

THE FINANCIAL EDGE

July 2017



Are You 'Playing to Win' or 'Playing Not to Lose'?

Personal comments by Mary

Playing to win is about growth. You are strategic and proactive. You have a vision. You do your own thing. You focus on the next thing your customer wants, not what your competitors are doing. It requires one to boldly adapt to change and be innovative. It doesn't matter if it is a person or a whole business.

For example who would have thought that a cellphone would be a camera as well? When I was in Kenya last year my iPhone worked better than the camera that I had. I didn't even use the phone part while I was there. I was also amazed that many Kenyans had a cellphone, no electricity or running water, but they did have the cellphone. Satellites provided the infrastructure to utilize the cellphone. It was used to pay for things and was being used for education. Both situations are great examples of adapting to change and being innovative.

Playing not to lose is about survival. You are reactive, just doing enough to keep the status quo. You don't like change. You follow the crowd.

When our country was founded our fore fathers were playing to win. They had a vision - "that all men are created equal, that they are endowed by their Creator with certain unalienable rights that included Life, Liberty and the pursuit of Happiness." Those who signed the declaration risked their life, their families' lives and all their material possessions.

Are you playing to win or playing not to lose? Enjoy the summer.

Mary Guldan-Lindstrom



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

THANK YOU!

THANK YOU to everyone who works with us! You are part of our work family. Jodi, Jimmy, Ken and I work hard to apply our skills, knowledge and experience to reduce your stress and improve your life. Thank you for believing in us. It is a pleasure to serve you.

Also a **SPECIAL THANK YOU** to those who have been referring other small business owners. We appreciate your confidence in our abilities to make a difference.

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

Enjoy reading our newsletter?
Share the **WINNING STRATEGY** by...

-  Forwarding your newsletter copy;
-  Calling our office at 920-351-4842;
-  Signing up at www.focus-cpa.com;
-  Or emailing Mary@focus-cpa.com





The Book Review

Title: Building a Great Business

Author: Ari Weinzweig

Topic: Entrepreneurial Systems

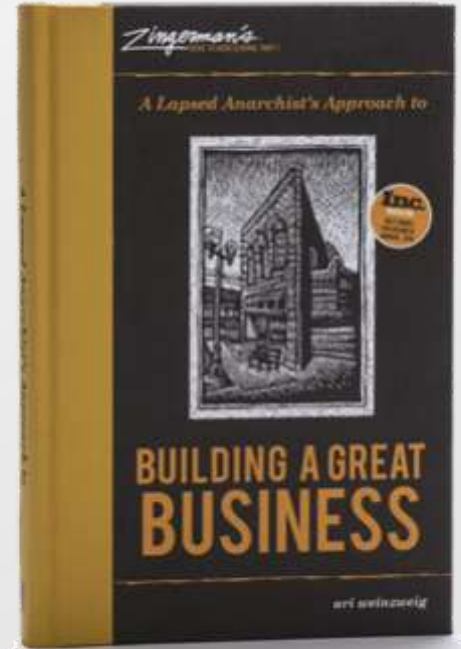
Easy to Read: \$\$\$\$\$ (5 out of 5 dollars)

Applicable to Small Business: \$\$\$\$\$ (5 out of 5 dollars)

Summary: This is a collection of essays gathered into a book on how Zingerman's, started by Ari and Paul Saginaw, made it from good to great. Starting in 1982 as a deli with 5 tables in Ann Arbor, Michigan, it has grown into multi businesses with annual sales over \$35,000,000, still in Ann Arbor, Michigan.

My recommendation: This book brings the heart and soul into an entrepreneurial system. Taking an anarchist approach, the founders focused on creating a business model that delivers phenomenal customer service, brings the best out of people while having fun doing and making a profit.

Pages: ~350 (Recipes Included) | Published: 2010



—BEWARE— Is the IRS Calling? The Latest Scam...

The first week of July I received 3 phone calls from the IRS stating that there is a warrant for my arrest. These were robotic calls that left messages on my cellphone requesting that I call them back. Each time the number was from a different city and state. This is a scam – do not provide them with any personal information.

Note that the IRS doesn't initiate contact with taxpayers by email, text messages or social media channels to request personal or financial information. Be cautious and always keep in mind that the IRS does not threaten taxpayers with lawsuits, imprisonment or other enforcement action. Recognizing these telltale signs of a phishing or tax scam could save you from becoming a victim. Scammers are constantly changing tactics to carry out crimes in new ways.

WHAT SHOULD YOU DO?

If you **get a call** stating that this is the IRS – **ignore it.**

If you **get a tax notice** in the mail – **send it to our office** so we can evaluate it.

Mary Guldán Lindstrom

Are You Getting a Business Ready to Sell? Who is Most Likely to Buy?

By Mary Guldán-Lindstrom, CPA

I believe every business owner starts their business with the subconscious idea that someday they will sell the business, maybe retire or just move on. Planning for that can maximize the value that you receive. The business owner can have influence on the future sale price, however the deciding factor is made by the buyer. Knowing the type of buyer that is most likely interested in your business and what they are looking for can help make this idea become a future reality.

I came across an article by Scott Bushkie, principal of Cornerstone Business Services. Scott has been buying and selling business since 2001. Along with the experience he is a Certified Business Intermediary, a Mergers & Acquisitions Master Intermediary and a Fellow of International Business Brokers Association. Based on a quarterly survey of business brokers and advisors over the last four years they noted "some clear buyer personas emerging":

For companies valued at less than \$500,000, most buyers are looking to "buy a job". These buyers are searching for a modest business that will provide a reasonable annual income and allow them to be their own boss. About 75% of these buyers are located within 20 miles of the business for sale.

In the \$500,000 to \$1 million category, you're still working with mostly individual buyers, roughly 45% first time buyers and 25% serial entrepreneurs. These individuals are looking to get out of corporate America and control their own destiny.

The \$1 million to \$2 million sector, which is considered "Main Street" deals, will attract some attention from existing companies looking to grow through acquisition. However, the majority of the buyers are still individuals (38% first time, 32% serial Entrepreneurs as of his last survey) and about half will still be sourced from a close geographic area (50% within 20 miles).

The \$2 million to \$5 million category puts us into the lower middle market. Here strategic buyers make up the majority, nearly split between existing businesses and private equity firms. Individual buyers are still viable players here, although these buyers would almost certainly be high net worth individuals with years of executive leadership experience. Individual buyers targeting businesses of this size will have hired a buy side advisor to assist with their search. Due to current market demand for lower middle market opportunities, many sellers will have several buyers to consider.

In the \$5 million to \$50 million sector, businesses have mainly sized out of an individual buyer's market. More than 80% of these buyers will be private equity, family offices, existing companies, or other strategic and financial players. The majority of these businesses will sell to buyers outside a 100 mile radius, as many strategic buyers will look regionally, if not nationally for their next acquisition.

Scott states, "there are many exceptions to every rule, but by knowing your likely buyer it will help you and your advisor maximize efficiency and opportunity in your search."

Maximizing the price and creating a positive selling experience takes time. Knowing who your future buyer might be and focusing on why they would buy your business gives you the upper hand. As you are making current decisions think about the impact on the salability of your business. Keep in mind - will your decision increase the net profit? Strengthen your customer relationships? Allow someone else to take over and obtain the same financial results that you are?

For most business owners the business is their retirement plan. Be a good financial advisor to protect your greatest asset.

At FOCUS CPA Inc. we offer an annual strategic meeting to help business owners explore options to make the business more likely to sell and to increase the value. If you would like a sounding board to clarify your current financial information and to take stock as to where you are and where you want to be – contact Mary at 920-351-4842 or Mary@focus-cpa.com.

YOU'RE IN FOR A TREAT...



**Would you like a free Kringle
from Uncle Mike's Bake Shoppe?**

Just encourage a small business owner to set up a **FREE DISCOVERY MEETING** with Mary at Focus CPA Inc. and we will send you a gift card for a free mouthwatering , award winning Kringle of your choice.

We are accepting new clients! A referral is the best compliment that we can receive.

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The Sin Tax on Wine

By Jimmy Raiche

Now that summer is in full swing, you may find it relaxing to sit outside on the deck savoring a warm weather evening. However, I wonder how many people think about the tax that is collected on each bottle of wine they are drinking.

Most states charge an "excise tax" on wine, along with a "sales tax". With an excise tax, the producer or merchant of a product is charged a tax when the product is produced or sold. The producer or merchant then includes this tax in the purchase price of the product they are selling to its customers, thus passing the excise tax on to the consumer.

Wisconsin and its neighboring states charge the following excise taxes on wine, which are based on a per gallon rate:

WISCONSIN:	\$0.25	MINNESOTA:	\$1.21
IOWA:	\$1.75	ILLINOIS:	\$1.39
MICHIGAN:	\$0.51		

Based on this chart it may be a wise idea to purchase your wine in Wisconsin instead of its neighboring states.