



Robert Goodman, CPA, MBA

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# STRAIGHT TALK ABOUT SMALL BUSINESS SUCCESS

The newsletter designed to keep you on course to build a successful small business



Welcome to the May 2016 edition of the ***Straight Talk Newsletter***. What a great time of year this is, for spring has sprung and summer is just around the corner!

Starting off this month's edition is the article, *How Do You Know When it's Time to Expand?* In this article, we'll address whether it's time to scale your business and the steps to consider in the process. In another article, we've provided some ways to encourage your team members to take on leadership roles. This article is a must read!

How are you honoring your Mother this Mother's Day? Fear not! We've included an article with a few unique gifts for you to give your mother on her special day. The rest of the newsletter is filled with light and informative articles to brighten your day. Enjoy!

Until Next Month,

*Robert Goodman, CPA, MBA*



## How Do You Know When it's Time to Expand?

You might be thinking that it's time to expand your business. Expansion may take the form of adding more employees, expanding the occupancy of your current facility, adding a new product line, or simply opening a new location.



- Customers leave empty-handed because you can't keep up with demand
- Customers go reluctantly to your competitors because you're so busy
- Employees

automatically respond by expanding. However, consider that some upswings may be temporary or seasonal.

Instead, take a look at the ***last three years***. Has that profitability been steady and consistent? If so, that's a strong sign that what you're doing could work just as well in another location. But profits sometimes happen in spite of some less-than-stellar conditions lurking in the background. Before you take that next big step, you'll want to make sure you have the resources in place to support expansions. What do those resources look like?

First, there are the *financial resources*. Growth costs money. Do you:

- Usually get paid on time?
- Have good cash flow?
- Monitor your expenses?
- Regular assess ROI?

Without the right financial foundation in place, your expansion could fail and pull your core business down with it.

Second, there are the *human resources*. Growth requires human effort. Do you:

It can seem like a complex and difficult decision. What if sales slow down? What if the new location does not take off as well as you'd anticipated? What if the new hires turn out to be duds? However, all things considered, it really boils down to two things: customers and resources.

### Happy, Loyal Customers

If you've earned a fiercely loyal client or customer base, that's one indication that you might want to expand.

What does that look like?

- Repeat customers
- You don't chase business anymore; target customer comes to you
- Out-of-towners beg you to open a location where they live

unable to keep up production

If you recognize two or more of these signs, then clearly, your business is on the right track.

However, you may not want to keep going like this forever. If your existing team isn't meeting demand or they are rushing, sooner or later you're going to sacrifice quality. If your customers want more products or services and you are unable to provide them, they may go elsewhere. If customers from another part of town want you to open a location there, not doing so may not be aligned to your mission of serving as many people as you can.

### Resources

Some entrepreneurs make the mistake of seeing a sudden surge in profit and

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## Expand?

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- Have a team in place that is ready, willing and eager to take on new responsibilities?
- Feel comfortable delegating responsibility to your team members?



Without the right people, you could find yourself floundering right out of the gate and never find enough time or help to recover.

Third, it's important to look at your *operational resources*. Do you:

- Have documented processes in place?
- Have an effective system for training new employees?
- Have the ability to install the same equipment that works in your first location, in the second?
- Feel confident that the systems that work in your current location can be easily duplicated in the second?
- Have a business mentor with a successful track record you can tap for advice?
- Regularly check in with your employees to ask what's working and what isn't?

Even when it looks like you've got everything down pat, it's important to ask yourself questions like those above. It's a mistake to assume that a business that works in one place will always work the same way anywhere else. Getting input from mentors and your team members could be the key differentiator between success and failure.

If you're still not sure if you're ready for expansion, remember this: you don't have to make a radical change. Take time to make a plan for gradual change. For example, you may want to hire one extra employee in your existing location before creating a whole second location. You might make an effort to survey your customers and employees to learn where your weak spots are before making any big moves. You might work on developing some of your more promising current employees for potentially larger roles in the future. If your idea of expansion is a new product line, do some test marketing.

That next expansive step could be the ruination of your business, or a defining moment that rockets you to the next level of success. Step wisely. ♦

### Are You In Need of a Qualified Tax Pro?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As a qualified tax professional, I not only know all the rules, but can also help you deal with the IRS and help you decide how far to push a dispute.



**Quotes:** *Life always begins with one step outside of your comfort zone.* — Shannon L. Alder

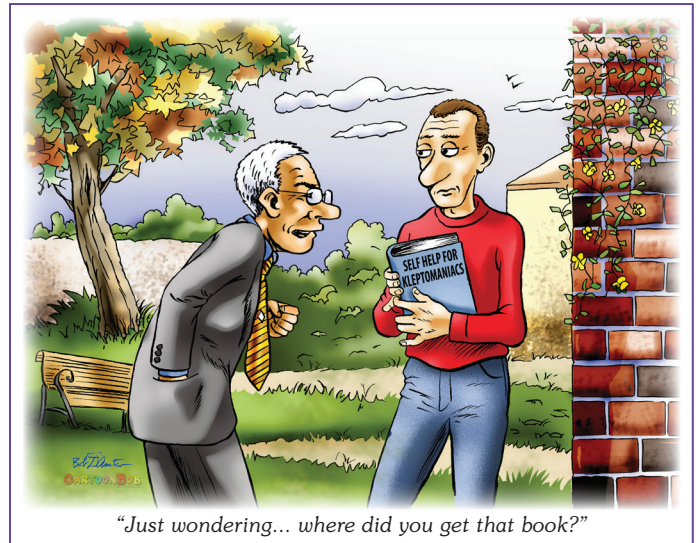


*Doing what you love means dealing with things you don't.* — David Shore

*The quality of a leader is reflected in the standards they set for themselves.* — Ray Kroc

*There are painters who transform the sun to a yellow spot, but there are others who with the help of their art and their intelligence, transform a yellow spot into sun.* — Pablo Picasso

*An idea that is not dangerous is unworthy of being called an idea at all.* — Oscar Wilde

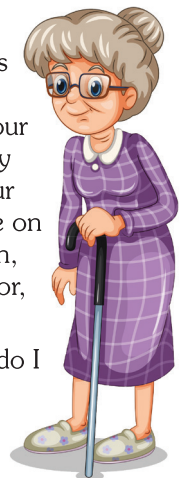


### A Long-Awaited Visit

An elderly grandmother was giving directions to her visiting grandson. "You come to the front door of the apartment building and use your elbow to push the button for unit 412, that's my apartment. I'll buzz you in, and you can use your elbow to push the door open. The elevators are on the right. Use your elbow to press the up button, and then use your elbow to press the fourth floor, and then—"

"Grandma," the young man interrupted. "Why do I have to keep using my elbow?"

The woman paused. "You're not coming emptyhanded, are you?"



### Do You Have A Tough Accounting / Tax Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business.

If you have a question, tip or idea, please call me at (617) 964-4766 or email me at [bob@rgcpa](mailto:bob@rgcpa). Perhaps I'll feature you in a future issue!

## Smart Advice For Success

Hard work alone won't guarantee a successful career. Although the phrase "work smarter, not harder" has become a cliché, you can flourish in your company by focusing your efforts on smarter strategies. Keep these in mind:



- **Challenge yourself.** Take on projects that force you to learn new skills and confront important challenges. You won't get anywhere doing the same job over and over.
- **Overprepare.** Take time to plan. The more information you have at the start of a project, the better you'll be able to deal with problems and obstacles.
- **Listen.** Don't do all the talking. Make a point of asking questions and paying attention to what team members, peers, and customers have to say. Learn as much as you can from the people around you.
- **Be positive.** People like to work with bosses who are cheerful and upbeat. Project a positive attitude in everything you do, even when problems erupt.

## Advice On Money From Millionaires And Their Advisors

What do millionaires know about money that the rest don't? The *U.S. News & World Report* website has uncovered some of the secrets that skilled financial managers give their top clients. Keep these tips in mind as you seek your fortune:



- **Get in the savings habit.** Put away a little money every payday. As soon as it becomes a habit, you'll be able to start building your capital.
- **Invest wisely.** Make your money work for you by investing in businesses—your own, or someone else's.
- **Maintain an emergency fund.** This is familiar advice, but always valid, especially if you're self-employed. While you're at it, set up a fund for medical emergencies as well.
- **Review your finances regularly.** Sit down with a financial planner at least once a year to make sure you're on the right track in terms of expenses, revenue, taxes, and the like.
- **Don't lend money.** Be firm. Lending money is risky, both to your finances and your friendships.
- **Teach your children.** Start your kids off at an early age by helping them learn how to make and manage their own money. Your family will be better off and wealthier in the long run.
- **Understand why you spend.** Examine your spending habits so you can get a better handle on what you're buying and why. You'll make better decisions and make fewer impulsive purchases that aren't worthwhile.

## TAX CORNER

### Tax Corner: Tax Incentives for Commercial Solar Systems

Have you installed solar power in your business for your own use? In addition to enjoying lower utility bills, you might also be entitled to a tax break, known as the ITC or Solar Investment Tax Credit. Businesses are eligible for tax credits for qualified solar water heating and photovoltaic systems, as well as for certain solar lighting systems.

Qualifying equipment will either:

- a) use solar energy to generate electricity, heat/cool, or provide hot water to a structure; or
- b) use solar energy to illuminate the inside of a building by means of fiber-optic distributed sunlight.

The ITC is a dollar-for-dollar reduction in the income tax that your company would otherwise pay the U.S. government. The investment tax credit is just as it states – it is a credit based on the amount of investment you spend on solar property. The credits are equal to 30% of what was invested in your property.

Congress has agreed to extend the solar ITC at the current 30% rate through 2019, after which it will fall to 26% in 2020, 22% in 2021, and 10% in 2022.

So if solar is something you've been thinking about as a way to save dollars in your business, the U.S. government is providing you with an incentive to get started sooner rather than later.

## A Lesson In Taking Chances

A story from *The Book Art And Fear*, by David Bayles and Ted Orland (Image Continuum Press), illustrates the power of taking chances and risking failure when you're trying to achieve something of quality:

On the first day of class, a ceramics teacher announced that he was putting his students into two groups. Half the students would be graded on quantity of works produced, the other half on the quality of just one work. On the final day of class, the instructor looked at the pots from both groups and realized that the best pots—those with the most creative designs and those that seemed most beautiful—all came from the group graded on quantity.

As the authors put it: "It seems that while the 'quantity' group was busily churning out piles of work—and learning from their mistakes—the 'quality' group had sat theorizing about perfection, and in the end had little more to show for their efforts than grandiose theories and a pile of dead clay."





**Robert Goodman, CPA, MBA**

“Delivering Value”

1340 Centre Street, Suite 200

Newton Center, MA, 02459

Ph: (617) 964-4766 • Fax: (617)904-1141

Website: rg-cpa.com • Email: bob@rgcpa.com

Member: AICPA, Mass Society of CPAs,

Principal Alliance, 20/20 Group

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Give Mom Something Different This Mother's Day

Challenge Employees To Develop Leadership Skills

**“Successful Business”**

Check out Successful Business for great ideas to grow your business.

**Tip #3 Do A SWOT Analysis**

For more great ideas on how to grow your business, call or email us for your free copy of Successful Business.

**Give Mom Something Different This Mother's Day**

Doesn't your mother deserve more than a generic greeting card on Mother's Day? Here are some ideas for a personal, thoughtful gift she'll treasure:

☞ **A photo album.** Fill it with photos that mean something to her: pictures of your family, pets, and places you've lived, as well as quotations, ticket stubs, post cards, etc.

☞ **A tribute video.** It doesn't have to be long or involved. Use your digital camera to record a sincere message. If you have the resources, mix in a montage of photos or her favorite songs.

☞ **A special class.** Enroll her in a seminar on something she loves or has always wanted to do but has never taken the time to

pursue. Do some research so it's a really good fit.

Give a gift that goes along with it: A sketchpad if you're signing her up for an art class, for example.



**Challenge Employees To Develop Leadership Skills**

Providing high-potential employees with challenges that help them develop and grow will benefit everyone — you, your organization, and the employees themselves. Here are some worthwhile tasks to offer:

• **Startups.** Give an assignment that requires your employee to start from scratch — designing and selling a new product, for example. Stand ready to offer advice when asked, but otherwise give the employee a chance to make decisions and take action on his or her own.

• **Fix-ups.** Charge your employee with turning around a troubled team, or solving a tough problem. This will call upon his or her creativity and knowledge, and it will force him or her to listen and learn from others.

• **Increased responsibility.** Expand the scope of an employee's duties. If he or she supervises just a handful of people, for example, try placing the person in charge of a larger department. You may have to provide training and coaching, of course, but you'll stretch the person's ability to delegate, make high-level decisions, and see the big picture.

• **Team projects.** A short-term stint with a team working under a tight deadline can bring an employee's unseen strengths to the forefront. Such an assignment may test your employee's ability to get up to speed and work smoothly with new people, as well as his or her ability to seek and accept advice from different sources.

