

# THE FINANCIAL EDGE

November 2016



## Being Thankful...

*Personal comments by Mary*

It is easy to be grateful and thankful for the good things we have in life. It is much harder to appreciate the bad things that happen to us.

Many years ago I bought a floor covering business. It was financially struggling and I thought it was a great chance to use my business financial skills. I found out the hard way that studying business and doing business are two different things. After a few years of financial struggle I closed the business. I took a second mortgage on my house to pay off the debt my parents co-signed for and borrowed money from my parents to pay the taxes to keep my CPA license. The whole experience shook my confidence. On the other side - it pushed me harder to find a way to use my knowledge to get results, the results I wanted such as financial success. The ride has been smoother since that time.

A more recent event has tested my optimism with the current presidential election. I found many things that are not good. It is actually embarrassing to see what emotional level the political campaigns have stooped to; the anger, the name calling, the mudslinging, taking things out of context, and every other tactic to create fear. My first look at the situation, I see a very divisive emotionally heated environment. This environment probably encouraged many to go to the polls to vote. If I look deeper at the environment and process that has been created, questions come to mind; do we need limit how long someone can hold office to discourage personal agendas? Does our two party system give us the rights we think we have? Is our electoral vote system effective? The scariest thought I had - is will it take a war to get our society back together as one force?

My experience has taught me that things that happen to us are neither good nor bad; it's our reaction to them that creates the feeling. So look for the silver lining in that dark cloud. Life's good because you can handle anything that comes your way!

*Happy Thanksgiving! Mary Guldán-Lindström*



*"Improving the lives of small business owners"* FOCUS CPA Inc

## WHAT CLIENTS ARE SAYING...

"So glad you handled my taxes this year - put a smile on my face. Needed someone to talk to face to face about questions that come up during the year and you were always available to answer any questions I might have had in terms I understood. Would recommend you to anyone who asked me for a reference."

Karen Leanna

**Contact our office at 920-351-4842 or email [Mary@focus-cpa.com](mailto:Mary@focus-cpa.com) to set up a meeting to discuss your needs.**

*Your referrals are appreciated and will be treated with utmost care!*



Visit [www.focus-cpa.com/blog](http://www.focus-cpa.com/blog) for quick links to our social media channels...

**While you're there please take a minute to leave us a review.**

## The Book Review

**Title:** The life-changing magic of tidying up. The Japanese art of decluttering and organizing.

**Author:** Marie Kondo

**Topic:** Organization

**Easy to Read:** \$\$\$\$\$ (5 out of 5 dollars)

**Applicable to small business:** \$\$\$\$\$ (5 out of 5 dollars)

**Summary:** Ms. Kondo explains the challenges of keeping things neat. She shares her stories and presents a concise method of tidying up your environment. Her process helps identify your values and increases your confidence in making life decisions.

**My recommendation:** I admire the author's passion for organizing. I respect her process of creating a vision, then handling each item and listening to your intuition. It is important to ask "does it spark joy or not?" Great way to improve your live by surrounding yourself with stuff that brings you joy. Short easy read.



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## YOUR DESERVE A RAISE! New DOL Rules.

By Mary Guldán-Lindstrom, CPA

Last week a client received an e-mail from his payroll provider stating "At this time, you will need to decide to either 1.) increase your annual salary amount to meet the new threshold or 2.) change to Hourly Non-Exempt."

Effective December 1, 2016 a revised rule from the Department of Labor (DOL) may impact your business. Earlier this year President Obama announced the DOL's final rule updating the overtime regulations, which will automatically extend overtime pay protections to over 4 million workers within the first year of implementation. This is not a law change just an update. The federal overtime provisions are contained in the Fair Labor Standards Act (FLSA). Unless exempt, employees covered by the Act must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay. The minimum salary requirement was increased to \$47,476.

If you have any salary employee earning less than \$913 per week or \$47,476 annually this most likely applies to your business.

### WHAT ARE YOUR OPTIONS?

No two businesses are alike, and what suits one might not be right for another — so take the time to analyze your operations closely. Here are some ways companies are responding to the shift:

- Reshuffle employees shifts and responsibilities to bring down to 40 hours
- Limit employees to work a maximum of 40 hours per week.
- Absorb the additional time-and-a-half costs for newly covered employees.
- Raise employees' salaries beyond the pay threshold.
- Change positions from salaried to hourly wages

In addition to changing how you pay, you may need your salary employees to fill out timecards to document how many hours they work.

Please contact our office if you need assistance in complying with the new law.

Mary

# 4 Common Sense Ways to Increase Cash Flow

By Mary Guldan-Lindstrom, CPA

For many business owners cash flow is a struggle. Business runs on cash. Even credit cards and PayPal eventually convert into cash. The best kind of cash comes from the customer. It doesn't have to be paid back unless you don't hold up your end of the bargain. Keeping to the basics you have four common sense choices to increase your cash flow...

Speed it up coming in — Slow it down going out — Stop it from going out altogether — Bring more in

Each business is different and unique; however there are multiple options to apply the four common sense choices. Some options provide short term relief; others can provide long term financial health.

## SPEED IT UP COMING IN

- Invoice your customer and collect at the time it is of greatest benefit
- Be clear about your billing terms. Discuss the elephant in the room.
- Put the terms in writing on the invoice - note actual date due
- Offer a discount for earlier payment.
- Train your customers. Call new customers the week before bill is due - make sure they received the invoice? Any problems with the product or service received?
- Review your billing terms. Ask for your cost up front for special orders or to guarantee a time and date.

## SLOW IT DOWN FROM GOING OUT

- Ask your vendors for terms. Attempt to match those terms to how you will receive payment for the sale of those items.

## STOP IT FROM GOING OUT ALTOGETHER

- Drop the customers you are losing money on.
- Stop selling products and services you don't make a profit or require extensive cash to sell.
- Reduce your monthly payments. Don't buy it until you can pay for it. Pay extra when the cash flow is good.
- Review your expenses each month. Are you

Once your immediate crisis is over it is not the time to stop! Here are three steps to prevent cash flow issues from happening in the future – (1) review your system and procedures on a regular basis to continually improve your results, (2) review your overhead costs to keep them as flexible as possible and affordable and (3) keep in touch with your customers by examining how your procedures touch them and to know their needs.

Cash is the life blood of a business. A financially healthy business has strong systems in place to keep it flowing.

*"The three most dreaded words in the English language are 'negative cash flow'."*

*Author: David Tang a Hong Kong businessman*

getting full value for what you are paying for? Are you fully utilizing what you purchased? Do you have software not being used? Are you maximizing your marketing costs?

- Focus your sales efforts on the resources you have in excess. Use what you have before purchasing more.

## BRING MORE IN

- Focus on your best customers. Do you have all their business? Can you provide additional value?
- Can you charge for what you are giving away for free?
- Raise your prices. You might lose some sales, but you will make a higher profit on those that you keep.
- Super size it! Think McDonalds - do you want fries with that? Have something available that will offer more value to the customer and increase the price you can charge.
- Offer three value levels and let your customer choose.
- Identify your most profitable product or service and focus your sales efforts on that.
- Reactivate previous customers. First make sure that you want them. It typically cost less to serve a prior customer than find a new one.

## DON'T WAIT...

*We are accepting new clients!*

Move to the top of the list by starting with a tax planning appointment now. Let's clarify your long term goals and determine if your current strategy will give you the best results. We will create a plan to avoid surprises, minimize your risks and take advantage of opportunities.

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**Contact our office at  
920-351-4842**  
to reserve a time for your free  
discovery meeting or to set up a  
tax planning meeting.

# November 2016

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## Small Things To Be Thankful For...

Sandwiches made of Thanksgiving leftovers.

Finding money in your pocket.

A pet that will always cuddle with you when you need it most.

The fact that coloring books for adults are a thing now.

Netflix.

Being able to Google just about any question you want

Sunsets that paint the sky.

Candles that smell like freshly baked cookies.

That neighbor who always helps you rake the leaves.

Free shipping.

A good book on a dull day.

Being able to fill a list of things to be thankful for.

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## Ode to Thanksgiving

May your stuffing be tasty, may your turkey plump,

May your potatoes and gravy have nary a lump.

May your yams be delicious and your pies take the prize,

And may your Thanksgiving dinner stay off your thighs!