

Small Business Strategies— Planning for Growth

Accounting Procedures and Financial Statements

- Why Should your Books be Correct and Up to Date?
 - Bank Financing
 - Tax Planning
 - Surety disclosures
 - Compliance Reporting

Financial Reporting and Measurement

- The Basic Building Blocks
 - ✓ Monthly bank account reconciliations
 - ✓ Accounts receivable reports with aging
 - ✓ Accounts payable reports with aging

Financial Statements

- Balance Sheet: Assets and Liabilities
- Profit and Loss: Revenues and Expenses
- Cash Flow: Sources and Uses of Funds

Evaluating and Benchmarking

- Financial Ratios-true measure of performance
 - ✓ Current Ratio, Net Working Capital
 - ✓ Debt Ratio, Debt to Equity
 - ✓ Gross Profit Margin, Inventory Turnover
- Key Performance Indicators-measurement of goals
 - ✓ Customer Satisfaction Ratings
 - ✓ On Time Service
 - ✓ First Time Right
 - ✓ Retail-Same store sales, sales per square foot

Why People Commit Fraud/Red Flags

- Why
 - ✓ Financial need
 - ✓ Opportunity
 - ✓ Rationalization
- Red Flags
 - ✓ Living beyond means
 - ✓ Financial Difficulties, Divorce / Family Problems
 - ✓ Close Association with vendor / Customer
 - ✓ Irritability, Suspiciousness or Defensiveness
 - ✓ Addiction Problems
 - ✓ Complained About Inadequate Pay
 - ✓ Past Employment –Related Problems
 - ✓ Refusal to Take Vacations

Fraud Prevention or Detection

Difference between error and fraud is "intent"

- Segregation of Duties
- Bank Reconciliations and Payroll Reconciliations
- Secure Inventory and Supplies
- Employee Background Checks / Prescreen / References
- Hire outside financial professionals
- Communicate and Display the Code of Ethics
- Employee Hotlines
- Management Review and Internal Tips (most common detection methods)

What is the Right Entity Type for You?

- Sole Proprietorship
- General Partnership
- Limited Liability Company
- S Corporation
- C Corporation

Tax Compliance

- Income tax federal and state
- Sales tax and nexus
- Payroll tax, employee classification and ACA
- Business property tax
- Local tax and licensing—TOT, business licenses, and more

Good Compliance Habits

- Keep up to date books
- Separate business and personal spending
- Tax planning before year end
- Be educated and ask questions

Business Succession Planning

- Currently: Buy Sell Agreements
- In the Future:
 - ✓ When to start planning
 - ✓ Sale or Transition?
 - Family
 - Employees
 - ✓ Implementation and Strategies

In Summary: Maximize your Profits

- Know your books and financials
- Minimize your risks
- Know your compliance responsibilities
- Plan for the future
- Lean on Experts