left behind, it may be simple for other parties to gather large amounts of information on that individual using simple search engines.

Tony Fish expounded upon the possible dangers of digital footprints in a 2007 self-published book. The closed loop takes data from the open loop and provides this as a new data input. This new data determines what the user has reacted to, or how they have been influenced. The feedback then builds a digital footprint based on social data, and the controller of the social digital footprint data can determine how and why people purchase and behave."

Public vs. Private

Before we move forward, it is important that you understand what we mean by public versus private. In our definition, when we say public it means that anyone can find that profile or your data simply by searching on Google. It's open, it's available, they can read it, they can see it, they can find it. Private means you might have an account, or some data locked down someone either needs a password to access that platform or they need your permission to read it, keyword permission. It's important that you understand which accounts you and your employees have that are public or private.

Facebook starting the trend in the cleanup

You might have heard recently that Facebook has activated the "Clear History" button. This is the beginning step to allow you to start cleaning up your digital footprint, but it's only the beginning as both Forbes and Facebook stated in the article: the best person in control of data is you.

Next Beginning Steps

Let's take these steps in order so we can get in shape. When we start a new client account, the first thing we do is look at the digital footprint of the organization and what we call 'customer facing employees', which could be sales, customer service, operations, finance or however your company operates when interfacing with the outside. While reading this, you should even take an inventory of those most critical departments and or employees. This is why

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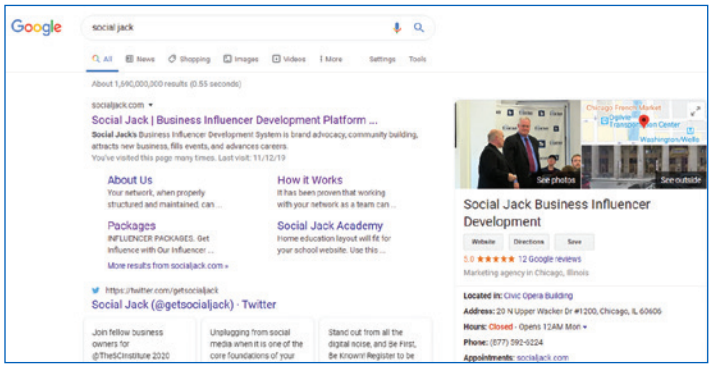
employee advocacy is so critical. We start with a scan, then clean up recommendations and then provide a step-by-step process of how to get it done. We continue on to train people on how to appear online and really be seen as thought leaders on behalf of the organization– even at the smallest roles.

Step One – Google Your Company

First, simply Google your organization's name. Analyze what comes up, who's connected, which competitors come up, maybe even see which competitors are advertising with your name, what sites do you have that you forgot about, and so on. Take an inventory of these results so you are aware and can begin the cleanup process. This is the first critical part of your bounce rate on referrals. I bet most of you don't even have your Google Business Page up to date, or maybe you don't even have one at all.



Also note if your content is relevant to what you are selling today, are your employees represented accurately and are they relevant to how you're positioning them as experts to service your clients? Remember: this is what people are finding.

Step Two – Google Your Employees

This is probably one of the most common pieces we find that is overlooked. We spend a lot of money doing head shots and writing bios for employees that we list on the website, especially the customer facing ones; However, we don't go to the next step and actually Google those employees to see how they look online or even if they show that they work at the organization. We find that 75% of employee profiles are outdated both in position and representation of skills on behalf of the organization.

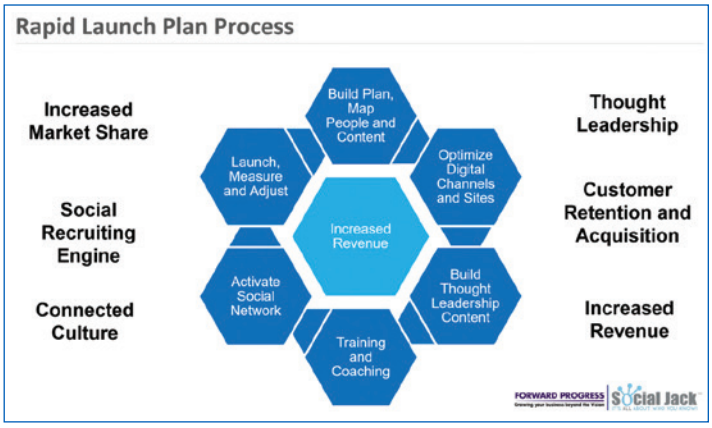
We once had a prospect that came to us and lost a 4-million-dollar project they were in the final running for, and the last critical step was that their employee profiles on LinkedIn matched the website but did not match the proposal. I'm writing this at the beginning of 2020, which means we are probably all launching new products, services, programs, and maybe even new divisions of our organization. That means we have talent or our talent has been updated to service those areas, is that being represented accurately, rather than like everyone else?

In our digital thought leadership courses, we train how important it is that we are all individuals that have stories, skills, and experiences that make us unique. When these qualities are towed properly and properly connected to the brand, it will not only accelerate the credibility of the brand but humanize the brand so that it's more approachable. Please note: we discussed this in great detail in our webinar called "7 Steps to Rock Your Personal Brand Online" on our Social Jack platform that you can access it for free by going to https://www.socialjack.com and searching for content. There are hundreds of relevant classes and materials here to help.

Step Three – Take Inventory and Score

It is important that once you know this information, you take inventory and even score or rank your findings. We have a scoring system for this, and if you would like to contact us we can coach you on how to do this part. The important thing is to keep it simple, this is a true awareness exercise for your brands overall credibility.

There are many apps today that can be used to track, score and will fit any budget or level of sophistication. The screen above is an Employee Platform that scores the engagement and interaction of your employees online as an example. This platform is called GaggleAMP.



Step Four – Game Plan

Now that you are aware, it's time to set a game plan to create a more credible digital footprint. We have a process we call the "Rapid Launch Plan" when we do this for companies. You may have your own planning system, but keep in mind that now what you want to do is understand how your organization is sharing content and representing themselves from a digital footprint perspective, ultimately inserting this newfound knowledge and awareness into that plan.

As you can see in the graphic above, the net effect of this isn't just referrals and new leads, but it affects retention, market share, recruiting, culture, and many other things in either a positive or negative perspective. This is your opportunity to really put 2020 on a great track for you and your organization.

Step 5 – Training and Coaching

In the diagram you'll notice at the very bottom it says training and coaching. We have this as Step 5 as part of the cleanup process because many times, marketing will take over and just clean things

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up without involving the individuals, and all they're trying to do is help the brand. This is great, except people have to take ownership of their own personal digital footprint or this will never work. It will also create failure in any attempt to implement employee advocacy programs, which we have seen time and time again.

Now, we can have an entire blog just on training alone and what you should train on, however, we have listed some of the common areas above that are covered in our employee advocacy programs and areas that we know that are important to increase necessary digital skills for your employees, collectively helping the brand.

Summarizing Digital Thought Leadership

The most important thing is to involve your people in the entire cleanup process. Have them take ownership in their story, personal brand, influence, and their digital thought leadership. This process alone will allow you to not only have a stronger more connected culture, but really increase the credibility, visibility, and viability of your brand in the marketplace.

It will also humanize your brand and make it feel more approachable to those considering doing business with you.

I hope you find this useful, and please leave comments below that you believe will help readers to learn from your journey so we can continue to help each other and make this a healthy digital business world for all of us.

To learn more about digital thought leadership as well as other content, blogs, videos, training and classes check out https://www.socialjack.com.

Labor Shortage, People Shortage, or is it Something Else?

Author: Barry Goodman, Birkdale Transition Partners

As a business owner, how often do you say "We can't find people to do the work" as you turn customers away. Every business owner we talk to is facing not having enough labor to deliver its goods and services. In fact, there are two important challenges to this problem – people to fill entry level positions and difficulty finding skilled talent.

This problem is not confined to restaurants and hospitality, but rather every industry and geography. Yet millions of Americans are still unemployed while large and small companies alike are having difficulty finding workers. The world has been going through the COVID 19 Pandemic for over 18 months, a vaccine has been deployed and the economy is reopening. Yet help wanted signs are in windows from manufacturing companies, to construction, to a variety of service businesses and everything in between. **So why can't businesses hire enough workers and what is really going on?**

According to the latest available economic data, there are 10.1 million job vacancies in the United States and yet there are 8.7 million people unemployed. Industries such as manufacturing, construction, professional and business services, health care, retail trade and food service lead all others in job vacancies. **So one would ask, why are employers having such difficulty filling positions.**

This problem existed well before the pandemic and shut down of the economy. The US had experienced the longest sustained economic and employment expansion in history with 118 months of sustained growth. This expansion created a tight labor market and shortage of qualified workers in several trades and occupations.

The evidence is clear, employers are desperate to find workers. Many employers assumed that with the economy opening and more people being vaccinated, would result in people returning to work. That just did not happen. Many business owners we have spoken to have said that unemployed individuals receiving additional federal unemployment benefits, in addition to state benefits, had little incentive to return to work.

This is simply not true because:

- First, in only three states do unemployment payments exceed the average wages in that state.
- Second, only a small percentage of people collecting extended unemployment benefits would turn down a job.
- Third, only about 3% of those individuals collecting unemployment had no financial need to return to work.

It should be interesting what happens now that those benefits are suspended.

Make no doubt that wages are an issue, but not the only reason for the worker shortage. In interviewing employers and independent research, we found several insights.

INSIGHT

If a labor shortage truly existed, wages would be skyrocketing, and companies would be going out of business because they are unable to operate without a sufficient workforce. It is important to note that wages have been stagnant for years. A bit of perspective – in 1968 the federal minimum wage was $1.60 an hour, which is equivalent to $12.38 in 2021, however the federal minimum wage is $7.25.

COMMENT

This upward pressure on wages is creating a critical divide between small and large employers. Large employers are raising the minimum wage paid to their employees. Examples include Under Armour who bumped its minimum pay from $10 to $15. Amazon is hiring 75,000 workers at a starting hourly rate of $17 plus a $1,000 signing bonus. Bank of America pays $20 per hour and will increase the rate to $25 by 2025.

The competition for workers dramatically effects smaller companies and makes it difficult to attract new workers and keep their existing workforce. This situation further exacerbates the divide between small and big business.

INSIGHT

Workers want a better work-life balance, flexible schedules, and dependable hours.

COMMENT

Companies were forced into a remote workforce, which in most cases resulted in better work-life balance and flexibility. The transition to a remote workforce resulted in employees realizing they can be more efficient working remote while they achieve the work-life balance they seek.

Employers are faced with a dilemma – Do they bring employees back to the office or continue remote? We are finding that most companies are going to a hybrid with a combination of office and remote. This achieves the work-life balance employees are requesting. However, there are a significant number of jobs where this simply will not work and work-life balance must be achieved differently.

INSIGHT

Families have needs for child and adult care.

COMMENT

Many people want to return to the workforce, but simply cannot because they are caring for a child or parent. During the pandemic many childcare facilities closed and have not reopened or have partially reopened. Senior citizens feel safer and would rather age at home rather than various senior living facilities.

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INSIGHT

Skills and knowledge gap.

COMMENT

The nature of work is changing, and employers and employees need to retrain and learn new skills. This is driven by emerging technologies and disruptive forces such as artificial intelligence, the gig economy and automation. Further contributing to the skills gap, is the Baby Boomer generation retiring at an astounding rate leading to the skills they possess not being replaced. This skills gap has employers struggling to hire trained workers and employees seeking jobs.

The skills gap is a serious threat to a full recovery from the effects of the Pandemic. Every industry is experiencing skilled and unskilled worker shortages. In a recent survey by Prudential Financial, workers see their job opportunities in jeopardy if they don't learn new skills. On the employer side, 74% of managers believe their team would be more productive if they expanded their skill set.

The skills gap is not confined to big business and there is no doubt that small business is an extremely important component of the economy. However, the pandemic has disproportionately affected small businesses compared to large corporations. Now that many businesses are starting to recover, the skills gap places significant pressure on small businesses that may not have the capital to invest in reskilling or upskilling their employees. Many small and middle market companies are not equipped to recruit, hire, train and retain a skilled workforce.

Remaining competitive and attracting talent is critical to restoring value. This is not easy, and businesses must consider:

- Changing the mindset. It is no longer prudent to look at talent as an expense but as investment in your company.
- Skilled talent is and will continue to be a competitive advantage.
- Without a documented written training program, it is difficult to develop talent internally. This can be expensive but well worth it.
- Developing partnerships with educational and training organizations that can bolster capabilities of internal programs.
- Examining your business model to move into the digital age.

The pandemic has accelerated the importance of workers in all industries to have strong digital skills.

About Birkdale Transition Partners:

Birkdale Transition Partners is the objective source for those seeking business sustainability, growth, or considering a business transition. Our goal is to ensure business sustainability and to maximize the value of an enterprise before any transition or transaction. Business owners without a transition plan often are unable to sell or transfer their company at its highest value. We help them to balance a company's transition with the owner's personal goals. Then we work with them to avoid problems caused by the lack of planning or to recognize what needs to be added, corrected, or modified before.

Birkdale is unique because it only offers an unbiased assessment and solutions for the company owner. We do not sell any other products or services, so are a fee-only firm. We work in partnership with the company's current professional advisors and staff. Because we help companies increase their monetary value, owners view our assistance as an investment—with payback and payout occurring during and after an engagement. Visit birkdaletransition.com to learn more.

The Cost of Hiring An UnderPerformer

Author: Jim Connolly, Industry Leading Results.com

Focus on employee turnover is a thing of the past. And more recently, focus has shifted towards increasing employee engagement. While both of these variables impact the cost of doing business, they pale in comparison to the cost associated with the hiring of a mediocre, underperforming employee.

How to Spot an Underperformer

An underperformer might be a salesperson who is expected to secure 90+% of a quota but only delivers 71%. Selling just enough to avoid being fired, the rep will have missed out on countless opportunities to find new sales and close existing ones. Hire an underperformer and your competitors will be tempted to send you a thank you note.

An underperformer might be a former engineer who is now leading an engineering team but would rather be engineering. This scenario is similar to a story of an engineering manager who once told me, "this people management crap is the s#%t I have to do on top of my real job." He viewed every knock on his door as an interruption to the small amounts of engineering that he still occasionally got to do.

The underperforming leader wasn't focused on building his employees and teams into top performers. His lack of leadership, settling for mediocre employee performance and demoralizing his team cost the company, at a minimum, millions of dollars over the course of the five years he maintained employment with the company.

- Which similar situations are costing your company?
- How much money is your company leaving on the table?

Considerations

1. The cost of employee underperformance is literal.

Consider the financial impact that hiring a top performer will induce. Your top performing employees, that is, the highest producing 5% of your workforce, produces 26% of your company's total output.1

If you do the math, top performers produce over 400% more than your average employee. This means that you lose hundreds of thousands of dollars in annual profit due to lost output every time you hire an underperforming employee instead of a top performer. The cost is substantial, so knowing how to hire top performers is critical to the overall success and longevity of your business.

2. The impact of an underperformer is far-reaching.

Consider the effect that hiring an underperforming employee has on the overall morale and productivity of the entire staff – how is this directly, and indirectly, impacting direct reports?

- Does the underperformer accept responsibility for their poor performance or do they blame their co-workers and/or boss for their workplace challenges and low output?
- Does the underperformer's mindset reflect that of an employee who is inclined to serve others or do they have a more inward focused mindset?
- Does the underperformer show a focus on forward progression by creating innovative solutions that build competitive advantage?

If you've answered "no" to any of the above questions, your competitors will thank you.

The influence of an underperformer is systemic, feeding mediocrity in the workplace. And worse, this influence can be so far reaching that it may even lead to a decline in the output of your top

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performers or those who show promise in becoming members of your top performing workforce.

3. Time is money – and an underperformer will consume both.

Consider the cost of your company's efforts to coach, encourage, document and fire an underperforming employee. What is the extended financial cost that you incur when your above average and top performing employees realize that you're tolerant of much lower output?

4. An underperformer brings more associated costs than traditional turnover.

Consider the cost of an underperformer compared to the cost incurred from traditional employee turnover. Not only will you face turnover cost when making the decision to let go of an underperformer, but you'll be paying for turnover plus resources spent on recruiting, mentoring, and counseling the underperformer while they were a member of your team.

And let's not forget the losses you incur as a result of opportunity cost. Every time you hire an underperformer, you're compromising sales revenue, new client acquisition, and current client retention. A top performer will perform at a significantly higher threshold across the board – and the gains are worth taking the time to figure out how to vet the kind of talent that is build for top performance from the beginning.

The cost of hiring an underperformer is substantial, but you can avoid the losses that accompany hiring underperformers by knowing what to look for and how to place people according to their skill set.

Jim Connolly is Founder & CEO of Industry Leading Results.com. ILR helps companies systematically apply principles of human behavior to improve operational performance and financial results. Jim has completed more than 2,000 behavioral interviews for his clients.

In his consulting practice, Jim helps clients with their most pressing people challenges, including:

- Eliminating hiring mistakes
- Reducing employee turnover
- Underperforming teams – sales teams, project teams, leadership teams
- Leader performance challenges
- Resistance to organizational change efforts that are necessary to move the company forward
- Systematically building toward record-setting and industry-leading performance

Whether it's a company-wide issue or working with a specific department or team, we know how human behavior works so we know how to improve organizational performance and financial results. Learn more at https://www.industryleadingresults.com

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