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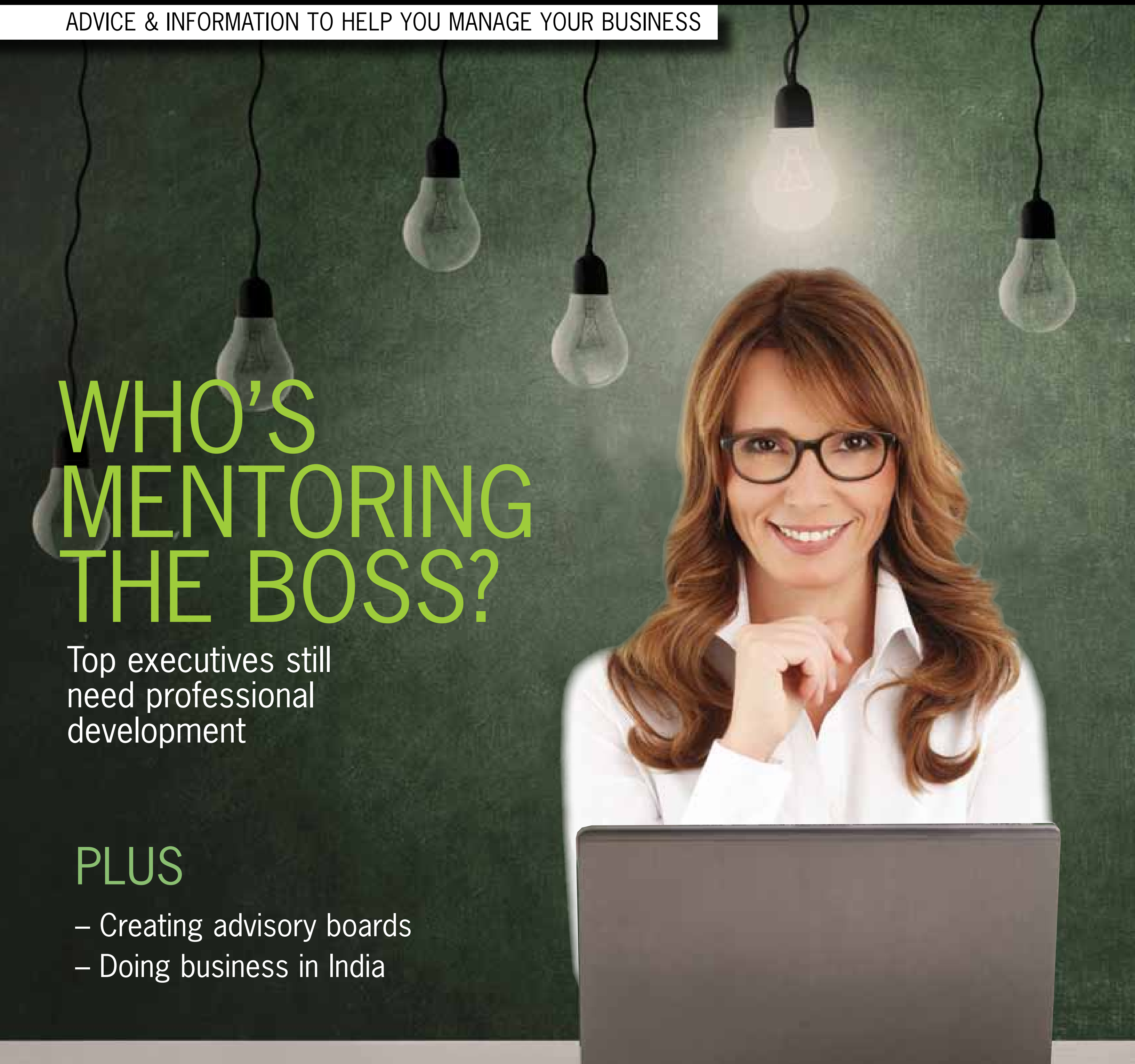

WHO'S MENTORING THE BOSS?

Top executives still need professional development

PLUS

– Creating advisory boards
– Doing business in India

Leading EDGE

ADVICE & INFORMATION TO HELP YOU MANAGE YOUR BUSINESS

Dear Clients and Friends:

Welcome to the spring issue of *Leading Edge* magazine. As the saying goes, it can be lonely at the top. Being the head of an organization can offer many rewards — both personal and professional — but one downside is that personal development can take a backseat to the day-to-day demands of running the business. Investing time to strengthen your leadership abilities not only benefits you, it also positively impacts your organization's culture.

Our cover story takes a closer look at the advantages of personal development and outlines some of the alternatives available. Whether you decide to seek a mentor, hire an executive coach, or attend a workshop, options abound. Whatever you choose, as the article states, be sure you do not "overwhelm your organization with all that you have learned because you have gone through it and they have not. Try to figure out how to implement slowly."

Also in this issue, Kreischer Miller's advisers examine:

- Ways to drive savings through cost reduction analysis
- The case for benchmarking
- The benefits of real estate family limited partnerships
- How to optimize working capital with supplier financing

This issue also features an article on the benefits of creating an advisory board. Whether you are looking to develop best practices, launch a new product, or enter a new market, an advisory board can provide valuable input and guidance. In addition, we cover the six critical mistakes your sales reps may be making and the exponential growth of mobile app development.

As you consider what is best for you and your business, please know we are here to help.

Kreischer Miller is committed to providing you with valuable information to assist you and your business. Please share any suggestions, comments and ideas for future articles with me at (215) 441-4600 or schristian@kmco.com. We appreciate your continued confidence in us and welcome any feedback on how we can better meet your needs.

Stephen W. Christian

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WHO'S MENTORING THE BOSS?

Why continuous education is just as important for the boss as it is for employees

BY MARK SCOTT

It took every ounce of willpower that Beth Kieffer Leonard had to not immediately gather her employees together at Lurie Besikof Lapidus & Company, LLP and share everything she had just learned.

Leonard, the Minneapolis accounting firm's managing partner, had spent a week participating in the Harvard Business School Executive Education program. Leaders who took part in this exclusive opportunity were not allowed to answer emails or phone calls during that time and spent full days reviewing case studies and discussing the principles of effective leadership.

"You are totally energized," Leonard says. "It allows you to think differently."

Leonard heard about the program from a colleague and decided it would be a great opportunity to work on her skills as a leader. She approached her executive committee and explained why it was something she really needed to do.

"Taking a week out and being unavailable is a big commitment of time and resources," Leonard says. "So I had to make the decision that it was important enough to do it."

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Leonard told the committee that the program would benefit the company as well as her.

The Harvard program is just one of many opportunities available to help leaders hone their skills. You need to go into a program with the idea that you will come out with a valuable new perspective on how to lead your organization. In order to do that, you first have to accept that you don't know everything there is to know about leadership.

"If, at the end of the day, you are trying to be the best business leader that you can be, it really isn't an effort," Leonard says. "You have to do it. If you do not, it is going to preclude you from accomplishing what you want with the organization as its leader."

Make the effort

One reason that some leaders struggle with personal development is they don't believe they have the time to pursue it.

"Too many top leaders get in the trenches of management and lose sight of the big picture," says Jay Colker, core faculty for the master's in counseling and organizational psychology program at the Adler School of Professional Psychology. "Many leaders say they value leadership, but then they don't take the time or ask the right questions. Or they ignore other people. If they are too in the trenches of management day to day, and they aren't thinking about practicing critical principles, it's going to inhibit or prevent their own development."

Other leaders believe that, even if they have time, they don't need to grow their leadership skills because they have already figured out enough to be successful. However, if you have the attitude that you cannot reveal any development needs, or believe that doing so is a show of weakness, you create an atmosphere of like-minded individuals, Colker says. The result is an organization full of people who are risk averse and walking on eggshells out of fear of revealing mistakes.

"If you are feeling that way, you are probably reinforcing those values throughout the organization," he says. "Is that the culture you really want?"

Personal development should be an ongoing requirement for everyone at every level of an organization, including the president, CEO or managing partner, says Leonard.

"It is not a matter of whether you identify that you need to improve your skills, or whether you can learn something more, because I think that is a given," Leonard says.

The important thing is to identify where to expend your energy and then carve out the time to do that. Take the time to sift through all the available programs to determine what will help accelerate and enhance your skill set in the best way.

A leader who ignores such opportunities puts the well-being of the organization at risk.

"I hope those leaders have someone who is close enough to them who can tell them that should never be the case," Leonard says. "If you are not a lifelong learner, and you are not always trying to improve, that is an indication of the culture you are setting for your organization. If someone thinks they have learned it all, their organization will suffer for that."

Ask for help

Leaders who decide to pursue personal growth and development often turn first to the people who know them best. There are advantages to working with a peer on getting better at your job, Leonard says. Doing so creates an environment of familiarity that allows you to express your doubts and faults, resulting in the opportunity to expose a tremendous amount of information.

The person you turn to does not have to be a peer in the sense that you are both senior leaders in the corporate world. If you become humble and start asking for help, mentors can be anyone at any level.

"A mentor could be a young up-and-comer who is switching roles," Leonard says. "It could be a wonderful development opportunity for a young person to be coaching a CEO on critical aspects of the business. In a learning organization, you don't have to be constrained by role or process. If you are humble, you can create the mindset that we all can develop and learn from each other."

When you branch out and eliminate the perceived barriers of rank, you open the door to some potentially great sources of knowledge. Approach your own growth as you would the growth of your business and work on both tasks together.

"The best CEOs are always aware that they have weaknesses," says Andy Kanefield, founder of Dialect Inc. and co-author of "Uncommon Sense: One CEO's Tale of Getting in Sync." "They surround themselves with people who are better than they are in those areas. They just try not to do harm in those areas. The goal is not to become so strong that you are leading those areas."

Instead, the goal should be to make sure you are well rounded enough to speak intelligently on everything that is happening in your organization, and also to be strong and confident enough to allow your people to do their jobs and even help you do your job better. For example, a truly visionary CEO might have a great COO who helps figure out how much the organization can bite off at this time, and help plan that transformation. Or an operationally focused CEO might need a head of strategy or marketing who can bring it all together and say, "If you want to do these things, this is what it might look like and this is the benefit we might be able to bring to our customers," Kanefield says.

Leaders often struggle with certain aspects of leading their business simply because it's very hard to be good at everything. But it's not about finding weaknesses and trying to become world-class in those areas.

"True strategic thinking takes several different mindsets that most people don't possess by themselves," Kanefield says. "Managing a company is a group exercise. We have a misconception that one person can do it all. The goal is to understand your own strengths in terms of how you're going to manage the company and then make sure you have those other perspectives by you as you are managing the future trajectory of the company."

> *"If you are humble, you can create the mindset that we all can develop and learn from each other."*
>
> – Beth Kieffer Leonard, managing partner, Lurie Besikof Lapidus & Company, LLP

"That is critical. You see the side effect of one-dimensional thinking when leaders run their companies into the ground. They are overly ambitious or overly cautious. They are not open to change or they change too much. There are a lot of reasons why it doesn't work."

Get others in your organization at all levels involved in the effort to continuously search for ways to do it better. For example, best-practice companies in human capital devote two full days every quarter to talent discussion, identifying high-potential leadership and discussing what they are doing to work on themselves.

"It really becomes a development mindset that starts at the top," he says.

Get a coach

In addition to working with peers or colleagues, a coach can be another effective option to help leaders identify weaknesses in their personal repertoire. These can be longer-term relationships to continue growing, or short term to address a specific need.

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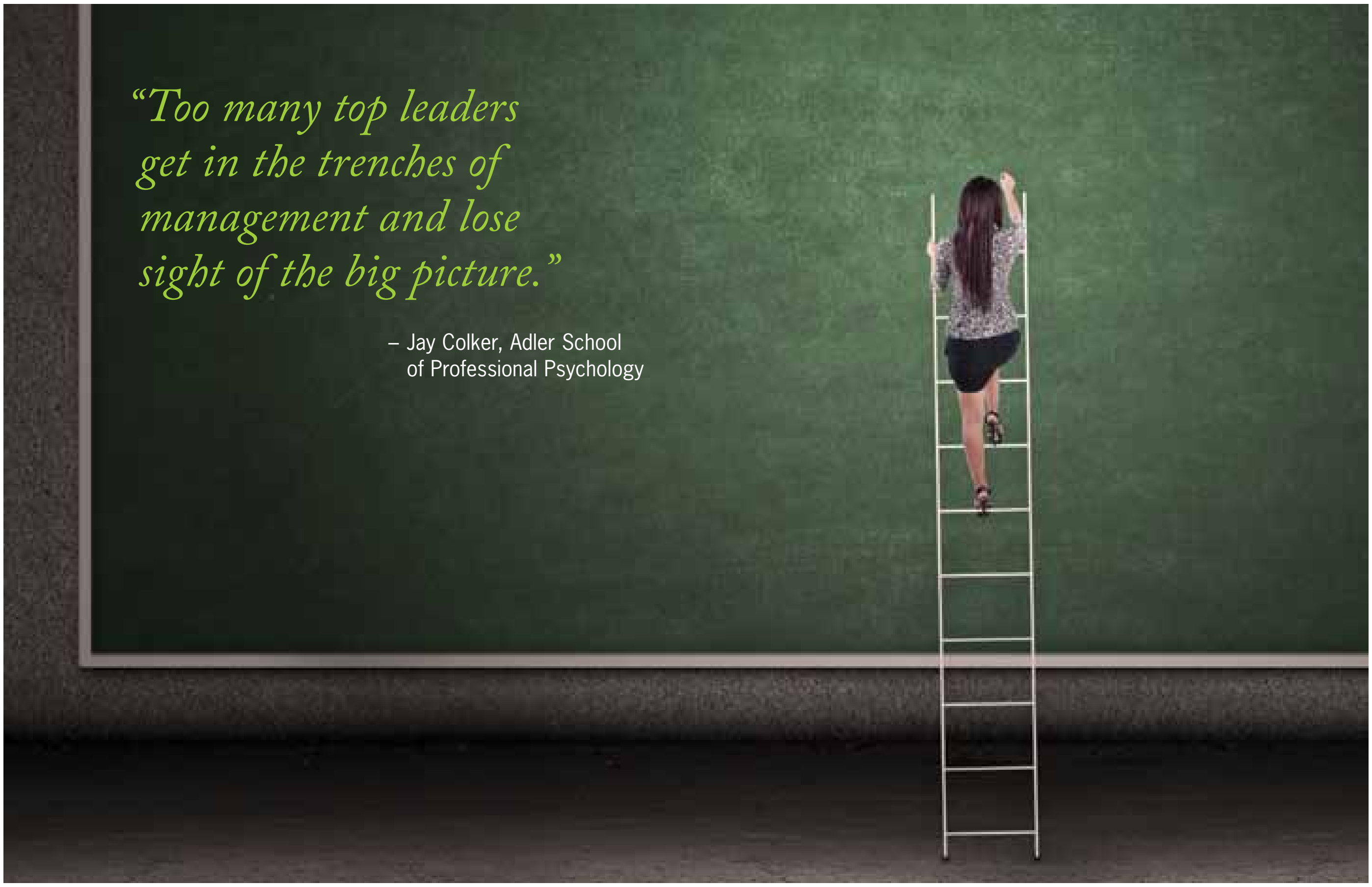

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Most one-on-one coaching opportunities don't require a commitment of time on a monthly basis. It may be one issue you're trying to deal with, or several. It's a matter of getting better at something and obtaining the tools you don't currently have.

In most cases, going into the coaching session you will learn more than you expected. "There is a great deal of self-awareness that comes with introspection," Leonard says. "A lot of times with coaching, you get 360 feedback so you can understand how you are perceived. That 360 feedback is a huge part of coaching. Any time you are getting unfiltered feedback about how you interact with your organization, that's a good thing. In some cases, you may say, 'OK, that is exactly how I want to interact with it, so it's fine.' You can also find, 'Hey, I thought I was doing something and I'm not.' That is a benefit for everybody."

One of the keys to making a good match between coach and pupil is to focus on the connection and the relationship rather than on the ability to fit the time into your schedule. Find a coach who is right for you, one who has the right mindset or skill set for your needs, who will push you and challenge you, and who will be strong enough to help you.

However, coaching doesn't always have to be one on one. A group setting has the advantage of bringing together people with common interests and experiences. Colker, of the Adler School of Professional Psychology, is preparing to embark on an assignment to work with eight leaders over the course of a year in a program that will allow them to coach each other.

"I believe this approach is in line with networking, social media, an open perspective and being willing to recognize that you really learn by doing," he says.

If you demonstrate to your people that you have flaws and that you appreciate opportunities to get better, your organization will be much better for it from top to bottom. You have to take the first step and be willing to open yourself up to both praise and criticism in an effort to improve.

"I have certain skills and you have others," Colker says. "It's a process of learning together and putting people in a confidential and trusting environment and getting them to be willing to share, 'This is what I'm doing and this is how I'm doing it,' and somebody else saying, 'That's going to create some problems for you. Have you thought about this? Why are you doing it that way?' It's recalibrating the entire group through the diversity of opinion and solutions that are in the room."

Leonard has one more piece of advice that is useful no matter what type of leadership training you pursue.

"You cannot overwhelm your organization with all that you have learned, because you have gone through it and they have not," Leonard says. "When you come back, try to figure out how to implement slowly." **LE**

INSIDE:

- The case for benchmarking
- A look at real estate family limited partnerships
- Optimize working capital with supplier financing

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Cost reduction analysis – Techniques to drive savings

John D. Holody,
Manager, Audit & Accounting

The fog has nearly lifted on the recession, but many companies have yet to see revenue growth rates that are substantial enough to drive meaningful increases in profitability. With continuing questions about long-term growth rates, companies are often left with only one option to improve profitability: cost reductions.

The low-hanging fruit, which tends to involve workforce reduction and increased productivity from existing employees, has been largely exhausted. However, if companies look beyond labor, they can often find additional ways to drive meaningful long-term cost reductions.

Here are a few areas to consider.

1. Product lines and customer segments

Many companies have product lines or customers that fail to generate meaningful profitability, or worse, generate losses. The Pareto Principle — the 80/20 rule — often applies; many find that the majority of their profits are generated by a relatively small number of products or customers. By simply shifting energy from less profitable products or customers to more profitable ones, companies can dramatically improve profitability.

2. Inventory

Many manufacturers and distributors are still dealing with excess inventory levels, which can lead to unnecessary carrying costs and negative cash flows. The most profitable companies effectively use material requirement planning systems (MRPs) and/or enterprise resource planning systems (ERPs) to reduce inventory levels without running the risk of stock-outs.

3. Purchasing process

Companies can often decrease unnecessary costs by implementing additional controls over the purchasing process. Many businesses grant selected employees the authority to initiate and/or approve purchases using company-sponsored credit card programs. Because tracking card spending can be onerous, these types of privileges often result in unnecessary, or worse, improper charges. By implementing procurement card programs with specific vendor, transaction value or aggregate charge limits, companies can reign in spending, as well as reduce paperwork in the procurement process.

4. Vendors

Companies can often reduce general and administrative costs through techniques such as vendor consolidation and/or the implementation of formal RFP processes. Think about the number of departments or locations using different vendors for routine products such as office supplies. Then, think about how often purchases of such items are made on an ad-hoc basis without prenegotiated pricing terms. By consolidating vendors and negotiating terms with selected vendors, companies can leverage purchasing power to reduce general and administrative costs.

MANY COMPANIES HAVE PRODUCT LINES OR CUSTOMERS THAT FAIL TO GENERATE MEANINGFUL PROFITABILITY, OR WORSE, GENERATE LOSSES.

5. Employees

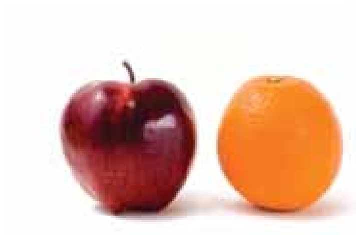
Whether your company has 20 employees or 2,000, it never hurts to engage them in cost-reduction initiatives. Because they are in the trenches, they often have first-hand knowledge of areas of waste. By soliciting their feedback and implementing an incentive system to reward them for cost savings, companies often decrease costs and increase employee retention.

While there is no single solution for cost reductions that applies to all businesses, learning more about what other companies have done can spur innovative strategies that lead to long-term improvements in profitability. By tackling these issues now, you can drive near-term increases in profitability and ensure you are prepared for any future economic downturns. **LE**

The case for benchmarking

Kevin G. Gloviak,
Senior Accountant,
Audit & Accounting

TO EFFECTIVELY BENCHMARK, IT IS IMPORTANT TO AVOID COMPARING APPLES TO ORANGES.



Business leaders are constantly challenged to develop a strong strategic plan. However, over the last several years, this task has become more difficult due to seemingly constant changes in technology, communication, customers, manufacturing, workforces and globalization.

Assessing your company's unique strategic competitive advantage includes leveraging strengths, maximizing opportunities and minimizing weaknesses. Successful companies have a clearly defined value proposition and leaders who devote their efforts and attention to continuously enhancing the company's value. Benchmarking — the process of measuring internal metrics and comparing them to industry peers — is critical to measuring the impact of decisions and driving both corporate and personal value.

When thinking about benchmarking, start the process with the end game in mind. Ask yourself:

- What are my anticipated results and are they quantifiable?
- Who will be impacted and will it lead to maximum potential?
- What financial indicators are relevant to assessing the impact of the decision and change?
- How are competitors within my industry managing the economic challenges that I face?

In order for benchmarking to be effective, companies must analyze quantitative data from internal and external sources. Internal software packages or standalone benchmarking software can be utilized to process a large amount of complex data in a cost-effective manner, which is useful for measuring the true impact of a company's strategic decisions. These technology tools also often provide companies with the ability to perform real-time comparisons, making information much more relevant, as well as allowing companies to focus on the road ahead as opposed to looking in the rearview mirror.

To effectively benchmark, it is important to avoid comparing apples to oranges. Make sure your benchmarking efforts involve comparing your performance with that of peers of similar size and geographic reach. Additionally, benchmarking your business against companies that are in a similar stage of their corporate life cycle can improve the quality of benchmarking activities. For example, start-up companies are likely to have different leverage or cash flow needs than a mature company.

You must also assess the source of your internal data to ensure that it is both complete and accurate. Although benchmarks generated from audited or reviewed financial statements tend to be the most reliable source, the data is largely historical in nature. Successful companies and reputable service providers utilize data sources that are current, reliable and relevant to monitor the impact of decisions that are quantified through dashboards or benchmark reporting.

Having witnessed both effective and ineffective benchmarking first hand, the best advice is to keep it simple and avoid information overload. Selecting a manageable number of metrics that truly reflect a company's progress in executing its strategic plan can help management monitor performance in a cost-effective manner, as well as allow companies to course correct in a timely manner, thereby maximizing stakeholder value. **LE**

A look at real estate family limited partnerships

Allison J. Shoemaker,
Manager, Tax Strategies

Family units looking for ways to shift assets to the next generation and limit the amount of taxes involved should consider transferring assets to a family limited partnership (FLP). This technique provides a flexible structure that will reduce gift and estate taxes. The FLP has two classes of ownership. A general partner (GP) is usually the older generation and limited partners (LP) are usually the next generation. The GP ownership percentage is usually limited to a small percentage (e.g., 2 percent), leaving the LP ownership percentage to the remaining portion of ownership (e.g., 98 percent). The GP has complete control of the partnership.

The lack of control regarding the LP allows the GP to continue the management of the underlying assets and the cash flow to the limited partners as desired.

Real estate has been found by the Internal Revenue Service to qualify for valuation discounts, as real estate is not readily marketable. If the entire property is not owned (fractional shares), there could also be a minority interest valuation discount. These valuation methods regarding the gifts of real estate allow a lower value for the transfer of the property.

Most formations of FLP and the related gifting to the next generation of the LP interest involve using a portion of the gift/estate unified exemption credit equivalent. The individual exemption for 2013 is $5.12 million and for spouses, a combined amount of $10.24 million is available for use, along with the annual gift exclusion. If a large gift is not under consideration, the transfer of the LP interest can also qualify for the annual gift tax exclusion each year, which presently, on an individual basis, is $13,000, and for spouses, $26,000, to each donee.

It is important in successfully implementing a family limited partnership for estate planning that proper procedure is used in the transfer of the partnership interest. The partnership should have a business purpose for existing. If the only purpose of the partnership and the gifting of the assets is tax avoidance, it will not meet the criteria of a business purpose. The partnership assets should be set up as a separate business and not commingled with other assets of the donor.

The IRS reviews FLPs carefully because valuation discounts are taken, especially where a larger portion of the asset is gifted to the family member at a reduced value. The IRS has challenged these discounts with some success. As a result, it becomes essential that the transaction is properly structured.

In conclusion, a family limited partnership owning real estate can be an excellent technique for transferring assets and appreciation of the assets out of the estate of the donor. **LE**

A FAMILY LIMITED PARTNERSHIP OWNING REAL ESTATE CAN BE AN EXCELLENT TECHNIQUE FOR TRANSFERRING ASSETS AND APPRECIATION OF THE ASSETS OUT OF THE ESTATE OF THE DONOR.

Optimize working capital with supplier financing

Jeremy G. Chapman,
Manager, Audit & Accounting

In today's volatile economic environment, most companies are focusing on improving profits, maximizing liquidity, managing working capital and generating cash flow. Unfortunately, the pursuit of these objectives often puts companies at odds with their suppliers. However, supplier financing programs provide companies with a rare opportunity to improve their own financial strength while also providing meaningful benefits to their suppliers.

How do these programs work? Many suppliers offer, or would be willing to offer, discounts for early payment of invoices, and the aggregate effect of these types of discounts could have a significant impact on profitability, particularly in an environment where companies are experiencing razor-thin margins. Under a supplier financing program, companies enter into arrangements with financial institutions under which the company simply submits approved supplier invoices to the financial institution and the financial institution makes immediate payments to the supplier on the company's behalf, maximizing supplier discounts. However, the company is not obligated to repay its financial institution until a later date and pays the financial institution an interest charge in exchange for the use of the financial institution's cash.

Why would a company want to do this? In many cases, companies have access to funds under supplier financing programs at borrowing rates substantially below the rates that their suppliers would have to pay to their lenders. As a result, participation in this type of program allows well-seasoned companies to negotiate supplier discounts in exchange for immediate payments that often far exceed the buyer's borrowing costs under these programs.

How can a company become part of a supplier financing program? The answer is simple: All major financial institutions offer these types of programs. Additionally, these institutions often have very deep supplier networks and typically provide powerful web-based tools that both companies and suppliers can use to monitor supply chain activity, enhancing visibility for all parties.

The benefits of participating in supplier financing programs are numerous for both companies and their suppliers, providing near-term opportunities for significant cost reductions and improved working capital. Perhaps more important, these programs can strengthen long-term supply arrangements, providing a foundation for long-term success. **LE**

SUPPLIER FINANCING PROGRAMS PROVIDE COMPANIES WITH A RARE OPPORTUNITY TO IMPROVE THEIR OWN FINANCIAL STRENGTH WHILE ALSO PROVIDING MEANINGFUL BENEFITS TO THEIR SUPPLIERS.

bits & pieces

6 MISTAKES YOUR SALES REPS MAKE

While your sales representatives may be following a carefully constructed script designed to drive sales, some tried-and-true pitch techniques could be hurting your sales rather than helping them. Review these six mistakes, as outlined by Rick Anderson for the Society for Scholarly Publishing's blog "The Scholarly Kitchen," to ensure your reps are driving, not losing, the sale.

Bragging about company growth. When potential clients hear about your new big-name clients, they think, "My company will not be as important to you, and it will take longer for you to respond to me." If you do talk about customer-base growth, include how you're adding staff to supplement that growth.

Telling the company story. Clients don't care when and where the company was founded. Put yourself in the client's shoes and communicate how your company can help.

Selling the brand. Clients care about what you are going to provide them, not your name. Sell the product or service, not the company.

Implying staff time is valueless. Don't ask a company for a meeting with a large group of people. The business is paying those staff members and losing productivity during the meeting. Show respect by getting to the point and thanking attendees.

Responding to affordability questions with value arguments. Price trumps value. Businesses have budgets, and a value proposition doesn't make money magically appear. Work with clients to find a price point that's best for them.

Making promises you can't keep. Sales reps make promises first and ask questions later to make the sale, but backing out of a promise can hurt your company's reputation and cause you to lose clients.

MOBILE APP DEVELOPMENT TO SURPASS DESKTOP DEVELOPMENT

Thinking about rolling out a mobile app? These statistics may push you to develop one sooner rather than later.

While traditional enterprise application development has been focused on the desktop and the Web, 72 percent of enterprise leaders think it is "likely, to very likely" that mobile development will outpace Web and desktop development in 2013, according to a survey by Appcelerator, the company that makes the mobile platform Titanium.

In addition, 87 percent of respondents predicted that more mobile apps will be delivered than desktop apps in the next year.

WOMEN BUSINESS OWNERS OPTIMISTIC ABOUT 2013

Eighty-five percent of women-owned businesses predict more women will become entrepreneurs in 2013 than in past years, according to a national survey of women business owners conducted by Web.com Group Inc. and the National Association of Women Business Owners.

In addition, 38 percent of women-owned businesses plan to invest more resources into hiring than in 2012, while 54 percent plan to invest the same amount of resources.

Stay on point

How to build an advisory board that can help your business make informed decisions

BY MARK SCOTT

Geri Stengel didn't waste any time getting to the point with the advisory board she put together at Fiscal Management Associates. The firm, with offices in New York and Chicago, needed guidance in developing financial best practices for the organizations it represents in the nonprofit sector.

"We used the advisory board to develop a quantitative research survey and to interpret the results of the survey," says Stengel, president of New York-based Stengel Solutions. "We had one in-person meeting and the rest was done by email and telephone. It was a very specific purpose."

Stengel has served on advisory boards for Ground Floor Ventures, a women's technology company incubator, and American Express. She is presently on the board of the National Association of Women Business Owners-NYC.

She says that clarity of purpose must be a priority in any advisory board you are looking to assemble. The people you are asking to give of their time and talents need to have a compelling reason to do so.

"We did not go beyond the initial specifications, so we were very focused in what we asked them to do," Stengel says. "We didn't ask them to do anything else. When we said a meeting was going to be 90 minutes, the meeting was 90 minutes. When we said we would not go over a handful of additional email and telephone follow-ups, we really kept to what we said. We defined a scope of responsibility for the advisory board and we kept to those guidelines."

Whether you are using an advisory board to develop best practices, launch a new product or enter a new market, you need to approach each step of the process with a clear sense of purpose.

Look for commitment

One of the most common mistakes a company can make when looking to form an advisory board is rushing the process. There is a difference between being purposeful and trying to rush to a conclusion.

Stengel's advisory board for FMA only met in person once, but it continued its work for nearly a year before wrapping up and offering its recommendations.

"It's a committee, and committees take time," says Chuck Rauenhorst, president of Rauenhorst Recruiting Co. "They are not a quick fix. Typically when you want an advisory board, you're looking for more than one way to get something done and you want to hear other people's experiences."

Approach the process with an idea of how long the board will need to function and share that with people as you seek to populate your board so they are able to make an informed decision about whether they want to participate. Also think about the kind of people you want and the type of expertise you are looking to tap into.

"Be honest with yourself regarding your knowledge and experience limitations and find trusted friends and advisors with those skill sets," says Wayne R. Pinnell, managing partner with Haskell & White LLP. "Use that network to find other skills that you cannot find on the first pass."

Find people who are genuinely excited about the opportunity to be on your board and steer away from those who seem willing to participate but not particularly excited by the opportunity.

"When interviewing and selecting members for the advisory board, select those who are motivated by the vision and growth goals for your organization," Pinnell says. "You want folks who have a passion for what you are doing and not necessarily those who just do it because you asked them to. Oftentimes, 'compensation' comes in the form of making a difference."

Diversity of race, gender and experience is also important to ensure that you have an advisory board that considers different perspectives. But don't include people just to fill a quota.

"In most circumstances, you absolutely want to have young people," Stengel says. "And you want to have a range of age, ethnicity and gender. But it's also critical that you don't just have one person representing a group, whether it's gender or ethnicity. If ethnicity is really important, make sure you have three people of color represented. If gender is important, you want at least three women."

Otherwise, you appear to be assuming that one member of a particular group will have the same opinion on a subject as the rest of that group.

Focus on the problem

Once you have put your advisory board together, make sure everyone is clear about the goals of the board and what will happen with the recommendations it makes or the actions it takes.

"If trouble arises after the first or second meeting, it is usually discovered that no one knew what the board's duties were or precisely what to do when the committee faltered," Rauenhorst says. "There are three types of meetings: problem finding, problem solving and informational. Concentrate on the first two."

If you are considering launching a new product, have the board look at what hurdles you need to overcome to make the product a success. If you want to enter a new market, ask the board to study the pros and cons of doing so using their experience as guidance.

Stengel says you don't need to have a fully developed plan in place before an advisory board begins meeting because it is the board's job to help you develop that plan. But you do need a specific agenda.

"Your advisory board is there to help you flesh out whether a plan is even appropriate," Stengel says. "You might have stalled growth. You might see a big opportunity. You may be faced with an unusual challenge and feel you don't have the resources in your existing network to solve it or take advantage of it. Be very specific in your agenda."

"Be honest with yourself regarding your knowledge and experience limitations and find trusted friends and advisors with those skill sets."

– Wayne R. Pinnell, managing partner, Haskell & White LLP

If you can afford to do so, hire a facilitator to lead your advisory board and keep the members on point. But even with a facilitator, someone from your company needs to be interpreting what the board is doing.

"Even with the facilitator taking notes, that person isn't really interpreting it," Stengel says. "They may be gathering the information and analyzing it, but it's the entrepreneur who has to interpret the market intelligence and decide how to use it."

The owner or CEO of the company should not be the leader of the advisory board. But you do need someone to be in touch with the board and keep you apprised of its findings.

And if a specific department is being discussed, you may need to bring in a person from that department to help the advisory board sort through the matter.

"An HR issue will certainly affect operations and finance," Pinnell says. "A marketing issue should intertwine with operations, manufacturing and product development, for example. Use the group to leverage the individual skill sets for the benefit of the whole."

Whether you adopt everything that the board recommends, or choose not to go forward with anything it came up with, make sure you show respect and appreciation for what the members have done for your company.

"Demonstrate that you understand the value of what they are giving you," Stengel says. **LE**

Top 10 things to know about doing business in India

BY DEZAN SHIRA & ASSOCIATES,
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1. What are my options for investment?

Foreign investment into India can come in a variety of legal entities. The choice depends on the kind of work you plan to do in the country. The options are a liaison office, branch office or project office, each with its own set of criteria.

For a foreign enterprise to engage in activities not listed within the limits of liaison, branch and project offices, wholly owned subsidiaries or joint venture companies can be established.

2. How do I establish a company?

Establishing a company in India can be a lengthy administrative process that requires communication with many different authorities. Seeking professional help will ensure that you get it right the first time and do not have to make costly changes later.

Private limited companies are the most common company form used by foreign investors and may be in the form of joint venture collaborations with an Indian partner and/or public issues, or wholly owned subsidiaries having 100 percent foreign ownership.

After establishing a company but before commencing business, all companies incorporated in India, whether locally or foreign-owned, must apply for a Permanent Account Number for taxation purposes.

3. What are the key positions in an Indian company?

Incorporating a private limited company requires a minimum of two directors, and between two and 50 shareholders, the highest authority of the company. The director or board of directors sets the agenda of the company's operations according to shareholder decisions.

As part of annual compliance requirements, companies must appoint an auditor to undertake a full audit of company accounts prior to the Annual General Meeting (AGM).

For companies with paid-up capital of more than INR1 million (about $18,250), a company secretary must be appointed to sign an annual compliance certificate; for those with paid-up capital of more than INR50 million (about $912,660), a full-time company secretary must be appointed to act as a compliance officer.

4. What kind of intellectual property rights considerations should be taken into account?

An important issue is registration of your trademark. Registration involves several filing procedures, takes about 12 months and can be carried out by licensed Indian trademark lawyers at Trademark Registry Offices in Ahmadabad, Chennai, Kolkata, Mumbai or New Delhi.

5. What are India's major taxes?

As of September 2012, the main taxes impacting foreign investors are corporate income tax, 30 to 40 percent; standard tax on dividends (overseas parent company), 15 percent; and value-added tax, 12.5 percent.

6. How are accounting and bookkeeping done?

Accounting is done according to the Accounting Standards issued by the Institute of Chartered Accountants of India and approved by the Parliament of India. There are more than 30 accounting standards, each governing different aspects of accounting statements. The Regional Bank of India regulates the country's foreign exchange markets and prescribes exchange control norms, and the Indian rupee is fully convertible on the current account. However, on the capital account, the Indian rupee is only partially convertible.

7. What are the annual compliance requirements?

These differ for entities depending on whether they are foreign representative offices or companies. Incorporated companies are required to undertake an annual audit of accounts, which must be sent to shareholders well before the AGM. Company accounts must be submitted to the office of the concerned Registrar of Companies annually, following an AGM, which must be held once every calendar year before Sept. 30.

In addition, companies with paid-up capital of between INR1 million and INR20 million ($18,250 and $365,000) are required to file an Annual Compliance Certificate.

8. How is transfer pricing conducted?

Transfer pricing concerns the prices charged between associated enterprises (those linked through management, control or capital) established in different tax jurisdictions for their intercompany transactions.

For tax and auditing purposes, international transactions between associated enterprises have to be assessed on the basis of the "arm's length principle." Taxpayers involved in internationally related party transactions are also required to maintain a series of more detailed documents showing the ownership structure and property/service involved.

Transfer pricing documents need to be submitted by Oct. 31 following the close of the relevant year.

9. What visas are needed for my foreign staff?

For business activities, there are business visas (limited to six months) and employment visas.

Foreigners intending to stay longer than 180 days are required to register with the local Foreigners' Regional Registration Office within 14 days of arrival.

10. What should I look for when signing labor contracts?

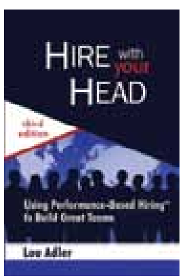
Indian labor laws provide a minimum of guarantees and benefits to all employees, and these laws supersede the provisions of labor contracts.

Pay special attention to the Industrial Disputes Act, which provides protections for employees; the Shops and Establishments Act, which governs hours of work, payment of wages, leave, holidays, terms of service and other conditions; and wage and remuneration acts that regulate payment of wages, bonuses and equalize pay for men and women. **LE**

on the bookshelf

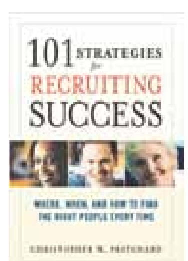
OBTAINING — AND KEEPING — THE BEST TALENT

A business is nothing without its employees. They are the face of the company and not only power it but move it forward day after day. This installment of "Bookshelf" features volumes with advice about recruiting, hiring and firing processes and describe exactly how to succeed anywhere in the employment process to attract and retain the best talent.

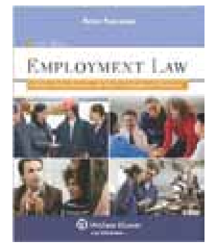


Hire With Your Head: Using Performance-Based Hiring to Build Great Teams
Lou Adler
Wiley
320 pages
While most managers understand the importance of hiring well, few actually know how to do it. "Hire With Your Head" introduces a performance-based hiring system, a methodology that takes into account the needs of top recruits based on how they look for and accept offers. The system involves writing compelling job descriptions, focusing every aspect of hiring on attracting top people, using the interview process to both assess competency and entice the candidate, and integrating each step of hiring into one smooth process.

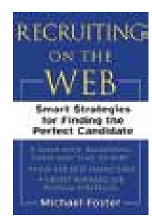
The Manager's Guide to HR: Hiring, Firing, Performance Evaluations, Documentation, Benefits, and Everything Else You Need to Know
Max Muller
AMACOM
304 pages
Managing people can be complicated, and executives can no longer get by without understanding human resources. Designed as a quick reference, "The Manager's Guide to HR" provides readers with a straightforward guide to human resources topics including hiring, performance evaluations, documentation, training, development, employment laws, privacy, firing, COBRA compliance, disability and more.



101 Strategies for Recruiting Success: Where, When, and How to Find the Right People Every Time
Christopher W. Pritchard
AMACOM
224 pages
The best managers know how to hire and keep good people. In "101 Strategies for Recruiting Success," readers learn proven ways to recruit talent, including 25 ways to find the people a company needs, smart and efficient methods for conducting interviews and evaluating candidates, advice on diversity recruitment and effective retention tactics. The book also includes a "Recruiting Excellence Workbook" that provides a 35-day plan with exercises and to-do lists to improve recruiting.



Employment Law: A Guide to Hiring, Managing and Firing for Employers and Employees
Lori B. Rassas
Aspen Publishers
560 pages
Direct from an attorney who has worked in employment and labor for more than a decade, "Employment Law" follows the sequence of day-to-day events, from job creation to recruitment, including compensation and benefits, leave entitlements and performance management, through the conclusion of the employment relationship. Using hypothetical scenarios to illustrate real legal issues and empirical data from the Equal Employment Opportunity Commission, Rassas outlines all aspects of employment in a way that both employers and employees can understand.



Recruiting on the Web: Smart Strategies for Finding the Perfect Candidate
Michael Foster
McGraw-Hill
304 pages
To compete in the Digital Age, companies must recruit online. The Web allows recruiters to search hundreds of resume banks at once or go straight to the precise candidates they seek. "Recruiting on the Web" is a hands-on guide to finding the perfect candidates quickly and cheaply and includes information on tailoring online searches to search thousands of personal Web pages, utilizing strategies for posting jobs to get maximum results and uncovering the best candidates. **LE**

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