

the **edge**

the
LEADING

PUBLISHED BY **Kreischer Miller**

*Advice and information to help
you manage your business*



Entrepreneurial paradox: **PROFIT OR POWER?**

Answer may determine
company's next stage

VOLUME 9 ■ ISSUE 4
SUMMER 2009

PLUS:

Marketing in not-so-good times

Doing business in Luxembourg

Dear Clients and Other Friends:

Summer is here and we continue to navigate these difficult and uncertain times. Our economy has provided no shortage of opportunities and challenges. The surest way to accomplish our objectives is to focus more on the controllable factors that confront us and less so on the uncontrollable. We cannot wish away challenges, but we can deal with those issues we can impact.

This issue of *The Leading Edge* magazine offers insights into dealing with various aspects of our businesses that are in our control. Roman Leshak outlines common retirement plan deficiencies and the responsibilities of plan fiduciaries in a time where the Department of Labor is ever vigilant in policing plan activities. We discuss innovative ways to strategically network in today's tough marketplace with Cindy Warkow of our Human Capital Resources group. Jean-Thomas Hardy reviews best practices to avoid costly and crippling mistakes in IT investments. Our tax article, by Allison Shoemaker, reviews some of the issues to be addressed during the purchase or sale of business assets. If you would like additional information on any of these topics, please contact the authors or your relationship team members.

Our goal is to provide valuable information and insights to assist you and your business. If you have a topic you would like to see addressed in future issues, please let me know. We value the confidence you show in Kreischer Miller and appreciate your feedback. Please send your thoughts, comments or ideas to me at schristian@kmco.com. Have a great rest of summer!

Sincerely,



Stephen W. Christian
Managing Director

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People ■ Ideas ■ Solutions



This summer, Kreischer Miller will be holding its 2nd Annual College Open House. Last year's event was a huge success and we expect this year to be even better as we will be showcasing our new office! The Open House is a great opportunity for us to connect with college students, professors, and career services staff from a variety of schools while we explore the vast opportunities in public accounting.

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To find out more about the Alliance contact Karen Kehl-Rose, president, at (630) 513-9814 or kkr@The-LEA.com.

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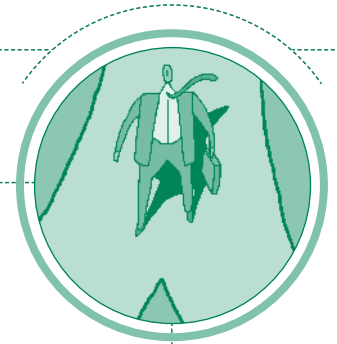
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Entrepreneurial paradox:



PROFIT OR POWER?

Answer may determine company's next stage

By Paul O'Donnell

It only took a few weeks for Robert Tuchman to realize he didn't want to be an investment banker.

After graduating from Boston University in 1996, he immediately went to work for Lehman Brothers in New York City. But deep down inside, he yearned to get involved in sports.

So he took the leap and followed his passion.

He left then-secure Wall Street and created TSE Sports & Entertainment. Setting up shop in a one-bedroom Manhattan apartment, he began selling corporate packages to the nation's most in-demand sporting events—college basketball's Final Four, the Kentucky Derby, the Daytona 500, the Masters golf tournament.

Over the next decade, his modest start-up blossomed into a \$20 million-a-year business, earning TSE a spot on the prestigious Inc. 500 list of fastest-growing companies.

But in 2006, Tuchman found himself at a crossroads. He was spending more and more time on mundane operational issues like picking health insurance packages for his 25 employees, and less and less time on selling and deal-making, the things that initially

attracted him to sports marketing.

To take TSE to the next level, Tuchman knew he needed money and people with more expertise than he possessed.

Tuchman made the difficult decision to sell his business to Pflingsten Partners, a Chicago-based private equity firm. Pflingsten merged the company with its own Premiere Global Sports, and the combined firm is now a \$65 million-a-year business selling sports packages to the corporate, consumer and college markets. It also has its own ticket resale Web site.

Three years later, Tuchman heads up Premiere Global Sports' corporate division and he's well aware it's rare for a company founder to remain in a key role with an acquiring company.

Tuchman's dilemma is known as the entrepreneurial paradox—the point when a founder realizes the business needs something he or she can't offer to keep it growing.

That often means bringing in partners or people with professional expertise, or seeking outside financing to propel the business forward. And raising capital from investors usually forces the founder to give up partial or complete control of the company he built.

Thom Ruhe, director of entrepreneurship for Kansas City-based Kauffman Foundation, equates it to parenting, especially for first-time entrepreneurs. They've nurtured a nascent idea into a viable business, often by tapping friends and family for loans and maxing out their credit cards.

"At some point, you look at your baby and say, 'I want more for you and I don't have the skills to get you there,'" Ruhe says.

Cheerleader or cold-hearted realist

Howard Anderson knows exactly what company founders face. He's been there as an owner, and now as a venture capitalist.

"Do you want to eat well or sleep well?" asks Anderson, who also is a distinguished lecturer at the Massachusetts Institute of Technology's Entrepreneurship Center.

Anderson's days as an entrepreneur date back to 1970 when he created Yankee Group, a pioneering Boston-based market research company credited by some with spawning the technology consultancy industry. Even though he eventually sold Yankee Group for three times its sales to Reuters in 2000, Anderson remembers wrestling with the decision.

"You are defined by your company and your company defines you," he says. As president and chief executive officer of Yankee Group, his phone calls almost always went straight through to top executives of high-tech companies. That changed when he became the former CEO.

Entrepreneurs often face contradictory and emotional roles, alternating between

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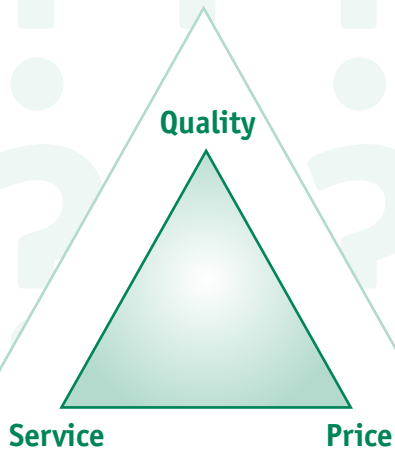
AT SOME POINT, YOU LOOK AT YOUR BABY AND SAY, 'I WANT MORE FOR YOU AND I DON'T HAVE THE SKILLS TO GET YOU THERE.'

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Get the point

Ann Dugan, founder and executive director of the University of Pittsburgh's Institute for Entrepreneurial Excellence, likes to start conversations with entrepreneurs by asking them to draw a triangle—labeling the three points quality, service and price.



She then asks on which point the business owner sees the company competing.

“If you’re competing on price, you’re telling me you’re going to be a volume business and you’re going to need to be national and international in scope,” she says.

The bigger the footprint, the more capital the entrepreneur is going to need. That ultimately plays a role in determining if the company founder might need outside financing to build the business, Dugan says.

A common mistake is an entrepreneur not taking time to assess where the business is going and what’s needed to get it there.

“It’s hard to do that self-assessment in isolation,” Dugan says. “Reach out to your spouse, law firm, accounting firm, and say here’s where I’m at.”

She recommends establishing an advisory board of professionals without ties to the company. They can be an important sounding board for entrepreneurs at any stage of a company’s growth.

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“cheerleader and cold-hearted realist,” he says.

“The talents that make a good entrepreneur can get in the way,” Anderson says.

A friend convinced Anderson, then 55, that it was time for him to consider selling the business. He’s proud to say he didn’t take the highest offer for Yankee, turning down the top bid from a company that didn’t have a strong track record with companies it acquired.

“I would not let my child be taken over by a foster parent,” Anderson says.

As a co-founder of Battery Ventures, which has raised more than \$2 billion in venture capital, he says choosing a suitor is a lot like finding a spouse. He suggests researching a venture capital company closely before selling.

Giving up a stake of a company to a venture capital firm typically leads to the founding entrepreneur exiting within a few years, Anderson says. He estimates that 70 percent of founders are gone within five years and 90 percent are out within 10 years.

“Most entrepreneurs are only going to do this once in their life,” he says.

Being on both sides of the aisle, Anderson offers a few guideposts for entrepreneurs as they navigate what to do next in the life cycles of their companies:

1. Are you as passionate about your business as you were five years ago?
2. What do you really want out of the business—money, fun, excitement? How much risk are you willing to take?
3. Can you live without your company? Post-partum depression can set in when a founder lets go.
4. If you had the human capital, do you see areas for expansion?
5. What’s your exit strategy?

He thinks the entrepreneur’s age also is an important factor. If she’s young and having fun, Anderson says stay at it. If she’s 45 years old and facing expenses like college tuition, consider selling a smaller stake of the company. If she’s 50 or older and getting a little tired, that might be the time to consider selling the company.

“Rarely do you get a second chance,” he says.

Rich vs. king

Noam Wasserman, a Harvard Business School professor who researches what happens to founding entrepreneurs, refers to the dilemma as “rich vs. king.”

Rich-motivated entrepreneurs are far more driven by profit and personal rewards, and thus more willing to give up control to venture capitalists in exchange for the “rocket fuel” to accelerate their company’s growth, Wasserman says.

Their decision means they will “at best remain a prince within the kingdom,” he says.

King-motivated owners are more concerned about being in charge. They’re more willing to try it without the infusion of rocket fuel.

Wasserman draws his conclusions from various research projects, including one in 2003 in which he tracked the fate of founders of 202 Internet companies. Within five years, 50 percent of those founders ceded the chief executive’s role.

“First-time founders tend to get blindsided by this,” he says.

Wasserman sees rich-vs.-king decisions playing out at multiple points in a start-up’s life cycle. It can enter the picture as early as when the entrepreneur decides he or she has a business idea. Will the entrepreneur go it alone or seek co-founders?

It also becomes a concern when the entrepreneur builds a team. Is the entrepreneur going to be surrounded with professionals with vast experience or more junior workers?

At every fork in the road, the entrepreneurs face tradeoffs. And that’s often a tough choice for them.

“They want everything,” Wasserman says. “They want to build a valuable venture and remain in control. They gave birth to this baby and therefore are the best parents for it.”

The two most critical junctures for founding entrepreneurs are at completion of product development and when it’s necessary to raise a new round of financing, Wasserman says.

When a company completes product



IF YOU WANT TO BUILD A LEGACY, THEN YOU HAVE TO LET GO.



development, its needs change dramatically. It suddenly needs a leader who can market the product, build a sales force, support the product and manage complex finances—skills often beyond the founder's expertise, Wasserman says.

Because start-ups usually lack money to invest in hiring employees and building out key aspects of a business plan, they turn to outside investors for help. Wasserman said venture capitalists frequently include explicit CEO-succession clauses before agreeing to invest—which suggests they're predisposed to replacing the founder.

"In this paradox of success, founder-CEOs who are successful either at leading their companies to ... completion of product development or at raising a round of financing have a higher rate of turnover," Wasserman's 2003 research concludes.

Can't entrepreneurs be both rich and king?

It's rare, Wasserman says, reeling off a short list of entrepreneurs who achieved both, including Microsoft's Bill Gates, Dell's Michael Dell and Nike's Phil Knight.

"They're famous because they are the exception," he says.

Growing organically

Susan Wilson Solovic is one entrepreneur who's building her company on her own.

As a former broadcast journalist from an entrepreneurial family, she thinks there's a need for news tailored to small business owners. A conversation in 2003 resulted in Solovic buying a friend's small business television Web site, SBTV.com.

What she got was an Internet domain—there



THE TWO MOST CRITICAL JUNCTURES FOR FOUNDING ENTREPRENEURS ARE AT COMPLETION OF PRODUCT DEVELOPMENT AND WHEN IT'S NECESSARY TO RAISE A NEW ROUND OF FINANCING.



was no company and, more importantly, no revenue stream.

Solovic began assembling her team. She had a TV news background but didn't know anything about running a Web site. She also didn't like sales. She first brought on a partner with a sales background then hired someone with a technology background.

"As an organization grows, the entrepreneur has a tendency to think they need to have their finger in on everything or it isn't going to be good enough," she says. "No one has all the skills it takes, and if you want to build a legacy, then you have to let go."

In 2004, Solovic and her small team officially launched SBTV.com. Her concept was to create an Internet television network—a "CNBC for small business."

"I wanted to build a brand that had a personality because small business owners often feel isolated when they're sitting at their desks at midnight trying to figure out how they're going to meet payroll," she says.

SBTV.com's "sweet spot" is a business with less than \$1 million in revenue, fewer than 25 employees and in existence about five years. The site features news that explains the impact on small business owners, articles written by experts and other user-generated material.

It also recently started a section called "Reinvent Your Career," with information geared toward helping downsized workers transform themselves into business owners.

The site became profitable in July 2006 and expects to surpass \$3 million in revenue this year, up from \$2 million a year ago. About 90 percent of the site's revenue is from advertising.

Since it started as a Web site, SBTV.com doesn't have the infrastructure costs dragging down a lot of print and TV news operations. It has grown to 23 employees working in editorial, production, marketing and sales in St. Louis.

Solovic flirted with venture capital funding in 2006, signing a term sheet with a Silicon Valley company. But she and her partners walked away from the deal in 2007 after

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Total U.S. Investments by Venture Capitalists

Quarter		1	2	3	4	Grand Total
2006	# of Deals	875	963	909	949	3,696
	Amount Invested	\$6,351,946,400	\$7,111,243,900	\$6,649,449,600	\$6,372,607,200	\$26,485,247,100
2007	# of Deals	869	1,043	997	1,058	3,967
	Amount Invested	\$7,531,731,400	\$7,382,397,800	\$7,866,519,900	\$8,060,046,300	\$30,840,695,400
2008	# of Deals	997	1,051	970	866	3,884
	Amount Invested	\$7,741,262,700	\$7,572,826,200	\$7,256,024,100	\$5,657,431,800	\$28,227,544,800

Source: PriceWaterhouseCoopers/National Venture Capital Association

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determining the venture capital firm wasn't the right partner. Solovic and her partners didn't want to give up majority control.

She knows the capital infusion would have allowed SBTV.com to grow more quickly, essentially by "pouring fuel on the fire."

"We already built a nice little company," she says. "We can continue to grow it organically. Everything for us is a matter of manpower and resources. Capital could make that occur faster."

The experience taught her there's little unanimity in what venture capitalists want. Venture capitalists on the West Coast wanted her to focus on building audience, with little care or concern about whether the site lost money, she says. Venture capitalists on the East Coast wanted to see bigger profits.

For now, she's content to continue building a brand that's attracting 600,000 to 800,000 unique visitors a month. (SBTV.com's peak month was 1.3 million visitors). She'll do that by seeking out "critical partnerships," such as one that soon will feature SBTV.com on the home page of Hoover's, one of the nation's major business intelligence firms.

Solovic is a believer in advice given to her by Geraldine Laybourne, founder of Oxygen Network. Laybourne told her, "Ubiquity is the new exclusivity."

Manager for hire

Solovic recognized early that she needed operational expertise to carry out her vision. For entrepreneurs in that position, there are people like Cameron Herold, a chief operating officer for hire.

As founder of Vancouver-based BackPocket



EVERYTHING FOR US IS A MATTER OF MANPOWER AND RESOURCES. CAPITAL COULD MAKE THAT OCCUR FASTER.



COO, Herold parachutes into entrepreneurial businesses to take care of operational issues most owners don't have the skill or patience to tackle. He specializes in putting together systems and processes—the glue that holds together any successful business.

"I'm like an architect who can reverse-engineer a homeowner's dream home," Herold says.

Before becoming a manager for hire, Herold earned his reputation as second-in-command at 1-800-GOT-JUNK? During his six years as the Canadian company's COO, it posted six consecutive years of 100 percent growth.

It grew from revenues of \$2 million a year to \$105 million with no debt and no outside shareholders, Herold says.

His expertise is "hyperfocus"—getting a company's growth plan on the fast track by opening call centers, creating strategic plans, hiring people to execute the plans, franchising and building a culture that continually attracts talented workers.

When he left 1-800-GOT-JUNK?, he did so because the company needed something that wasn't in his skill set—a person who could slow down growth, break down silos and get consensus across the company.

Today, he's a one-man operation, choosing his assignments with an eye toward high-growth companies with "fun entrepreneurs" at the helm.

"They don't know what to do next," he says. "They struggle with delegating. They struggle with proper hiring decisions. That's virtually all entrepreneurs need to get to the \$100 million level."

Pent-up capital

When the economy began to melt down in fall 2008, venture-backed initial public offerings slowed to a trickle. In the first three months of this year, the faucet turned off completely. Entrepreneurs who wanted that outside investment to take their companies to the next level had few, if any, options.

Emily Mendell, spokeswoman for the National Venture Capital Association, says venture capitalists typically invest in companies with the goal of taking them public or selling them within five to 10 years. A healthy market generally records 150 IPOs annually. In the 1999 tech bubble, 269 companies went public. Last year, there were six.

The economic slowdown meant companies scheduled to exit their venture capital-backed ownership weren't able to do so, forcing venture capitalists to add unplanned capital to their portfolio companies, Mendell says.

Most projections indicate the deal flow pipeline won't begin to clear until 2010.

The nation's 880-plus venture capital firms continue to invest in companies, though *initial* funding rounds are down from \$5 million a couple years ago to about \$1.5 million today, Mendell says. The industry also is bracing for consolidation, as some venture capital firms will be unlikely to raise new money.

"All of the innovations that should get funded will be funded, even if the industry contracts," she said. "It's not easy to get someone to hand you \$5 million. But they're still looking for good ideas." e

At a crossroads? Time to reflect

Thom Ruhe, director of entrepreneurship at the Kauffman Foundation, a Kansas City-based nonprofit dedicated to entrepreneurship, offers five key considerations for founding entrepreneurs at the crossroads.

- **Know thyself.** Take an honest inventory of your own strengths and weaknesses.
- **Get a thick skin.** It's not personal, and that applies to you as well.
- **Step outside your business** and ask, do you have the right players in the right positions, including yourself? Are the people you have on board helping you get from A to B?
- **Be honest with your goals.** Write them down and visit them frequently.
- **Be jealous with your time.** As an entrepreneur, you can waste a lot of time, even if you have good intentions. There is an opportunity cost to everything, including your time.

When the going gets tough ...

In these tough economic times, networking is critical for both executives searching for a new position or companies looking to upgrade their workforce

By Cindy Warkow, Executive Recruiter at Kreischer Miller

You've heard this expression a million times: "When the going gets tough ... the tough get going."

Not surprisingly, one of the most important ways for the "tough to get going" is networking; networking to grow a business or networking for your next career move, networking to strengthen existing relationships and networking to uncover new business opportunities.

Executives seeking a new position need to utilize networking as their greatest tool in finding the best long-term position. Good networking insures that an executive will be prepared when the "going gets tough."

Companies may find these tough times as a great opportunity to hire top-notch executives that were affected by the economic climate but would be better performers than the current staff they have. Networking is the best way to prepare when the "going gets tough" so a company can find those key players.

But not everyone understands what networking is all about.

How do you define networking?

Networking means: "maintain relationships with people", "meet people", "make contact", "interact" and "exchange ideas." All are important aspects to networking but this last definition seems absent in most networking meetings.

Exchange ideas. When you call your networking contacts, they may ask themselves the question:

"What's in this for me?" That's why one of the most important ways to effectively and positively network with others is to provide *them* with something; industry information, people information or new trends that could help their business grow. That way, they will be more likely to help you.

Interact. Often an executive makes the mistake of not really interacting when networking. Interacting is all about an exchange of ideas and a networking discussion cannot be all about one person. This means asking questions of your contact and then listening. You never know where a connection will be made; a mutual friend, volunteer organization or hobby. Connection is a key element to networking because people like to help others who have mutual interests. Make sure to be an active listener. Your contacts will appreciate it.

Make contacts. Meet people. This seems so simple but often executives only seek out new contacts when they are looking for a new position. Executives must "get out of the office" and join industry/job specific organizations to continually meet new people. This puts you in front of new people and gives you the ability to obtain valuable information which could ultimately enhance your current workforce or further your career.

Maintain relationships. This is critical throughout an executive's career. Keeping in touch with your networking contacts can be



as easy as a short e-mail, phone call or sending a holiday card once a year. Remember to keep them updated periodically on your job search progress, any industry information or the state of your business. This continual contact will come in handy should you need them in the future.

The tough get going. While the economy may be going through tough times, anyone who follows the rules for effective, continuous networking will not be alone if they are negatively impacted. Companies that take advantage of these times to adjust their workforce

for future growth or uncover new business opportunities will be poised for success.

The most successful networking executives make new contacts weekly and maintain their current contacts at least yearly. You never know when your networking contacts may offer a great opportunity.

Relationships are integral to growing a business, retaining customers and finding your next career position. Companies have to make tough decisions right now. Make sure you're not left behind. **e**



Retirement plan fiduciary responsibility receives increased scrutiny

By Roman Leshak, Manager at Kreischer Miller

Over the past year the country has experienced several large, once stable corporations either fail or file bankruptcy. Unemployment rates are at their highest in decades and many people refuse to look at their retirement funds due to major losses in the stock market. In the current environment many individuals are looking for someone to blame for the country's financial condition and there has been an increase in litigation against retirement plans by plan participants.

There has been a dramatic increase in the number of regulations issued in association with retirement plans - from compliance related initiatives to financial statement disclosure requirements. Retirement plans have been under increased scrutiny from the U.S. Department of Labor, the Internal Revenue Services and plan participants alike. This increased scrutiny has created a heightened awareness of retirement plan operations as well as an emphasis on specialization in the public accounting profession with respect to their plans and related audits. The focus has now shifted to the plan fiduciaries and their responsibilities to the retirement plans that they operate.

The DOL is a cabinet department of the United States government responsible for occupational safety, wage and hour standards, unemployment insurance benefits, re-employment services and economic statistics. The Employee Benefits Security Administration is the agency of the Department of Labor responsible for administering the provisions of the Employee Retirement Income Security Act of 1974. ERISA was enacted to protect the interests of

employee benefit plan participants and their beneficiaries by requiring disclosures related to the plan as well as establishing standards of conduct for plan fiduciaries.

It is important to understand who can serve in a fiduciary role to a retirement plan as well as understand the duties and responsibilities associated with this role. A fiduciary is an individual, corporation or association holding assets for another party, often with the legal authority and duty to make financial decisions on behalf of that party. The fiduciary duty is a legal relationship of confidence or trust between two or more parties, most commonly a fiduciary/trustee and a principal/beneficiary. In terms of retirement plans, a fiduciary is a person entrusted with the oversight and administration function of the plan by its participants. There is no standard title indicating whether or not a person is considered a fiduciary or trustee of the plan; rather fiduciary status is determined based on the functions performed for the plan.

The key to identifying a fiduciary is whether or not an individual or entity is a fiduciary, is if they are exercising decision making authority or control over the plan. The plan document must indicate at least one named fiduciary- a person, specific position, titled employee or a group of individuals such as a board of trustees or retirement committee. Plan fiduciaries have several responsibilities including maintaining operations in compliance with the plan document, monitoring investment policies and related changes in investment diversification, as well as reporting and filing



MANY OF THESE DEFICIENCIES ARE RECURRING ON ENGAGEMENTS AND COULD HAVE BEEN RESOLVED THROUGH PROPER FIDUCIARY PLAN OVERSIGHT.



requirements. Although the named fiduciary is responsible for many duties, they do not necessarily need to carry out the day to day operations of various functions. The fiduciary must act prudently and identify those areas in which they may not have the necessary resources or experience. For example, many fiduciaries are not particularly well versed in the area of investments - a major feature of any retirement plan. The fiduciary has the ability to hire a service provider with professional knowledge to assist in the fiduciary responsibilities of the plan. In addition, another party may act as the custodian and hold the actual assets of the retirement plan. Regardless of the

parties involved, the fiduciary responsibilities are not absolved and the ultimate responsibility for the plan operating in compliance with the plan document rests with the named fiduciary.

According to the Department of Labor, more than 10,000 certified public accounting firms perform nearly 80,000 plan audits annually. In 2005, as part of the increased regulations associated with retirement plans, the Employee Benefit Security Administration began an enforcement initiative to monitor the quality of ERISA audits. This program was established because of reported abuses of retirement plan investments and lack of oversight on behalf of plan



Tax, liability issues affect purchase or sale of business asset for closely held entities

By Allison Shoemaker, Manager at Kreischer Miller

fiduciaries. Prior to this initiative, the DOL documented that ERISA audit deficiencies were occurring at an unacceptably high rate. In response to these findings, the EBSA implemented an inspection program that stratifies public accounting firms performing ERISA audits into five categories depending on the number of annual audits performed. The inspections range from a complete firm inspection to augmented work paper review.

The result of the inspection program is that the DOL has been able to compile a listing of common retirement plan deficiencies associated with plan audits by public accounting firms. Many of these deficiencies are recurring on engagements and could have been resolved through proper fiduciary plan oversight. The most common deficiencies are related to eligible plan compensation, timeliness of participant contributions, departure from investment policies, improper administrative expenses charged to the plan and lack of plan oversight by those charged with governance.

As with any service provider hired by the plan, the ultimate responsibility remains with the plan fiduciary and can not be transferred to any third party—including the auditor. Many public accounting firms have developed dedicated audit teams with retirement plan specialization to provide the level of service required to ensure compliance with the rules and regulations in place. **e**

When purchasing or selling a business, a difficult tax issue that arises is agreeing upon the allocation of the purchase price. Generally, a seller would prefer to sell the company stock and report the income at capital gain rate. However, when a premium is being paid beyond the sellers' tax cost or basis of its assets, a buyer would not want to buy the company stock or equity interest. No deductions can be claimed for the excess purchase price. Purchasing would cause carryover basis to the buyer, instead of the step up in basis if the company sold its assets. In a stock purchase, the buyer could make a deemed asset sale election to step up the basis in the value of the purchased assets. Questions arise as to who will pay these additional taxes.

The other issue affecting the buyer is the acquisition of all liabilities of the company. These can cause exposure not withstanding reimbursement or guarantees in the purchase document.

Today's market, which generally favors the buyer, provides for the purchase of assets and of certain liability assumptions. Under these circumstances, the buyer gets a step up in basis in the purchased assets, and limits the liability exposure for stated items. The selling corporation on the other hand, runs into the issue of recognizing ordinary gain to the extent excess purchase price is allocated to operating personal property assets versus the capital gain recognized on the stock sale. Also, the contingent liabilities remain an exposure for the seller.

In any event, the IRS requires the filing of Form 8594, Asset Acquisition Statement where both the buyer and the seller disclose the value and categories of the assets that were sold.

A relatively new development, if the stock of a qualified S corporation subsidiary is sold, and ceases to be an S corporation, the sale will be treated as an asset sale rather than a stock sale. Great care should be taken in this situation to measure the expected results.

The purchase agreement is a key tax document regarding the sale of the assets. Obtaining a clean cutoff of company assets and assumed liabilities is essential when operations continue as though there has been no change in ownership. Other differences that can occur are how the buyer and seller treat items such as non-compete agreements, lease agreements for both



real and personal property and other payment arrangements such as a consulting agreement.

Tax regulations suggest that the buyer and seller should be in sync when completing the required Form 8594. Having formalized valuations to value the assets is helpful. An agreed upon value between the buyer and seller should be enough to indicate an arm's length transaction—the equivalent of a valuation. Subsequent adjustments to the company valuation may occur, such as receivable write-offs, inventory adjustments, and possible change in liabilities assumed. Form 8594 has a special section to accommodate these situations.

It is also important to consider the impact of GAAP accounting rules have on the valuation process. Standard tax practice computes the agreed upon purchase price using the established residual method of asset allocation. Understanding the differences of these two approaches is essential.

Goodwill or intangible asset allocation is a challenge. For the seller, certain allocations may result in capital gains treatment. For the buyer an offsetting 15 year straight line amortization deduction is the result. A covenant not to compete given to a seller results in ordinary income as payments are received, but a 15-year straight line write-off to the buyer is the tax result. A consulting agreement given to a seller becomes ordinary income, but is also subject to self-employment tax.

The sale of business assets is usually a once in a lifetime event for the seller and care must be taken to avoid the pitfalls mentioned above. The buyers are seeking the maximum tax and financial benefits. Meeting the seller's and the buyer's objectives is also a compromise and part of the negotiation process. **e**



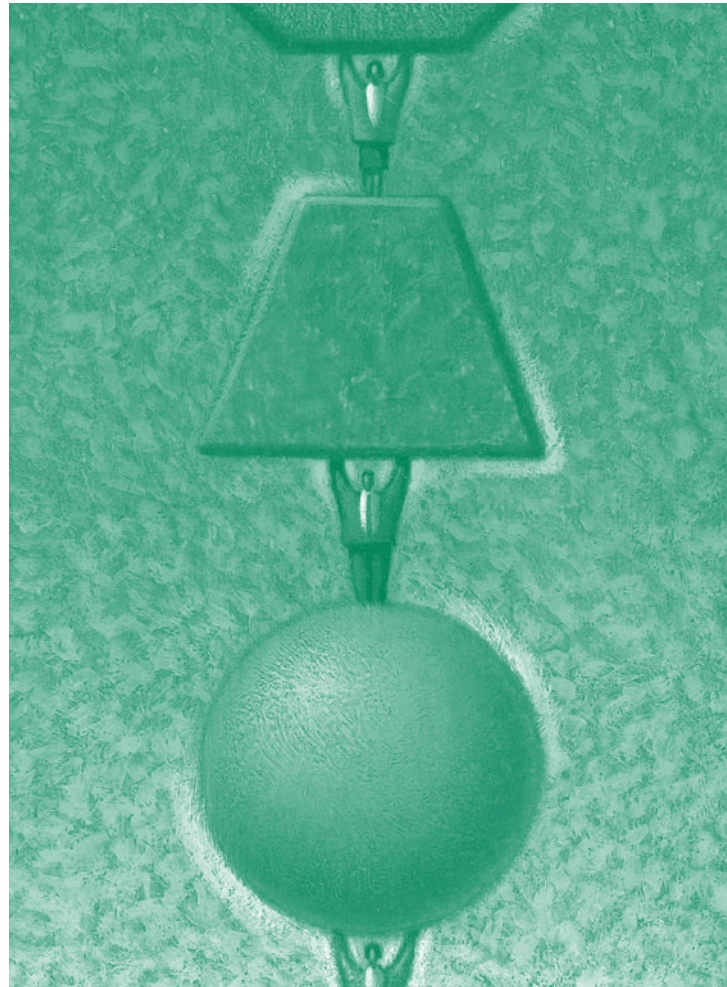
Business intelligence can bring strategic advantage

By Jean-Thomas Hardy, Manager at Kreischer Miller

Every business faces unique challenges. The difference between profitable growth and decline often comes down to the dedication of a handful of employees and a unique value proposition for customers. All businesses must exercise care in deploying capital to support their business goals. This challenge is magnified when the opportunity cost of each investment decision is immediately felt by employees, owners and other stakeholders. How can a business manage its information technology investments in this environment to not only avoid costly and crippling mistakes, but to also expand its opportunities?

Business intelligence offers the promise of improved decision making through a better understanding of the organization's performance drivers. Sounds good. After all, few object to the prospect of improved decision making. The most dangerous pitfall in Business intelligence is a lack of upfront planning leading to a suboptimal solution.

The difficulty lies not in making the promise but rather in making the promise a reality. Solutions come in many shapes and forms, each vendor ready to pitch theirs as a superior option. Without filtering the selection process can hinge on the quality of each presentation rather than the needs of the business. Proper planning includes developing an understanding of Business intelligence, establishing requirements for selection, creating a budget, using a solution selection process and an implementation plan. This approach turns the table on the vendor-focused sales process by empowering the business to drive



the solution to meet its objectives.

One of the most effective ways to develop an understanding of Business intelligence is to learn from the experience of other similar companies. Ask around. Learn how to succeed from those who have, and learn of pitfalls from those who failed. You will soon note some common themes: type of solution deployed, role of the vendor, employee support for the project, expected and unexpected outcomes.

Developing requirements for Business intelligence is a process that is centered on the business. At this point, avoid focusing on the capabilities of available

solutions and stay focused on business processes and employee roles. What needs to change? How so? What information does the business need to stay ahead of the competition?

Business intelligence exists at the interface between information technology and business processes. As such it is possible for management to understand one part of the solution and for information technology staff to understand another part. Use the requirement definition step as a way to make sure information technology staff and partners develop knowledge of the key issues facing the business and how

the solution is expected to impact the organization. This knowledge will enable team members to anticipate the effect on the organization of subtle differences between proposed solutions.

Comparing possible solutions involves addressing the level of fit of each candidate with business requirements. Ideally, different kinds of solutions should be reviewed. In any case solutions must be analyzed in broad terms. For example, a particular software product may be a candidate but the solution based on this software product includes new or updated business processes and a business relationship with the vendor. If a particular function or requirement is not met by a product there may be a way to fulfill the requirement some other way. The solution should be evaluated including this information.

Following this process will promote the selection of a solution well-suited for the business. Even so, risks remain in solution implementation that still need to be managed. It is possible to select a good solution and fail at the implementation stage. Technology projects are notoriously hard to implement on budget, on schedule and per the technical requirements. Using a proven methodology is key as is making sure that appropriate resources—employee time and management support in particular—are dedicated to the project. With these thoughts in mind any business can confidently approach its Business intelligence opportunity. **e**

JT Hardy is a manager at Kreischer Miller with experience assisting local businesses to make the most of their technology investments.

bits & pieces

Tips and trends to tackle tough times for businesses

OFFER CUSTOMERS 'VACATION' DEALS

Review existing contracts and see where the company's risks are, says David A. Fields, managing director of Ascendant Consulting.

"Contracts contain myriad transfers of risk, most of which are unrecognized and untapped," he says, advising companies to apply an "options theory" that generally turns up 10 percent savings across all purchases and about 5 to 10 percent margin increases on the sell side.

Fields offers this example: A trucking company paid significantly to maintain hundreds of idle trailers. The trucks were idle because the company knew it needed extra capacity to handle customers' peak orders. It built the business on contracts that followed the philosophy—when the customer calls, the trucking company responds.

In those contracts, the trucking company assumed 100 percent of capacity, taking on significant risk without any real understanding of the market value of that risk. Fields' firm advised the company to offer some customers discounts for the right to take an occasional "vacation" from shipping.

Now when a big shipping order comes in, the trucking company can take a "vacation" from those previously arranged customers and use the trailers previously designated for those now "vacationing" clients.

"The net result was a huge savings in capital expenses, maintenance costs and storage facilities, and happier clients to boot," Fields explains.

CLOSE DEALS WITH SMART STRATEGIES

Sales can get done, revenue can increase and long-term relationships grow stronger, even in difficult times, according to an analysis by The Forum Corp., a Boston-based strategic consulting firm.

It recently offered five fundamentals based on its analysis of top salespeople:

- **Continually reassess territories and requalify accounts.** Add value to clients who are changing strategies and show them why an existing product or service is essential to that strategy.
- **Manage customers' risk sensitivity.** The sales cycle lengthens as customers' concern about risk increases. Identify and address those concerns to shorten the cycle. Counter competitors' desperation pricing and steep discounting as potential warning signs of financial instability.
- **Build and expand relationships and networks.** More people are becoming involved in buying decisions. Move early to expand relationships upwards and across the buyer's organization.
- **Embrace bold moves.** Identify opportunities for provocative proposals to buyers who are facing once-in-a-lifetime challenges and are open to unconventional solutions.
- **Remain optimistic and teach clients to be optimistic too.** Interpret negative events and circumstances as temporary and/or isolated. Learn to distinguish what you can control from what you cannot. Challenge your clients to do the same.

To read more about closing deals in a tough economy, visit The Forum's analysis at <http://forumcorporation.wordpress.com>

TRANSFORM INTO BRIGHT FUTURE

The fact that the global recession significantly impacts businesses isn't news. But companies' ability to transform for the good in these times is.

Sixty percent of businesses in a U.K. survey claim their organizations have been transformed for the good, while less than a quarter of the companies continue to operate unchanged.

"These results show that far from being focused solely on survival, many companies are using this period to make a renewed push for growth and market share," says David Marks, managing director of Barclays Commercial Bank in England, which conducted the "Turning the Corner" survey.

He calls it "a grassroots economic transformation" as businesses change what they produce and how they produce it. Among the findings:

- Late payments (37 percent) cause greater pressure on cash flow now than lack of demand (34 percent)
- 24 percent said they continue to grow, while 60 percent expect to grow in the next 18 months
- 62 percent reported streamlining business processes
- 35 percent help their customers to combat the recession
- 37 percent diversify their products and services

The full survey, results and advice can be found at: <http://www.barclays.co.uk/commercial/turningthecorner/guides>.

MORE TIPS

Turn the page for ideas on how to market your organization better in a downturn.

Not-so-good times call for great marketing ideas

By Paul O'Donnell

You're connected with your customers on LinkedIn. You're tweeting to clients on Twitter. And you're friending everyone you meet on Facebook.

Free networking tools might be the least expensive way to promote your business, but what about potential consumers who aren't tuned in to social media? How do you reach them in a down economy without breaking the bank on expensive advertising campaigns or brand-building efforts?

Here are five low-cost alternatives that are working for small business owners around the country:

1 Get a wrap

Turn your company car into a moving billboard, promoting your business at the same time you're getting yourself around town.

Blair Gran, chief executive officer of Scottsdale, Ariz.-based SpeedPro International, has seen his vehicle-wrap business grow to 32 locations nationally in five years. He considers it grassroots marketing.

"Unlike billboards, it doesn't have zoning issues," he says. "As times have become tougher, that product line has grown for us. People are looking for guerilla-like tactics."

SpeedPro's clients range from one-vehicle businesses to the 34 Scions he customized for DocuMation in San Antonio. Large national companies like Outback Steakhouse and Time Warner also use wraps on their fleets.

Gran says the secret is to use one powerful image—a Canadian tanning center wrapped two cars with a life-sized image of a bikini-clad model, raising awareness overnight of its brand.

Wraps cost about \$2,000 to \$3,000 for an average-sized vehicle, Gran says. He even leases wraps for as little as \$49.95 a month. (Yes, the wraps are removable).

The idea of putting imagery on vehicles for promotional purposes is relatively new. Gran

believes it can be traced to one of the nation's master marketers.

"I think it grew out of NASCAR," he says.

2 Get an app

Gregg Weiss thinks every business should have its own iPhone application. He created a business out of that notion.

Weiss started iPhoneAppQuotes.com in March to match people wanting iPhone apps with his stable of U.S.-based software developers. In three months, he has fielded 1,000 requests from business owners, large and small.

An eye doctor wanted to "replace his prescription pad" by getting an application developed that would allow him to enter



patient information into his iPhone, then use it to print a prescription. And the owner of a lighting company wanted an app that would allow homeowners to control the lights inside their home.

When a business owner contacts Weiss' site, he forwards the request to three developers, who each can bid for the project. An application generally can be developed for between \$2,000 and \$5,000, Weiss says. Depending on the complexity of the app, the turnaround can be as quick as a week.

In terms of business necessity, Weiss equates having an iPhone app to the need for a Web site a decade ago. Apple's iTunes app store recently marked its one-billionth download.

"There's a ton of businesses doing business-to-business apps," he says.

3 Make a deal

When Shaun Clancy looks for ways to tout his popular New York sports bar Foley's NY Pub & Restaurant, he barter.

Clancy is somewhat of an expert in the age-old art of trading one service for another. He traded a food and beverage "house account" at his restaurant for advertising on "Inside the Big East," a cable TV program devoted to one of the nation's top college basketball conferences. The program aired on ESPNU and the New York Mets network.

"TV advertising can be very expensive," Clancy says.

Since Foley's is only two blocks from Madison Square Garden, reaching fans of schools such as Syracuse and Connecticut is

important to Clancy.

"When I barter for something, it drops the price of what something will cost me," he said. "Technically, I'm ahead of the game."

Clancy is a huge baseball fan who started an Irish-American Baseball Hall of Fame inside his restaurant. Last year, one of his posthumous inductees was Connie Mack, the longest-serving manager in baseball history. He bartered to get a limousine service to drive to Philadelphia to pick up Mack's 95-year-old daughter from a nursing home and take her back after the induction ceremony.

The trip cost about \$800 and was paid through a house account for the limo owner to use at the sports bar.

Clancy also lets "Baseball Digest Live" host its daily Internet radio show from his restaurant and in return receives advertising spots on the program, Clancy says.

"It's just a cheaper form of advertising or promotion," he says. "We've become more recognized for it."

4 Send e-mail

Even though e-mail marketing might seem ubiquitous, nearly 60 percent of small businesses have yet to do any type of online marketing.

That means they're missing out on a potential return on investment of \$43 for every \$1 spent, says Wendy Lowe, director of product marketing for Campaigner, a Web-based software that lets business owners customize e-mail marketing campaigns.

Lowe says Campaigner can create newsletters, e-fliers and other marketing tools

reaching 500 customers as inexpensively as \$10 a month. The cost increases as the customer base rises.

"E-mail marketing allows you to have one-to-one communication with your customers or prospects," she says.

For example, a retailer can customize e-mail messages by segmenting its contact list by gender, allowing it to send out discounts appropriate for men or women, Lowe says.

With all businesses looking for cheaper promotional alternatives, Lowe considers e-mail marketing a good way to test out discounts, especially since Campaigner offers a 30-day free trial.

"It's a no-brainer to try it for a month," she says.

5 Go upscale

When the bottom drops out of your core business, do you pack it in or find a way to retool your business?

That question confronted Ram Katalan, co-founder and president of Los Angeles-based NorthStar Moving, when the housing relocation market dried up. It forced him to figure out who was continuing to spend money, despite a recession.

NorthStar started working with production companies for reality TV shows like "America's Next Top Model," "The Bachelor" and "The Biggest Loser." For one show, his company moved everything out of a \$75 million mansion so the series could film. Then his crews moved everything back—exactly where it was before the move.

"That is a very special kind of move," he says.

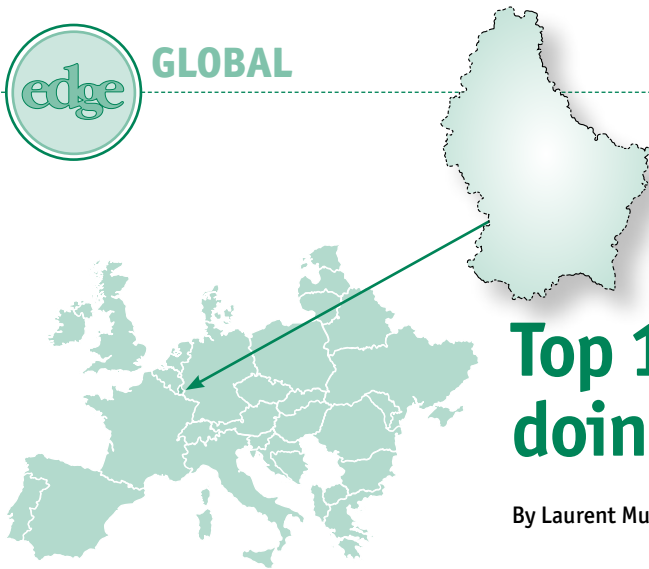
Katalan estimates his business income might have nosedived as much as 75 percent if he hadn't put more emphasis on the entertainment and celebrity markets. (His firm also moved celebrities Angelina Jolie and Eva Longoria).

"I hear it from other moving companies in the industry," he says. "We had to figure out which segments of the marketplace were least hurt." ■



E-MAIL MARKETING ALLOWS YOU TO HAVE ONE-TO-ONE COMMUNICATION WITH YOUR CUSTOMERS OR PROSPECTS.





Top 10 misconceptions about doing business in ... Luxembourg

By Laurent Muller | Paddock Group, a Leading Edge Alliance firm

1 Luxembourg is only a city.

The Grand-Duchy of Luxembourg is an independent sovereign state organized as a constitutional monarchy and situated in Europe between Belgium, France and Germany. The country is 51.7 by 32 miles with a population of about 480,000. Besides the capital Luxembourg City, another 116 municipalities are spread throughout the 999 square miles. Officially founded by a duke in 963, the Grand-Duchy of Luxembourg gained its independence in 1839 after a number of occupations during the Middle Ages.

2 Luxembourg is French-speaking.

The Grand-Duchy of Luxembourg is a multicultural hotspot offering a truly cosmopolitan environment. Almost half of its residents are foreigners while no less than 69 percent of the residents of Luxembourg-City originate from 143 countries. Beyond the resident population of the country, almost 150,000 commuters from France, Germany and Belgium cross the border to Luxembourg daily. Besides the three official languages (French, German and Luxembourg language), a variety of other languages are spoken in the country. While English is the common business language, other widespread languages are Portuguese, Italian and Spanish. In other words, almost all Luxembourg nationals speak at least four languages (Luxembourg language, German, French and English). Services from a Luxembourg company can thus generally be offered in the main European languages.

3 Luxembourg is an offshore center.

Although Luxembourg has bank secrecy, the country should not be seen as an offshore center. Luxembourg companies and private individuals are fully taxed, and Luxembourg applies all the European rules and regulations with regard to taxation and anti-

money laundering. The fact that Luxembourg companies are recognized on an international level can be shown by the more than 50 double tax treaties signed with major countries. In principle, no withholding taxes on dividends or interest are applied in foreign countries when paid out to a Luxembourg company, which illustrates that Luxembourg companies are considered as fully taxable and not as offshore companies. Further, an exchange of information with foreign countries may be applied in the case of a criminal incrimination. Luxembourg is an onshore, professional and dedicated place for serious financial services, which is illustrated by its fourth position in the world competitive yearbook.

4 You do not pay taxes in Luxembourg.

The corporate income tax in Luxembourg is 29.63 percent (for Luxembourg City) and the income tax for private individuals can reach a maximum of 38 percent. The attractive tax minimization strategies that might be known are mainly tax exemptions on holding and investment activities. Hence, under certain circumstances dividends received and capital gains received from the sale of shares can be tax exempt.

5 Nominee directors are easy to find in Luxembourg.

There is no distinction between

a “nominee” and a “real” director of a Luxembourg company. A company needs to comply with the law, and the board of directors is ultimately responsible for the company’s deeds, regardless of the fact that the directors might be “nominees.” Therefore, a director shall thoroughly check and follow the company’s activities. This means that a directorship is a time-consuming task coupled with a certain responsibility. It is therefore not that easy to find nominee directors who are executing the task proactively and with the necessary integrity.

6 Luxembourg has no real industry.

More than financial services, Luxembourg presents itself as a highly diversified economy with state-of-the-art logistics, pioneering manufacturing and R&D, a strong automotive cluster and cutting-edge ICT infrastructures. Luxembourg’s wealth originated with the discovery of iron ore in the south of the country and the resulting development of a powerful iron and steel industry worldwide. For almost a century, the iron and steel industry played a driving role in the country’s economy and placed Luxembourg at the forefront of industrialized countries with a high standard of living.

Both the Luxembourg authorities and private operators were aware of the danger of relying solely on the iron and steel industry, and they endeavored to make the country’s economy more balanced. The measures taken were based on the construction of European economic cooperation, an aggressive policy aimed at economic diversification by offering incentives for investment and the development of an international financial sector. These measures were highly successful. Industrial businesses of all sizes in diverse sectors, using modern technologies, joined the traditional heavy industries, mainly as a result of an

“
DOING BUSINESS IN
LUXEMBOURG MEANS
WORKING WITH EFFICIENT
AND INNOVATIVE COMPANIES.
”

influx of foreign capital. The diversification of Luxembourg's economy is illustrated by the presence of a wide range of business sectors, particularly in the areas of chemical, plastic and synthetic materials, mechanical construction and industrial machinery, the processing of ferrous and non-ferrous metals, the car industry, precision instruments, electronic supplies, the glass industry and wood processing.

7 Luxembourg is no place to live.

The Grand-Duchy of Luxembourg enjoys one of the highest standards of living, not only in Europe but among all developed countries. According to a recent study conducted by *The Economist* magazine, Luxembourg City has the fourth highest quality of life in the world. With a GDP per inhabitant of EUR 48,700 (approximately \$69,000), Luxembourg ranks among the countries at the top of the list. Luxembourg has a strong social, education and health care system and the crime rate in Luxembourg is low. Luxembourg City with its 90,000 residents, is characterized by a surprising contrast between the old city, with its 1,000-year-old fortifications, winding alleyways and picturesque homes, and the upper city, a true cosmopolitan center perched on a rocky plateau. The old city and its fortifications were listed as a UNESCO World Heritage Site in 1994. The rest of the country is characterized by picturesque little villages in a wide variety of charming landscapes with a large offering of 'local' attractions. Because of the capital's role in the European Union, the cuisine served by Luxembourg's restaurants shows influences from throughout Europe.

8 Luxembourg is too small to play a role in the international arena.

Doing business in Luxembourg means working with efficient and innovative companies and taking advantage of the adaptive and proactive structures of a small country. The country's main advantages are its strategic location in Europe, the quality of its transport, logistics and telecommunications infrastructure, the availability of a qualified multilingual workforce, political and social stability, an attractive legal and tax framework, a multicultural environment, close links to the authorities and the government, an open-minded and international outlook and an

excellent quality of life.

On a political level, Luxembourg kept tight links with its neighboring countries and was a driving force in the setup of the European Union. Luxembourg's politicians are playing a major role in European politics, meaning that the country is well represented in Europe compared to its size or population. Hence, although Luxembourg is a tiny country situated in between the biggest countries in Europe, Luxembourg has maintained its prominent position on the world's stage.

9 Luxembourg is an isolated country.

The multi-cultured nature of Luxembourg is perfectly illustrated by its place in Europe. Luxembourg has long been an active player in European development. It was one of the founding members of the European Coal and Steel Community in 1951 and the European Economic Community in 1957 and is now home to many institutions of the European Union. The creation of the Common Market was highly beneficial for the development of Luxembourg's foreign trade. Luxembourg's economy is externally focused, and more than 85 percent of its production is exported. The country strongly supported the introduction of the Euro and the enlargement of the European Union. Luxembourg is now acknowledged to be a reliable economic and political partner at the European and international level. It forms an integral part of one of the largest economic and monetary areas in the world. In addition, Luxembourg plays a driving role in the development of the "Grande Région" cross-border area formed by Luxembourg and neighboring regions in Germany, France and Belgium.

10 Luxembourg's financial sector is in a downturn.

Luxembourg is now home to one of the 10 leading financial sectors in the world, with approximately 150 banking institutions as well as a number of other professional companies in the financial sector, which are working under the supervision of the regulator of the financial sector. Luxembourg is the second-largest investment fund center in the world behind the United States, the premier captive reinsurance market in the European Union and the premier private banking center in the Eurozone. The financial sector

is the largest contributor to the Luxembourg economy, representing about 45 percent of the GDP.

From its origins as a Eurobond domicile in the 1960s, the financial center subsequently developed as a private banking center and then, from the 1980s, as a center for investment funds. The success of the financial center is grounded in the social and political stability of the Grand-Duchy and on a modern legal and regulatory framework that is continuously updated, inspired by regular consultation between the government, the legislator and the private sector. This legal framework, combined with Luxembourg's long-standing economic openness to the outside world, has attracted banks, insurance companies, investment fund promoters and specialist service providers from the four corners of the world.

Supervised by a competent and proactive regulatory authority, the Luxembourg financial center is characterized by a strong culture of investor protection and rigorous anti-money-laundering policies. The workforce is multilingual and multicultural, with a long tradition of financial expertise and extensive experience of the needs of an international clientele. Luxembourg's economic policy has favored the development of new business activities by means of a liberal, modern, flexible, favorable and innovative legal environment. Luxembourg's aim of further diversifying market services has led to the creation and development of businesses in the fields of insurance and reinsurance, transport, commerce, tourism, telecommunications, e-commerce, audiovisual and company services. These key sectors have grown dynamically in Luxembourg and have also contributed to expanding international trading relations. Numerous multinational companies have chosen to set up business in Luxembourg and have installed large production and research and development facilities. More recently, major international groups specializing in e-commerce and information technologies have established their European worldwide headquarters in Luxembourg. **e**

If you would like to discuss any of the above in detail or if you would like further advice about setting up business in Luxembourg, please contact Laurent Muller of Paddock Group, a member of the Leading Edge Alliance, at +352 49 59 24 or laurent.muller@paddock.eu.

In a Nutshell by Chris DeSantis

FEWER RETIREMENTS PUT BRAKES ON CORPORATE LADDER, NOW'S TIME TO RETHINK UP-DOWN STRUCTURE

Q: We expected some senior-level employees to retire in the next few years, but now aren't going anywhere soon as their retirement accounts have depleted significantly. Now our mid- and junior-level employees who had hoped to move up are questioning their future with our company. I don't want to reply, "Be thankful you have any job even if you aren't going to get promoted soon." What should we do to address the non-retiring leaders and the desire of our junior employees to advance in the company?



A: We have all been more than a bit taken aback by what has been happening in the economy. I can appreciate your senior-level employees concerns about their future security and the possible frustrations being felt by more junior people. They are not alone. Let's start by addressing this question from another perspective: time.

The event happening now has happened before and as the market is generally self-correcting, it will more than likely happen again. The question of the moment is how long will we be in this trough. I am an optimist (as the alternative makes for long, joyless days). Having said that, the financial community, for a number of years, has been distorting the market by taking a greater share of the profits than deserved or earned. If the market is in the process of correcting itself, then people who actually make things or deliver real value-added services will eventually see a return worthy of their efforts. This is good news for most of us.


Recently, *The Economist* quoted a number of studies from sources including the World Bank and the World Economic Forum that the United States in one of the easiest places overall to do business and one of the most competitive places on earth. Our biggest fear shouldn't be where we are at the moment, but rather that of complacency and wasting time reminiscing on how things used to be. This brings me back to your question. "What do you do to address the issue of the non-retiring employees? First, stop looking at your business as a strict hierarchy with the only possibility of movement (up) if someone above is no longer there. If senior executives are not leaving (now) and are producing, then view this as an opportunity. America is about reinvention and innovation. I think the only thing that needs to change is your firm's present mindset. Make this an opportunity to re-examine your firm's existing structure. Maybe it's time to think about other ways of work that provide more than one path



to success and security. Having worked on generational issues for some time, I know that there are a lot of young people who have no interest in moving up but still wish to contribute. Maybe now's a good time to explore other options. Having your senior-level executives around to assist in bridging the transition to a different kind of structure is a godsend.

During this troubling economic period, it's the perfect time to look at your business and how it might be best organized for the future. But, discussions of the future should include thoughts and ideas from everyone. If you do embark on changing the way you work, it's critical to get buy-in from the people who have to live the changes. Also, as you implied, your junior people are frustrated by the present situation. What better way to reduce that frustration then to bring them into the process of redesigning how to grow this business. It's a question of attitude and will. Your attitude should be positive; you have been given an excellent opportunity to re-examine how the work is done. Do you have the will to seize it? **e**

Chris DeSantis uses his 20 years' experience in training and development as an independent consultant. He specializes in the design and delivery of management and organization development interventions. A presenter at Leading Edge Alliance seminars, DeSantis focuses his work on assisting individuals or groups in identifying obstacles to effectiveness and subsequently works with them to create user friendly solutions aligned with the company's strategic initiatives. He earned his undergraduate degree from the University of Notre Dame, an MBA from the University of Denver and an MA in organizational development from Loyola University.



Do you have a workplace question you want answered? What do you want to know to make work a better place? Send your questions to DeSantisCP@aol.com to get Chris DeSantis' two cents as to what he thinks you might want to do.



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U S POSTAGE
PAID
WILLOUGHBY OH
PERMIT NO 58

the
LEADING
edge