

# the businessowner

*expertise for the business owner*



## GET YOUR STORY TOLD!

Marketing

Page 3

## IMPROVE YOUR SALES FORECASTING

Management

Page 5

## AVOID THESE COMMON WEBSITE MISTAKES

Marketing

Page 10

## PROTECT YOURSELF, USE PASSWORD BEST PRACTICES

Risk Management

Page 11

## TAX TIPS FOR BUSINESS OWNERS

Taxes

Page 12

## EMPLOYEES ON MILITARY LEAVE DUE BENEFITS

Employees

Page 14

## RECOVERY AT HAND FOR SMALL BUSINESS?

Economy

Page 15

## CONCISE OVERVIEW OF BUSINESS VALUATION

Book Review

Page 16



<http://csia.thebusinessowner.com>

# From the Editor

Dear Business Owner,

You are one of a kind. So is your business. It's time the world heard your story, don't you think? The question is how.

Media outlet editors hold the key. They decide which stories get told. So we interviewed a bevy of them and found out what they look for in a story. How they like to get pitched and the criteria they use to choose what they pick up and what they cast away. All you need to do now is read "Get Your Story Told!" and obey. 2010 is the year your story gets told.

Incidentally, studies show that entrepreneurs skilled at "telling their story" tend to be more successful. There's more to come on this topic in future issues of *The Business Owner Journal*, such as "Master the Art of the Symbolic Gesture" (May-June 2010 issue). But for now, it's tax time and Grant Thornton is here to save you time and money. Read "Tax Tips for Business Owners" on page 12.

This issue is packed with information you can use to make more money, save more money and reduce risk. Yes, you can do it. We can help.

Sincerely,



David L. Perkins, Jr.  
Managing Editor  
*The Business Owner Journal*



## the business owner

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# Get Your Story Told!

Every business must create awareness. How else do you get your phone to ring? But doing so is tough. Advertising is E-X-P-E-N-S-I-V-E. Free publicity is the ticket, of course, but how do you get it? Sure, you can hire a PR firm to work its magic, but that's expensive, too, and results are not guaranteed.

How can a business get press coverage **without** hiring a PR firm?

To find out, we called a handful of magazine publishers around the country. We asked what criteria they use, and how they like to be "pitched." Of course, the editor is charged with selecting topics and writing and assigning articles. Here are those we contacted:

*ABA Bank Marketing Magazine*  
Walt Albro, Editor

*Tulsa People Magazine*  
Kendall Barrow, Managing Editor

*Aspen Sojourner*  
Michael Miracle, Managing Editor

*Machinery Lubrication Magazine*  
Paul Arnold, Editor-in-Chief

*Idaho Golf Magazine*  
Laurie Sammis, Editor

*Park City Magazine*  
Kristen Case, Editor

What did we learn? Refreshingly, they're real people! Pretty nice at that. We talked to five of the six in short order. They're not so concerned about whether you or your organization might get publicity, or want publicity, or how bad you might want or need it. It's more like my father always says — people are concerned mostly with themselves. Editors are concerned with finding interesting story ideas for their readers. So your job, as a business owner, is simply to help the editors of the publications you target get what they need and want — good, interesting information and stories for their readers. Here's how:

## **Step 1: Get to know the target publication.**

How else will you give the editor what he or she wants? Pick up a handful of copies or order a subscription. Peruse the website. What types of things do they cover? Find their mission statement; even call their office and inquire if you must, but it should be pretty obvious. *Park City Magazine*, for example, is about people, places, history and happenings in Park City, Utah. *Machinery Lubrication Magazine* covers issues, trends, products

and people impacting — or soon to impact — the world of machinery lubrication (a subset of machinery and plant maintenance).

## **Step 2: Find a story idea that fits into the publishing scope of the publication.**

If the publication you target issues an editorial calendar, look there. It'll be on their website. It's a list of the topics they'll cover in future issues. Can you provide content that fits, that helps them cover the topic in an interesting way? Remember, the editor's job is to serve his or her audience with interesting, helpful information. Your job is to help them identify content that fits the bill. Give them some article fodder and they'll appreciate it.

Virtually all publications today have online editions that, by their nature, are beasts requiring constant feeding. The editors' need for content never ends. Do them a favor; give 'em some. Just be sure your articles serve the AUDIENCE first.

## **Step 3: Make the pitch in the manner desired by the editor.**

To determine this, just call and ask the editor. Almost all editors we talked to seemed to prefer a short email summary.

If your idea does not resonate, don't worry about it, just ask how or where it missed the target and then go back to the drawing board.

To get your story told, keep in mind that editors are **very** busy people. Be respectful of their time, do your homework, and pitch them story ideas that will be of value and interest to their target audience, and you'll find success. Unfortunately, if your product or service just does not have any tie-in with the focus of the publication and its target audience, you're out of luck. All the effort and creativity in the world aren't going to get your square peg into their round hole. You're not locked out, just relegated to the ranks of paid advertisers.

## **Examples of Good and Bad Pitches**

### **Michael Miracle, Managing Editor *Aspen Sojourner***

**Good Pitch:** Over the course of the last year, I have received several pitches for Bolle and Serengeti eyewear from a PR agency in New York. The agency was pitching Bolle glasses and goggles, both of which are used with great frequency in Aspen, a ski and sports

*continued on page 4*

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Do you have a business success story or lesson you could share with your peers? Send it to [editor@thebusinessowner.com](mailto:editor@thebusinessowner.com).

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*continued from page 3*

town. I emailed back and forth with the account rep, asking her which were the more “up-market” products that might appeal to our readers. She sent me a pair of goggles, which I tried for much of last ski season. She also sent me a pair of tennis-specific sports glasses. Upon my request, she also determined which retailers in Aspen carried the products, which gave me the local hook I was looking for. Both the goggles and tennis glasses will appear either in our print publication or on our website in the near future.

**Bad Pitch:** I recently received an email and follow-up phone call from a PR agency repping “Socks Appeal.” It was similar to the Bolle pitch in that it was coming from a national agency who had identified our market as a good one for the client. Socks Appeal are knee-length socks with a faux-fur trim at the top. The fur embellishment hangs over the edge of a pair of tall boots, giving them the appearance of being fur-lined themselves, though at a fraction of the cost. The pitch had a strong “recession cost-saver” angle and made the case that our ski-town readers would likely be intrigued by the product on a fashion angle as well. I asked for a local retailer and was told there was none. For me that was the end of it, and the PR rep understood. Our magazine has “Aspen” in its title, and we only consider stories with a strong Aspen hook. Our readers pick up the magazine either because they are in Aspen or they have a strong affinity for Aspen wherever else they might be. And since Aspen has an abundance of stories and retailers with which we can fill our pages, we simply don’t need stories that have no clear connection to Aspen.

**Kendall Barrow, Editor  
Tulsa People Magazine**

**Good Pitch:** A local trapeze instructing school pitched a story about their business. They were honest — they needed business and feared few Tulsans knew they were under new ownership and offering new services. New services = news, not to mention it’s the only business of its kind in Tulsa (more news), and it fits our goal (local news).

**Bad Pitch #1:** A recent pitch from a New York company about a product that was not even sold in Tulsa stores! We are a COMMUNITY magazine. We don’t care about a product made in NYC that’s not available in Tulsa. Our readers can’t benefit from this news unless they have a trip planned to New York.

**Bad Pitch #2:** We recently received a pitch to cover a company being named in Tulsa’s Top 25 something-or-other. Without being too specific, being in the top 25 means there are 24 other LOCAL companies who received this honor, too. We’d have to cover all 25 to be fair. If they were #1, well, that might be news to us, or top 10 in the country — that’s possibly worthy of something. Nowadays, however, there are more and more awards, so it gets harder and harder to justify including them. Those have their place in newspapers alongside community hires and promotions, not in a monthly magazine.

**Paul Arnold, Editor-in-Chief  
Machinery Lubrication Magazine**

**Good Pitch #1:** An industrial consulting firm by the name of Life Cycle Engineering emailed an article they had written titled “Finding the Root Cause of Energy Consumption.” It was well written, cited numerous other studies that supported the points being made in the article, and focused on the information (not on the fact that this company has services to offer in this area). [Click here for the pitch.](#) [Click here for the article that we did from it.](#)

**Good Pitch #2:** The organizers of the PartsToClean trade fair sent a short, well-written, straight-to-the-point article about the critical role that proper in-process cleaning techniques and technologies play in the successful production of contaminant-free products. The article then explained that many of the world’s leaders would be presenting best practices at the PartsToClean 2009 trade fair. This was right in line with the scope of the content for *Machinery Lubrication Magazine*.

**Bad Pitch #1:** An industrial company sent a pitch via email that seemed to describe the results of a comprehensive case study on lubrication challenges in the beverage packaging industry. We responded positively and they then sent an article that was basically an advertisement for the company. No real case study.

**Bad Pitch #2:** An industrial consultant emailed a pitch that was just a forward of an email string between him and a client. The message read “The exchange of correspondence, below, relates to Machinery Lubrication. Please let me know, by 2 September 2009, if you are interested in publishing this material.” **tbo**

# Improve Your Sales Forecasting

Owning and running a business is a task. But accurate sales forecasts can make the job a heck of a lot easier. Particularly, they can help with four crucial business management tasks:

1. Earn a profit
2. Budget cash
3. Schedule production (or service delivery)
4. Manage inventory

First, if sales can be projected with some accuracy, earning a profit becomes easier. This is because if near-term revenue levels can be estimated with some degree of certainty, management can hold expenses to levels that allow an acceptable profit.

Second, there is no task more important than ensuring the business has the cash it needs to meet its obligations and remain solvent. Sales are the primary source of cash. Fluctuations in sales cause fluctuations in cash flow. If fluctuations can be anticipated, the owner-manager will be given the opportunity to:

1. Cover shortfalls in the most cost-effective and low-risk manner.
2. Put surpluses to use in the most appropriate and highest-yield manner.

Third, some of the business owner's greatest challenges are setting production, inventory and staffing levels. Run out of product or fail to deliver as promised and revenue is lost. But overproduce, overpurchase or overstaff, and profit and cash flow take a hit. Accurate sales forecasts make each of these tasks easier.

## History repeats itself

Yes, you can learn to make accurate sales forecasts.

No, it won't take a crazy amount of time. Yes, it can be well worth the effort.

We're talking about 12-month forecasts. There are reasons you may want to, at times, make multiyear forecasts, but from an operational standpoint it's the 12-month sales forecast that's the most useful. And when the subject company is well established, it typically can be done with reasonable accuracy. This is because:

1. Recent sales patterns provide a solid base to build estimates of future sales on.
2. Many of the things that will cause future sales to deviate from the past are knowable.

## Start with the past year's monthly sales

Begin your 12-month sales forecast by simply dropping last year's unit sales into a spreadsheet. Table 1 below shows last year's monthly unit sales for Hicks Tools, Inc.

Next, consider the following as you begin to consider how the next 12 months might deviate from the prior:

- Your three- to five-year sales volumes and trends
- Your upcoming initiatives and programs
- Moves and development of your competitors, vendors and customers
- The broader economy

## Your three- to five-year sales volumes and trends

Regarding your own recent sales, there are two primary things you want to review: product life cycle trends and seasonality. Doing so is simple once you've loaded the multiyear unit and dollar sales volumes into a spreadsheet. Space limitations here prevent us from showing all of the data for Hicks Tools, but you should "spread"

*continued on page 6*

**Table 1: Hicks Tools 2009 Unit Sales**

2009	Jan.	Feb.	March	April	May	June	July	Aug	Sept	Oct.	Nov.	Dec.	Total Units	unit price	Sales
Product 1	28	28	42	47	52	54	35	42	47	49	47	35	508	\$425	\$216,000
Product 2	30	30	32	28	32	29	29	28	27	30	34	25	355	\$4,015	\$1,426,000
Product 3	690	759	793	586	517	690	773	773	773	1,034	1,000	897	9,284	\$29	\$269,250
Product 4	793	776	948	850	741	948	690	828	862	845	1,034	879	10,195	\$58	\$591,317
Product 5	2	2	2	2	2	2	2	2	2	2	3	4	28	\$2,920	\$81,000
Product 6	101	114	127	89	101	127	139	127	114	101	152	76	1,367	\$79	\$108,000
Total Units	1,644	1,709	1,944	1,602	1,446	1,849	1,669	1,800	1,826	2,062	2,271	1,916	21,738		\$2,691,567

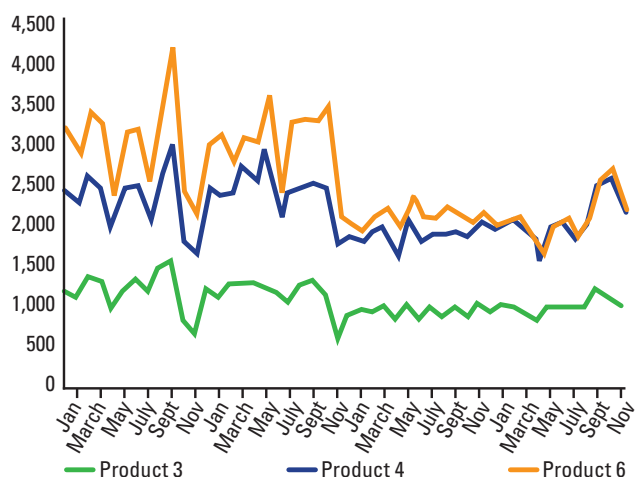
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the unit sales and dollars sales for each of your products and services for a minimum of five years. Once the data are loaded, generate graphs. It aids analysis and understanding.

### Product Life Cycle Trends

The accompanying Graph 1 presents monthly unit sales for three of Hicks Tools products over the past four years. As one can see, Hicks Tools unit sales of these products declined quite markedly the past two years. You can also see there is a bit of seasonality, with sales spikes typically occurring around March, July and October. Finally, unit sales for Product 6 seem to be gradually trending downward while Product 5 is holding strong. These trends should be factored into the 2010 sales projections. Of course, the process should always involve an assessment of what is behind the trends and what impact they may have on future sales patterns. For example, is the unit decline of Product 6 due to lack of sales and marketing efforts; a generally downward pressure on revenue due to the poor economy; price increases that are encountering customer resistance; or maybe cannibalization from another product; competition; or product obsolescence?

### Historical Monthly Unit Sales



### Seasonality

Seasonality must also be considered when accurate sales forecasts are the goal. To do so, arrange the data as in Table 2. Most useful is to do this for each product and

service, but space limitations prevent us from showing that detail here. Table 2 shows the seasonality analysis for Hicks sales in aggregate.

The methodology entails summing the contribution each month has made over the period and then dividing the monthly total by the total revenue for period. The result is the average annual percent of revenue contribution for each month. For example, Hicks Tools has booked \$1.375 million in revenue during October over the past four years. Total revenue over the period was \$14.3 million. By dividing \$1.375 by \$14.3, we find that October has contributed 9.6% of all revenue over the past four years. If a business had no seasonality, each month would contribute 8.333% of the annual total (100% divided by 12 = 8.333%).

**Table 2: Hicks Tools Monthly Revenue**

\$ Thousands	2006	2007	2008	2009	Sum of '06, '07, '08, '09 Revenue
January	\$340	\$356	\$240	\$213	\$1,149
February	\$308	\$303	\$243	\$215	\$1,068
March	\$351	\$373	\$289	\$240	\$1,253
April	\$326	\$384	\$272	\$210	\$1,191
May	\$269	\$349	\$258	\$224	\$1,100
June	\$337	\$353	\$285	\$229	\$1,204
July	\$384	\$445	\$259	\$212	\$1,300
August	\$272	\$379	\$279	\$218	\$1,147
September	\$322	\$390	\$247	\$218	\$1,176
October	\$474	\$440	\$227	\$234	\$1,375
November	\$304	\$363	\$251	\$267	\$1,185
December	\$329	\$380	\$228	\$210	\$1,147
Total	\$4,015	\$4,514	\$3,078	\$2,690	\$14,297
Annual Growth	26%	12%	-32%	-13%	

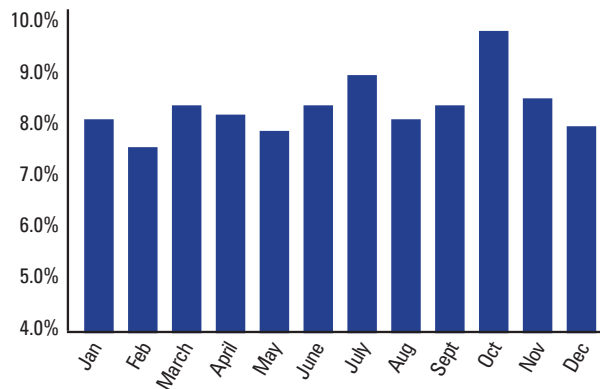
Graphing the data makes the seasonality much easier to see. As one can see in Graph 2, monthly revenue fluctuates around the mean of 8.333%. The peaks in March, July and October are more easily seen on this graph as are the slower months — February, May, August and December. Mrs. Hicks accounts for this pattern in her sales forecasts.

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## Revenue Contribution by Month

flat 8.3% per month would be zero seasonally



If one wished to “seasonalize” an annual revenue estimate, doing so is simple with the data compiled as in Table 2. For example, if Hicks Tools estimated total 2010 revenue of \$3.2 million, a monthly revenue estimate could easily be derived. Table 3 shows this calculation. But these numbers are only modestly useful because considerations have been given for things such as product-specific trends and initiatives. Also, this method yields neither a per-product sales estimate nor a per-product unit estimate (only consolidated monthly sales estimates with seasonality considerations based on the past four years of seasonality data) and thus provides little aid to the tasks of production planning and inventory levels planning. Still, it’s valuable to graph the monthly sales history and identify the seasonality patterns.

**Table 3 — Calculation of Monthly Sales Forecast from Annual Estimate**

	Historical % of Revenue Contributed	Projected Sales Based on \$3.2M '10 Estimate (thousands)
January	8.0%	\$255
February	7.5%	\$240
March	8.5%	\$273
April	8.3%	\$265
May	7.7%	\$247
June	8.4%	\$270
July	8.9%	\$285
August	8.0%	\$257
September	8.4%	\$269
October	9.6%	\$308
November	8.7%	\$277
December	7.9%	\$253
	100.0%	\$3,200

## Your Upcoming Initiatives and Programs

Launching an updated product? Hiring a salesperson dedicated to a particular product or service? You’ll want to mold your projections accordingly. You’ll also want to consider moves you anticipate from your competitors or other outside influences.

### The Economy

When projecting sales, you must give consideration to:

- Economic forecasts for the projected period
- Where the economy is in the current economic cycle
- Degree to which your sales and services are sensitive to the economy (i.e., elasticity of demand)

Addressing the above in reverse order, assessing the economic sensitivity of your products and services is the most important. It is also the easiest. Simply take a look at the pattern of your unit and dollar sales through several full economic cycles. Some products and services swing wildly. Others are relatively stable, even countercyclical. Your task is to peg whether your sales

**Assessing the economic sensitivity of your products and services is the most important. It is also the easiest.**

swing up or down 10 percentage points across the cycles or, say, 50%. If you are new to your industry or don’t have the historical data available, attend an industry conference and ask your peers. You also may need to assess each of your products or services independently.

Once you have a handle on how your products or services perform at different points in the economic cycle, the question is: Where are we currently? Determining this is not as difficult as it sounds. First, you don’t have to peg it exactly. Just get it close. Second, the federal government<sup>1</sup> officially announces the beginning and ending of expansionary and contractionary periods, referred to as peaks and troughs. The beginning of an expansionary period is called a trough (i.e., the bottom or end of a recession). The end of an expansionary period (and beginning of a recession) is called peak. The only question is, once a particular period has begun, when it will

continued on page 8

continued from page 7

end. Of great use are historical data that:

- Expansionary periods tend to last about five years, give or take a year.
- Contractionary periods (i.e., recessions) tend to last about a year, give or take four months.

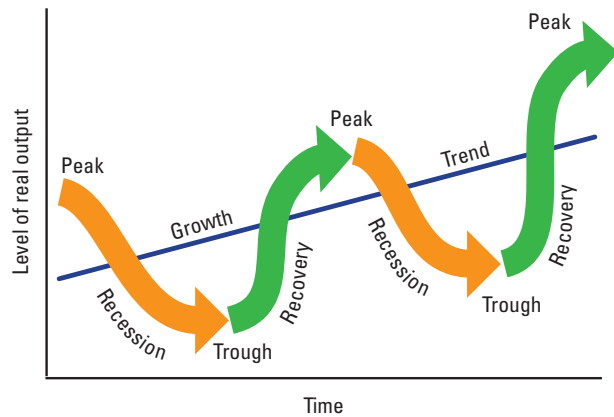
The National Bureau of Economic Research ([www.nber.org](http://www.nber.org)) has officially announced that the current contractionary economic period we are in (i.e., recession) began December 2007. Judging from past recessions, this one should have ended around December 2008, give or take a few months. Now, of course, it's spring 2010. Based on past recessions, we should be out of this one now and on to broad economic expansion. Interestingly, we may already be. The NBER announces these things in arrears, typically three or six months. But actionable information here is that the odds are we have already begun, or will soon begin, a broad economic expansion. Your sales projections and business plans should reflect this.

### Bringing it all together

Hicks Tools, Inc. got hit pretty hard during the economic downturn of 2008/2009. Sales declined sharply during the period and Mrs. Hicks waited way too long to reduce staff and cut inventory. It was not the first time Hicks failed to anticipate swings in the general economic climate, so at the end of 2009 she endeavored to not let it happen again. To that end, she resolved to begin making regular 12-month sales projections. She reviewed her long-term unit sales trends and past changes in product pricing. She assessed both the seasonality and cyclical-ity of her operations. As we saw above, Hicks Tools has some seasonality. It is also cyclical. Sales declined some 41% from 2007 to 2009. To begin making meaningful sales projections, Mrs. Hicks listened to economists and reviewed regional and national economic forecasts. She noted when the current recession began and how long recessions typically last. After taking some time to as-

simulate it all, she developed her own opinion to base her sales projections on (at least in part): 2010 will show an uptick in activity, particularly in the latter part of the year.

## The Economic Cycle



Mrs. Hicks also has tweaked her product pricing some so that the ones priced just above a major price point were brought below. For example, she reduced Product 1 from \$425 to \$399 and Product 2 from \$4,015 to \$3,999. She thinks customers will continue to be particularly price sensitive on larger-ticket items. She also raised her price a bit on Product 5 as demand has remained strong; she thinks her customers have few quality substitutes; and there was room to raise and still keep the price under \$3,000.

Mrs. Hicks factored a few other things into her projections as well, such as what appears to be a failure of one of her stronger competitors. She has been getting calls from some sales representative of BJ Supply looking for jobs. Overall, she's forecasting 2010 total revenue of \$3.4 million. Her sales forecasts, broken down by month and by product, will aid her in deciding how much inven-

continued on next page

### 2010 Projected Unit Sales

2010	Jan.	Feb.	March	April	May	June	July	Aug	Sept	Oct.	Nov.	Dec.	Unit Price	Sales
Product 1	47	47	71	64	47	59	82	66	73	89	106	82	\$399	\$332,344
Product 2	33	33	31	30	35	33	35	34	36	37	35	26	\$3,995	\$1,590,040
Product 3	1,000	862	1,207	1,207	1,379	1,207	1,517	1,034	1,379	1,310	1,310	897	\$29	\$415,000
Product 4	1,052	1,138	1,190	1,207	603	776	1,293	776	1,034	1,534	1,414	1,466	\$59	\$795,483
Product 5	2	2	3	2	2	3	4	3	2	3	4	4	\$2,949	\$103,013
Product 6	127	152	203	152	152	152	228	203	190	190	190	215	\$79	\$170,000
Total Units	2,260	2,234	2,703	2,662	2,219	2,229	3,159	2,115	2,715	3,165	3,059	2,690		\$3,405,879

tory to purchase and carry, what staffing levels to maintain, and also prompt her to assess her ability to deal with the cash drain that a rapid rise in sales can cause.

### **A Continuous Process**

Managing a business can be like driving a car at night with the lights off. Accurate sales projections turn the lights on. But they are brightest right after the analysis has been completed and new projections are made. It doesn't make sense to let the light fade away until you are once again in darkness. Your seasonality analysis, economic cycle assessment and 12-month unit and sales forecasts should be updated every three months or as new significant information becomes available, whichever comes first. Compare actual to forecast and attempt to pinpoint errors and, over time, you'll improve the accuracy of your sales forecasts.

### **Summary**

Projecting unit and dollar sales is a bit of a task, but it can provide meaningful aid to the business owner who wishes to be more effective. The research required also can provide the owner-manager with the vision and confidence he or she needs to make some moves that could pay off handsomely.

Many business owners leave the sales projections up to their salespersons. This is a mistake. Sure, get their input, but accurate unit and dollar sales forecasts are developed from a thorough and reasoned assessment of the trends and forces that impact them. That type of analysis is more suited to you and your chief financial officer. And the only reason to go to the trouble of regularly making accurate sales forecasts is, of course, to make more money and have more fun. [tbo](#)

<sup>1</sup> The National Bureau of Economic Research (NBER)

***Do you have expertise to share on this topic? Comments to this article? Post them at [www.thebusinessowner.com/improve-sales-forecasting](http://www.thebusinessowner.com/improve-sales-forecasting).***

## **Article Series on Cost Reduction and Profit Enhancement Strategies**

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Cost Drivers and Where to Look to Lower Cost

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[March-April 2009](#)

Optimize Your Organizational Structure

Cost Reduction: Setting Priorities and Where to Look First

[May-June 2009](#)

Peer Benchmarking: Compare Your Company to Others, Find Out What's Possible

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**"I wasn't one of those kids who was told since ninth grade that he was going to play in the NBA," he says. "It was long-term goals broken into short-term goals. How to get from the bottom to the top. Those fundamentals transfer to anything."**

*Steve Nash*

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# Avoid These Common Website Mistakes

Your “net” has holes in it. It’s a shame. You fish all day. Your catch could be so much greater.

Business today can seem complex, but it’s mainly just different. Heck, it’s even easier in some respects. Learn the rules and how to play the game, and you can find success.

- Broaden awareness of your firm and its offerings.
- Control and mold your brand.
- Open your storefront to the entire world.

More and more people are finding what they want on the Web. Does your company appear high in the ranking for keywords people use to find products and services you provide? If so, does your website efficiently convert visits into dollars?

Odds are the mistakes you make are also made by others, so we interviewed two experts on Internet marketing and website optimization — Steven Schneiderman of Schneiderman Marketing, LLC and Matt Bailey of SiteLogic. Here’s what they said.

## **Mistake #1: Failure to Focus on the Fundamentals.**

The fundamental building blocks of website marketing are architecture, content and incoming links. It’s a waste of time and money for a company to work on other things until these are done well. This is because website marketing is about getting ranked high when people type certain keywords or phrases into search engines such as Google, Yahoo and Bing, and three things drive the rankings: architecture, content and incoming links.

## **Mistake #2: Design for Visual Appeal Rather Than SEO and User-Friendliness.**

The #1 objective is to design the site so your target audience can quickly and easily find your site, locate what they want in your site, and quickly and easily purchase, subscribe, etc. So the site must first be built for this purpose. The “look” should be addressed once SEO (search engine optimization), functionality and user-friendliness are secured.

## **Mistake #3: Use Your Own Lingo Instead of Your Customer’s.**

Your website mission is to set up your site so people searching for things you offer will quickly and easily find you (i.e., your site). It begins when people think about what they want and then type their words into a search engine such as Google. So you better set up your site to respond to the words that searchers use (i.e., type into a Web browser). Refer to your products or services (on your site) as something other than what searchers use, and your customers will never find you.

## **Mistake #4: No Website Strategy.**

What is it you want to accomplish with your site? Visitors don’t really do anything for you. You want sales. Or information that will help you get sales. Visitors who come and go without buying something or giving you information you can use in the future do nothing for you. So what is the highest-value action that visitors to your site could take? The second-highest? Third? These should be the goals of your site. Everything you do should further the site’s effectiveness at gaining relevant visitors and getting them to take the actions you desire.

## **Mistake #5: Confusing Site Navigation.**

Spend extra time organizing your content into a logical and intuitive structure. The primary navigation is usually found at the top or to the side of the content and should outline the 4 to 10 main sections of your site. You can then have smaller groups of pages within. The secondary navigation will include contact information, “about us,” copyright and privacy policy, and is always found at the bottom of the page. The navigation should be the same on every page. Don’t forget to link the logo back to the home page, usually found in the top left corner of the page. It is also a good practice to use a breadcrumb trail so users know where they are at all times.

## **Mistake #6: No Lead Capture.**

Every website should capture, at a minimum, the first name and email address of as many visitors as possible. The reason is that you need a prospect list. A mail list for future marketing efforts. Building yours should be among the most important focuses of your website. The best way is to integrate this with an autoresponder. Use this service to generate your form’s HTML code, manage your lists, personalize your email communications, and analyze the open and forward rates of all your email campaigns.

## **Mistake #7: Poor Use of Color.**

The best way to choose a color palette is to examine your logo’s colors and then extend them across the site, choosing light colors for page backgrounds and darker contrasting colors for body text and headlines. If possible, use a color wheel to analyze related colors, and remember to use plenty of white space to avoid a crowded look and feel.

## **Mistake #8: Poor Type Treatment.**

If you have to squint, the type is too small. And too many different typefaces can also make a Web page challenging to read. Stick to one type family (e.g., Times Roman, Arial) and use 10 –12 points for the body text and 18 – 24 bold for headlines and section titles.

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Social networking? Follow *The Business Owner* on Facebook and Twitter.

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**Mistake #9: Purposeless Social Media.**

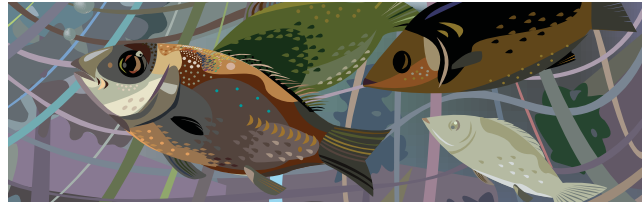
Social networking on sites such as LinkedIn, Facebook and Twitter can play a role in creating awareness and building your brand, but until your site is optimized and you're "blocking and tackling" well, don't bother. Then begin blogging. Blogging is incredibly effective for creating awareness and it's search engine friendly. Finally, when you do enter the world of social media, network with a purpose. Decide on your voice, stay on topic and build your brand. And don't forget: You can't expect others to interact in your community if you don't interact in theirs.

**Mistake #10: No Pictures or Videos.**

A picture is worth a thousand words. Too much text is just plain boring. Whether you're selling a product or services, place interesting and attractive pictures on your site. Be sure at least a few are friendly and professional faces. Fill in the alternative text data field ("ALT Text") for each image so they'll be searchable and so if an image fails to load, the visitor will see a description of the image. Finally, professional photographers and videographers are well worth the investment.

**Mistake #11: No Story.**

Everyone loves a good story, so go beyond the facts and



futures. Tell a story. Your goal should be to capture visitors quickly and entice them to lean in, learn more, and subscribe to your newsletter or contact you to learn more.

**Mistake #12: Poor Prose, Typos.**

Writing well is hard work. Proofing is tough as well. Work hard at your copy and have it edited and re-edited. Copy editors are not hard to find and are well worth the money.

**Mistake #13: Out of Date.**

Most companies will completely forget to update their website after initial launch. The content ages quickly and loses relevance. Product information becomes outdated and useless. People leave the company, but their profiles are not removed. Links to third-party sites get broken. Management of your website content is a critical part of your long-term marketing success. If your website has an intuitive content management system (CMS), push the responsibility for updating your website down to the lowest level of administrative help possible. Otherwise, assign the duty to a responsible marketing person and make him/her point person for all monthly updates across the company. And content that is removed from your site but not your server may remain searchable and findable by Web browsers. [tbo](#)

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**RISK MANAGEMENT**

# Protect Yourself, Use Password Best Practices

According to an article by Ben Leach that appeared online at [www.Telegraph.co.uk](http://www.Telegraph.co.uk), data security firm Imperva analyzed 32 million passwords that had been exposed in a recent hack of RockYou.com. The most commonly used passwords were:

123456	Password	1234567
12345	iloveyou	12345678
123456789	princess	abc123

Unless you wish to become a victim of cyber crime, don't use any of these — or ones like them — for your own. Create unique ones that adhere to these best practices:

1. Use 15 or more characters.
2. Use uppercase and lowercase letters.
3. Use digits and punctuation characters as well as letters.
4. Don't use real words, your street address, your date of birth, or the names of family members, pets, etc.
5. Don't write them down.
6. Don't use the "Remember Password" feature on your Web browser.
7. Change your passwords every six months.

Cyber crime is rampant. Conduct your affairs prudently and cautiously or you'll fall victim. [tbo](#)

# Tax Tips for Business Owners

Though the tax-filing deadline is near, there's no need to panic. You still have time to employ some smart strategies and avoid common problems and hassles. The tax experts at Grant Thornton provide the following suggestions and reminders.

## Look Here for Additional Deductions

**Paid real property taxes.** Congress extended a new deduction for non-itemizers on real property taxes of up to \$500 for singles and \$1,000 for married couples filing jointly. If you don't itemize your deductions but paid real property taxes, don't forget this deduction.

**Your new car.** "Cash-for-clunkers" stole all the press, but don't forget about the new deduction for state and local sales tax on new-car purchases made between Feb. 17 and the end of 2009. The deduction is allowed for taxes on the first \$49,500 of the car's price, and the income limit is unusually high for this type of targeted benefit. The deduction phases out beginning at income levels of \$125,000 for individuals and \$250,000 for joint filers.

**Home improvements.** The February stimulus bill revitalized the energy-efficient home improvement tax credit. For 2009, you are entitled to a 30% credit of up to \$1,500 for installing energy-efficient insulation, windows, roofs, fans, furnaces and water heaters.

**Paid tuition.** February's stimulus bill enhanced the HOPE credit and renamed it the American Opportunity Credit for 2009 and 2010. The 2009 version features a higher income phaseout (\$80,000 to \$90,000 for singles and \$160,000 to \$180,000 for joint filers), an increased maximum credit of \$2,500 and 40% refundability.

## Moves You Can Still Make to Reduce 2009 Taxes

**Contribute to an IRA.** Contribute to your IRA anytime before April 15 and get an above-the-line deduction on your 2009 return. If you don't have one, set one up. Contribution limits for 2009 are \$5,000 plus a \$1,000 "catch up" for those 50 and over. Contributions offer deductions only at income levels below \$109,000 for joint filers and \$65,000 for singles.

**Contribute to an HSA.** If you were covered by a "high deductible" health plan in 2009, you have until April 15 to contribute to a Health Savings Account (HSA) and deduct it from your 2009 return. Limited to \$3,000 for individuals and \$5,950 for families, plus a \$1,000 "catch up" for those 55 and over.

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**Buy a home.** If you buy a house in 2010 that qualifies you for the homebuyer credit, you can claim it on your 2009 return. The credit offers up to \$8,000 for "first-time homebuyers" who have not owned a principal residence in the past three years or \$6,500 for "long-time residents" who have owned a home that is their principal residence for five of the past eight years. The home purchase contract must be in place by April 30, 2010, and the home must be purchased by June 30. If your income is above the level where the credit begins to phase out (\$125,000 for singles and \$225,000 for joint filers for purchases after Nov. 6, 2009), consider helping someone else in the family who may qualify. But watch out for the anti-abuse rules and remember that the house can't cost more than \$800,000.

**Make charitable contributions to help Haiti.** Congress acted quickly to allow taxpayers to accelerate deductions for charitable contributions made to Haiti earthquake relief programs. Cash contributions made before March 1, 2010, can be claimed on your 2009 tax return. The new law also allows taxpayers to substantiate deductions made by text message with a copy of their phone bill.

## Watch Out for 2009 Return Surprises

**Under-withheld but no penalty due?** Last February's stimulus bill offered a credit of up to \$400 for singles and \$800 for joint filers. The IRS changed the withholding tables so the value of the credit could be delivered during the year through reduced withholding. This means taxpayers who ultimately will not qualify for the credit may not have had enough tax withheld. This problem could affect taxpayers with spouses or second jobs that push them over the credit's income limit, but it is more likely to affect taxpayers with pension income that doesn't qualify as "earned" income for the credit. The IRS has said it will not apply underpayment penalties in these cases, so make sure you don't pay any penalty you shouldn't.

**Expanded "kiddie tax."** The "kiddie tax" was expanded in recent years so that it applies to full-time students under the age of 24 and all children 18 and younger. If the income from these children does not represent at least one-half of their support, some of their investment income may have to be taxed at your marginal rate.

## Tips to Help You Avoid Hassles and Mistakes

**File electronically.** Filing electronically not only speeds up your refund and saves you some postage but helps you

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spot and correct errors. Before the IRS accepts an electronic return, it checks it for a few common errors. If one is spotted, the IRS will alert you and give you the opportunity to correct it before it's processed.

**Check your numbers twice.** Avoid math errors and make sure to get your Social Security numbers right. IRS computers automatically match all Social Security numbers and check for simple math mistakes. If you wrote down the wrong Social Security number for one of your dependents, the IRS will disallow the dependent, recalculate the return and usually send you a brand-new tax bill.

**Get your charitable house in order.** A charitable cash contribution must be documented to be deductible. Remember, you cannot deduct donations to individuals, social clubs, political groups or foreign organizations. But you can get a deduction of up to 14 cents a mile driven in service of a charitable organization.

### **Smart Moves for 2010**

**Roll into a Roth.** The \$100,000 income limit on rollovers into Roth IRAs disappeared in 2010. You can roll over into a Roth IRA from either a traditional IRA or a qualified retirement plan such as a 401(k), 403(b) or 457 plan, and you will pay taxes on the investments immediately in exchange for no taxes at withdrawal. Why pay tax now when you can defer? Tax rates are scheduled to go up, and the tax on your rollover may be low now if the economic downturn

has depressed the value of your investments. Plus, Roth IRAs have no required minimum distributions.

**Realize gains.** Tax rates are scheduled to increase in 2011. Although many lawmakers have pledged to extend some of the current tax cuts, taxes could increase in higher tax brackets and for capital gains and dividends. Depending on how the legislative outlook develops this year, it may make sense to reverse your normal tax strategy in 2010 by accelerating income and deferring deductions to take advantage of current low rates. If this strategy includes recognizing gain on business assets, you may want to begin exploring your options early in the year. [tbo](#)

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**“You can’t go back and change what happened last year, but believe it or not, there are things you can do now to affect your 2009 tax return.”**

*Mel Schwarz, Tax Partner  
Grant Thornton*

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***Send your comments to [editor@thebusinessowner.com](mailto:editor@thebusinessowner.com) or post them directly to the online edition of any article. Just visit the web address listed at the bottom of this page.***



# Employees on Military Leave Due Benefits

Employers' obligations with regard to health benefits for employees on military leave are governed by the Uniformed Services Employment and Reemployment Rights Act (USERRA). USERRA provides that employers must continue benefits for persons on military leave similar to the type of continuation rights provided by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Specifically, if an employee's health plan coverage would terminate because of an absence due to military service, the employee may elect to continue coverage for the **shorter** of: (1) the 24-month period beginning on the date on which the employee's absence begins, or (2) the period beginning on the date on which the employee's absence begins, and ending on the date that the employee fails to return to the job or apply for reemployment.

A requirement of USERRA is for an employer to "provide to persons entitled to rights and benefits under this chapter a notice of the rights, benefits, and obligations of such persons and such employers under this chapter. The requirement for the provision of notice under this section may be met by the posting of the notice where employers customarily place notices for employees." Not to replace posting of the notice, but other means of communicating USERRA rights to employees is through written employment policies and employee handbooks.

If the employee fails to elect continuation of coverage, the employer can cancel the employee's coverage while the employee is on military leave. Specifically, an employer may cancel the coverage of an employee who gives advance notice of his/her military leave and who does not elect continuation coverage. In this situation, there are also specific provisions governing the circumstances under which an employer must permit retroactive reinstatement of coverage.

Employees are required to pay varying amounts to keep their coverage. If the employee's absence is 30 days or less, the employee cannot be required to pay more than the ordinary employee share, if any, of maintaining coverage. If the period of absence is 31 days or more, he or she may be required to pay up to 102% of the full premium to continue coverage. The payment obligation begins on the first day of continuation coverage. The employer may cancel the coverage of employees who do not make timely payment of their portion of the premium.

A person reemployed under USERRA is entitled to seniority and other rights and benefits determined by seniority that the person had on the date of the commencement

of service in the uniformed services, plus additional seniority and rights and benefits that such person would have attained if the person had remained continuously employed. Additionally, on the employee's return from military service, his/her health insurance coverage must be reinstated without any waiting period or exclusions for preexisting conditions, other than waiting periods or exclusions that would have applied even if there had been no absence for uniformed service. According to the Department of Labor, this rule does not apply to coverage of any illness or injury determined by the Secretary of Veterans Affairs to have been incurred in, or aggravated during, performance of duties in the uniformed service.

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**Employers must extend COBRA-type health coverage to employees on military leave.**

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*Mike Lissau contributed his expertise to this article. He is an employment law expert with Hall Estill. You can reach him at [mlissau@hallestill.com](mailto:mlissau@hallestill.com). **tb***

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**"Fortune favors the brave."**

*John Nash*  
(father of professional basketball player Steve Nash)

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# Recovery at Hand for Small U.S. Businesses?

Owners of small U.S. businesses don't seem to be experiencing an economic rebound. Not by a long shot. They also appear to have little confidence that better times are near. This is in contrast to both public equities (i.e., the "stock market") run that continues unabated and regular media reports of improvements in global macroeconomic indicators. Here are excerpts from the National Federation of Independent Business (NFIB) January 2010 survey of U.S. business owners (2010 Small Business Economic Trends Report). "2009 did not end on an uplifting note," reads the January 2010 Small Business Economic Trends report issued by the National Federation of Independent Business (NFIB). In its most recent survey of managers of smaller U.S. businesses (a mean employee count of 13):

- Profits continue to fall. Just 12% of owners reported higher earnings the past three months (4Q09) compared to the three months prior (3Q09), though 3Q09 was a terrible quarter for earnings.
- Owners reported lower revenue over the past three months and see no increase in revenue in the ensuing three months. The percentage of business owners reporting lower sales for the quarter remained near the record low reported in March 2010 and 51% of owners surveyed expect even lower revenue the next three months.
- Capital spending remains at a record low. Just 44% made a capital expenditure in the past six months (lowest level since survey began in 1979) and a mere 18% plan to make one or more in the next three to six months (just two points above the 35-year low).
- Owners continued to shed inventory and plan to shed more. The inventory index recorded its largest inventory decline since the survey began. This is shocking, given that small businesses have been shedding inventory since mid-2007. Moreover, more reductions can be expected as more owners plan to reduce inventory levels going forward than plan to increase.
- Owners became more pessimistic in December and overall optimism remained at historic lows. "Optimism has clearly stalled," said NFIB. The Index of Small Business Optimism fell in December 2009 to its second-lowest reading since 1980 (the lowest was in March 2009).

The U.S. Federal Reserve tracks economic activity across a much broader group of indicators and includes data such as consumer spending, tourism and commodity prices.

The January 13 Federal Reserve "Beige Book" reports a modest economic recovery throughout the United States. It also found some optimism among manufacturers, in apparent contrast to the recent NFIB report.

## Lots of Fuel but No Fire

We are more than two years into this recession. One would expect inventories would have long ago been reduced to minimum levels (and thus a mild resumption of inventory purchases) and that profits would begin to rise due to prior cost reductions (both of which should stimulate economic growth).

- Interest rates remain at historic lows (an economic stimulus).
- The federal government is spending like mad (an economic stimulus).
- Federal and state taxes remain below historic peaks (an economic stimulus of sorts).

When will the recovery arrive for owners of small and mid-size U.S. companies? Your guess is as good as mine, but historically recessions do end and it seems there can be nowhere but up from here. Of course, we've been saying this for months now and, according to the NFIB, we continue to be proven wrong. [tbo](#)

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How do things look from your perspective? Is the economy improving? Share your experience with your peers with a post to this article at the URL at the bottom of this page.

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"Of course, this is a worst-case scenario."

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## BOOK REVIEW

# Concise Overview of Business Valuation

Reviewed by Julio Flavors

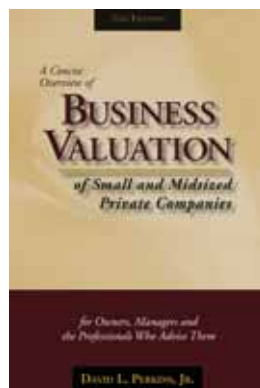
Certain concepts are really hard for me to grasp. Infinity. Light. The space-time continuum. Retirement. Business valuation.

As a business owner, I can get by without fully understanding the meaning of "infinity" and "light-year." But "business valuation" might hit home, especially when it comes to understanding "retirement."

None of my college courses taught me how to value my own business. Why? Maybe the professors themselves didn't understand it.

Once I attended a seminar on business valuation. I was interested in the subject and in removing my dark cloud of ignorance. But I was lost. I just sat there critiquing the presenter's style and the quality of listeners' questions — wondering if I was the only one in the dark.

Later, someone told me that the presenters of these seminars really don't want you to "get it" anyway — because then you wouldn't need to hire them. In other words, their whole objec-



tive is to convince you that you have no chance of getting it and need to hire them to do it for you.

My frustration turned to complete apathy. Later I was in the bookstore and saw a little book called *A Concise Overview of Business Valuation*; \$35 later I wondered if I was on another path to disappointment.

But I was not disappointed. The book is clear and succinct, and offers a commonsense approach to business valuation. Chapter by chapter, Perkins helped me understand basic concepts of business valuation. Although I have no mistaken belief that I can now value a business with confidence, I can honestly say that the dark cloud has lifted.

I also see that I need to work on building value in my own business.

After reading the chapter on "Value Drivers," I recognize characteristics of my business that, according to Perkins, drag down value. The good news is that they are things I should be able to change.



Clip here and return completed form with your check or credit card information to: The Business Owner, 5727 South Lewis Avenue, Suite 400, Tulsa, OK 74105

**Buy your copy of *Concise Overview of Business Valuation* today!**

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