LEVERAGEMAGAZINE™
for Entrepreneurs

YEAR-END PLANNING IN THE MIDST OF COVID-19

MOTIVATIONAL
BUSINESS FINANCE

VOLUME 3/ISSUE 1

FALL 2020

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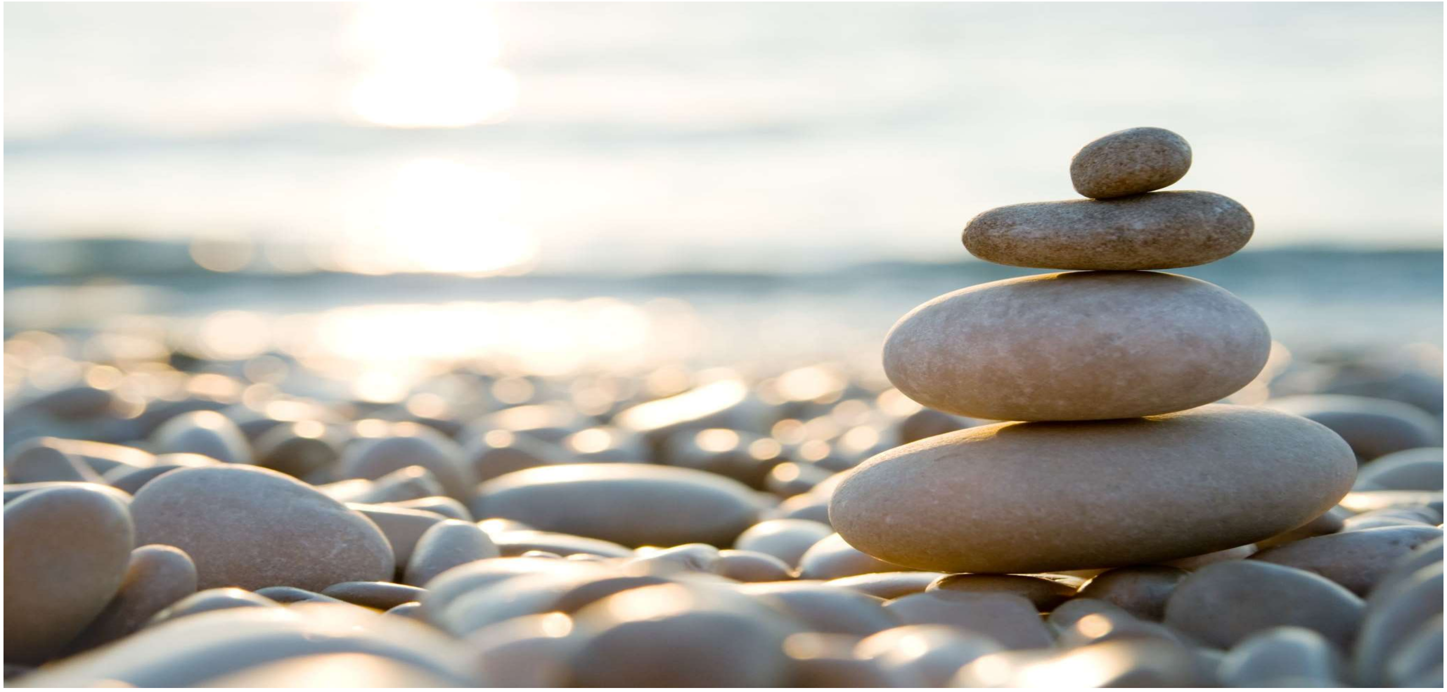

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Volume 3 / Issue 1 FALL 2020

EDITOR'S LETTER:

Dear Reader:

Welcome to the FALL issue of LEVERAGEMAGAZINE for the year 2020!

It is a privilege for us at GALLANT and LEVERAGEMAGAZINE to provide you with in-depth, relevant, reliable business financial expertise so that you can use it towards growing and expanding your business.

2020 has been a year full of unexpected events that have led businesses to shut down, to re-aligned themselves and to thrive in different ways. Industries have collapsed, enterprises have filed for bankruptcy and millions of employees are still unemployed.

Indeed, a lot changed in 2020 with COVID-19 and its effect on our economy, worldwide and in the United States. As a result, we have put together this issue of LEVERAGE for our clients and subscribers so that to provide you with the tools and best practices and items of interest to consider as you and business owners plan for year-end and prepare for #2021.

I hope you find this issue with interesting articles assists you in planning for year-end considering different aspects of your organization or enterprise.

I welcome your letters as always. Please if you can send those to us via email at mlopez@bymarialopez.com or by mail, Gallant, 3105 NW 107th avenue, Suite 400, Miami, FL 33172.

Yours Truly,

Maria M. Lopez, Editor, CPA

www.thegallantadvantage.com

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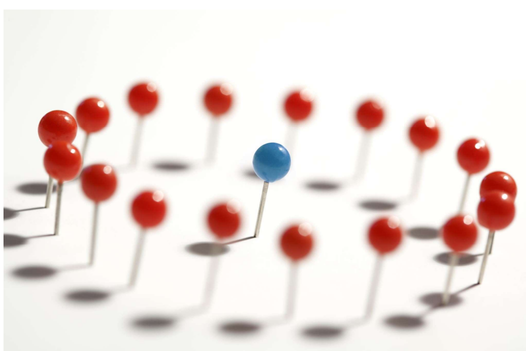
METRICS TO GROW A BUSINESS

There are many methods to grow a business; we want to increase the bottom line of the business and it all starts with the top line or revenues and sales.

The first thing is to increase the lead generation activities: by either having a social media campaign or hosting seminars and events, etc. Another strategy is to increase the conversion rate of leads to customers and increase the number of transactions.



ABOUT OUR EDITOR

Maria M. Lopez founded GALLANT, in 2016, a group of companies engaged in the media and communications industry and in the accounting and tax services industry, working with business owners and entrepreneurs and their families.

Prior to launching GALLANT, Maria was Director of Tax in the Tax Divisions of publicly traded companies and for 20 years as a tax advisor with PwC (PricewaterhouseCoopers), and EY (Ernst & Young).

Today, Maria is the principal of GALLANT ACCOUNTANTS & ADVISORS, providing accounting and tax services and solutions to business owners and entrepreneurs in growing sustainable businesses and increasing the financial net worth of their families.

Would you like to contact our Editor?

You can email Maria at mlopez@bymarialopez.com and also you can visit our website www.thegallantadvantage.com

Our *LeverageMagazine* webpage is currently under construction.

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LLC IN SIMPLE TERMS

A limited liability company is a type of legal entity structure where it allows for legal protection of its members as if it were a corporation. Different states provide a variety of legal protection to LLC's.

A single member LLC, where there is only one member owning 100% of the company, is generally treated as a "disregarded entity" for IRS tax purposes, which means that all of the income and expenses of the company are reported on the member's personal Individual Income Tax return, Schedule C.

COVID-19: A BRIEF SUMMARY

In late 2019, the news spread about a new coronavirus, SARS-CoV-2, which initially began with an outbreak of respiratory disease and pneumonia in Wuhan, China. Since then, the new coronavirus has spread around the world, sickening hundreds of thousands of people, causing death to hundreds of thousands, and affecting the economy of countries and cities and communities.

The novel corona virus took the world's population by surprise; it had been since about 100 years ago that the world's population had not been affected by such a disease spreading worldwide with such a drastic effect on human lives.

COVID-19 is spread primarily through respiratory droplets. When an infected person sneezes or coughs, the virus can travel from one person to another, either directly or via an intermediate surface.

During the months of March and April 2020, COVID-19 hits the surface in the United States and immediately many cities and states proceeded to shut down, closing businesses and schools and communities. Residents and others visiting had to remain in lock down, staying at home for a duration of about three to four months, depending on the city and locality.

These events, the health concerns and the economic shutdown had a negative financial effect on the economy, specifically in the space of the entertainment, media, restaurants industry, and almost every industry where consumer contact is necessary in order to deliver a service or a product. Other industries and businesses became successful and more profitable since their industry is virtual, depending a whole lot on technology and the internet.

This issue of LEVERAGE MAGAZINE attempts to explain our lessons learned during COVID-19 and how we as entrepreneurs can rise to the challenge and plan for #2021, a new year.

"At Gallant, we provide the financial data and accounting & tax solutions so that you can focus on growing your business"

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THE DAYS WHEN THE WORLD BECAME VIRTUAL

An entrepreneur is the individual that enters into a business endeavor with the aim at making profit. Profit is essential to the success of the goal of an entrepreneur because without profits it makes it very difficult to long lasting sustainable business. COVID-19, the novel corona virus, hit us hard in the U.S. economy during its inception and spread in the U.S.A starting in the months of March and April, 2020. With millions of residents, families, entrepreneurs, business owners, employees and staff, and everyone living at that time in the country, became permanent residents of their homes where normal activities such as going to the grocery store became the only outdoor activity allowed because of the nature of the corona virus spread. People from all ages, locked at home, millions lost their jobs and became unemployed and they only had access to their TV's, Radios, phones and internet to keep communication with their friends and family, to remain informed of the existing health crisis, and to search for new ways of doing business and keeping their families and theselves entertained and sane during the lock-down period. Many businesses were able to survive rapidly and even thrive during this economic crisis: such as Netflix, and other entertainment outlets where the entertainment [videos, gaming, movies, etc.] are shared over the internet. Virtual meetings on ZOOM started to become the norm and expanded very quickly where by many were sharing news, tips, best practices and other information to remain afloat in their business, finding new ways to remain top of mind to their customers and consumers. ZOOM and other many video conferencing vendors and companies became very successful and offered the world a new way of doing business and a new way for communication and getting things done remotely.

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LESSONS LEARNED RE: COVID-19

Definitely the financial lessons learned during COVID-19 take the number 1 or number 2 position in the priority list, simply because had many of our population have had the emergency funds, both personal and business, saved prior to such a health crisis, many would have survived financially and would have met such a crisis with more resources and stayed afloat.

These are some of the business and financial lessons learned:

1.What business agility really means. Entrepreneurs, business owners, top executives and employees alike, had to be agile to adapt and respond quickly to the changing events. Millions became unemployed given the uncertainty of the times. Corporations and businesses did not have the sufficient cash flow or saved funds to continue to provide for the salaries and compensation of their employees, not knowing the severety of the situtation and health crisis. Mindset comes with business agility; many unemployed sought unemployment while others began to wonder if they should start a new business during this economic crisis and what that new business should be so that it is expected to offer services despite COVID-19.
2."We must live below our means", I have heard this phrase many times shared by many financial advisers and financial consultants and coaches. It is indeed true. Regardless of the amount of income and earnings, and whether one has mutliple sources of income, living within our means means having the sufficient amount of cash in-flow in a business and in our personal lives to cover expenses and the cost of any outstanding debt. The financial scarcity or lack of financial resources in many businesses and families alike, led to the closure and bankruptcies of many enterprises, and to the worries and concenrs of millions of unemployed families not knowing where they would get the next paycheck to provide for rent, foods and other supplies necessary to remain afloat.
3.Last, innovation. Those who were able to bounce back quickly, whether leading a business enterprise, small or large or medium, or creating new ideas to stay afloat financially creating new services or products, entering a new industry, etc., were able to become successful during this health and economic crisis. Hence, innovation is key to the survival of a nation and its people.

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ARE YOU LOSING TOP TALENT?

Managers and leaders are the conduits to employee engagement and retention. Unfortunately, over 70% of them are operating at least two levels below the position they hold. This has a significant impact on your organization's ability to attract, engage, and retain top talent.

Molto Crescendo

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DO YOUR LEADERS

1. MAINTAIN FOCUS?
Sets vision and direction aligned to the overarching strategy.

2. ENSURE ALIGNMENT?
Gains buy-in and commitment to deliver on key objectives.

3. DRIVE RESULTS?
Champions execution and drives bottom-line results.

4. BUILD CAPABILITY?
Shapes a culture that attracts, develops, and retains top talent.

READY TO HELP YOUR LEADERS GET OUT OF THE WEEDS AND POSITION YOUR ORGANIZATION FOR THE FUTURE?

We provide talent soluttions that help your leaders and organization thrve!

HOW CAN A BUSINESS CONSULTANT OR ADVISER HELP YOU DURING COVID-19?

I definetely recommend the following business professionals to be in your business power team: a tax adviser or CPA, a fabulous legal counsel, a creative marketing company, a sales business coach and others who can advice you in building the culture and vision of your business and help you in the implementation and execution of those goals.

Depending on your budget, your team of professional advisers can be larger and possibly more costly. I believe you must first get the clients first. Without much capital and funding, getting the client first becomes priority simply because this is possible your first resource for financial cash flow.

A business advisor or consultant can help you:

1. Re-set the vision for your company.
2. Remind you of your priorities.
3. Offer candid and objective advice and recommendations.
4. Save you money.
5. Save you time and effort.
6. Provide an accountability plan and sounding board.

The main goal of a business adviser or consultant is to help you grow your buisness, to provide the support and guidance necessary to take your business to the next level and to challenge you in some occassions where challenge is necessary to realign you mindset and get rid of any fears or blockeages.

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OUTSOURCING THE ACCOUNTING FUNCTION VS IN-HOUSE

Written by Gina Baisman, accountant and finance consultant

In our current business environment, it has become a common practice to many businesses to outsource certain professional services. The reasons as to why companies choose to outsource some of its professional or consulting needs varies from cost savings, seasonal services or due to the complexity of the service needed. One of the outsourcing services a company may opt to obtain is accounting professional services. If you are a business owner of a small to medium size company, one of the challenges that you may be facing is keeping accurate accounting records and issuing timely financial information. Maintaining an updated and accurate accounting system is not only legally required to file and pay taxes and permits and licenses, but it also provides critical financial information of the business performance. The business owner has alternatives as to how they may choose to be compliant with financial record keeping. It can outsource this function or have an internal accounting department. Whichever the choice, there are advantages and disadvantages that they must consider, to decide which will be the best alternative that will fit their business model.

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Method	Advantages	Disadvantages
Outsourcing	• Accurate updated professional advice • Savings in license and upgrades and maintenance of accounting system. • Timely delivery of financial information. • Optimal record keeping • More time to focus on business growth. • Seamless increased capacity to manage increase in transactions due to business growth	• Fees and costs may be higher. • Difficult to control cost savings, by laying off employees or reducing work hours. • Dependent on business hours of outsourced firm. • Engagement might be limited to certain type of services.
In-house accounting	• More control over management of the accounting department. • Ability to choose, update, expand or change accounting systems • Ability to manage or produce unexpected requests of financial information. • Greater flexibility to change financial report presentation.	• Limited professional knowledge of hired staff. • Unexpected leave of staff. • Higher costs of upgrading and accounting system maintenance. • Difficulties in managing processing information due to business growth. • Greater vulnerability to fraud or inaccuracy in financial records.

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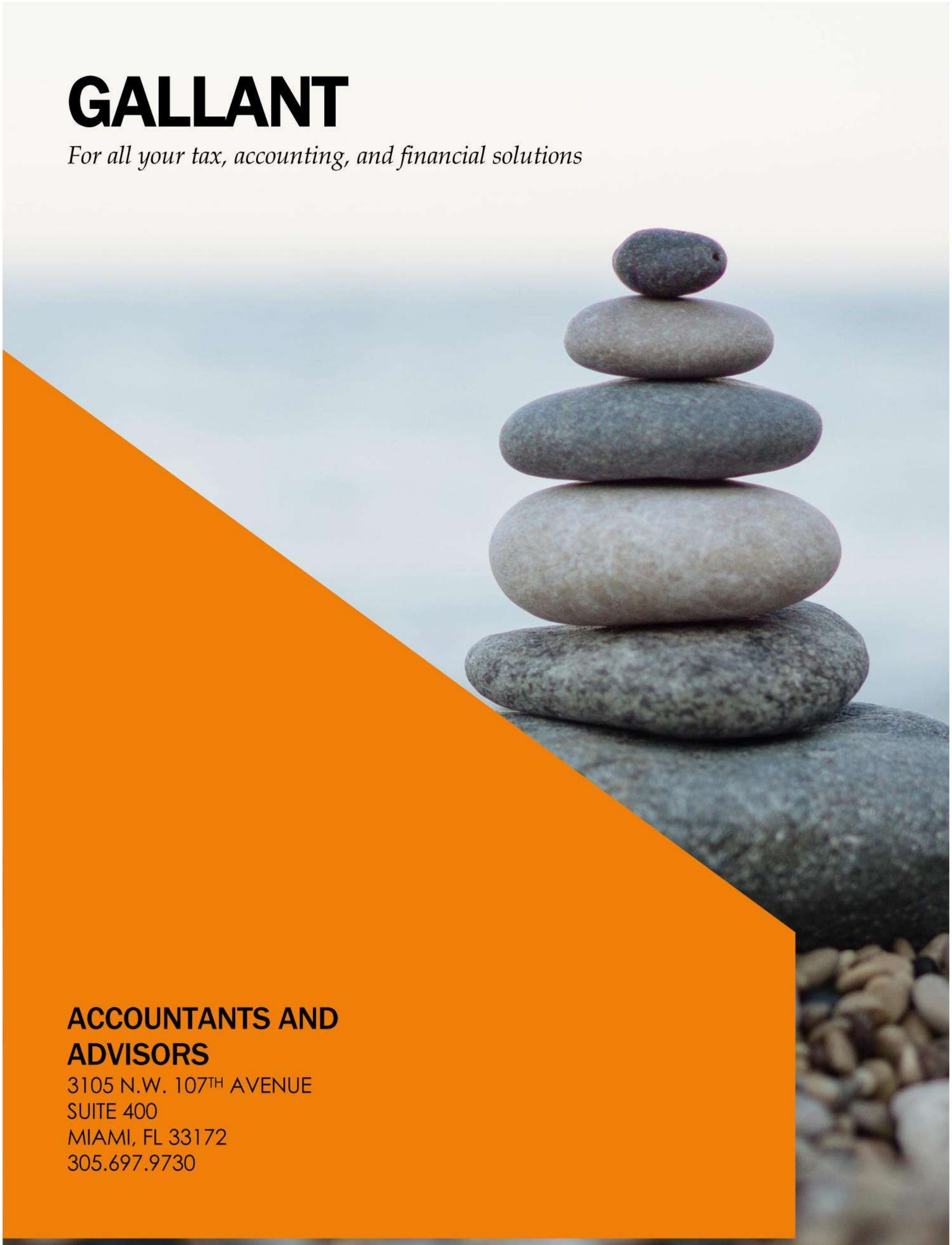
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VITAL SIGNS OF A BUSINESS – AN INDICATION OF SUCCESS OR FAILURE

HERE IS THE STORY

Written by Gina Baisman, accountant and finance consultant

Part of an essential business growth strategy is to monitor its vital signs. We generally hear this phrase in a health-related context; however, a business's financial and operational status can also be measured using a number of business metrics or key performance indicators (KPIs) that will provide vital information for decision making. As a good business practice, every business should analyze and adopt which are the most relevant KPIs to assess the performance of its business. These can be reported on a daily or weekly or monthly basis. Some companies prepare a "scorecard", which summarizes a number of these key indicators on a regular basis. A consistent periodic review of a scorecard ensures that management takes timely corrective courses of actions when there are negative trends. KPI's can measure financial, operational, marketing and employee performance. While there is a vast number of KPI's, following are basic metrics generally used by all industries.

Sales growth: (*Current Period Net Sales - Prior Period Net Sales) / Prior Period Net Sales***.**

Sales growth is one of the most important indicators in a business since it will show the growth in the market. This metric should be compared to a prior period or to a budget target. The sales growth should be measured in dollar amounts as well as in units whenever applicable. If the business works in a seasonal cycle, it is more significant to compare this ratio to the same period of a prior year.

Gross profit margin: *(Sales – Direct costs)/Sales*

Direct costs are related to the production of a good or a service provided. This key indicator will let the company know the efficiency of its operations. If information is available, the gross profit margin can be compared to other business in the industry and if the performance is comparably poor, a careful analysis of its business production process is needed to find where there are any inefficiencies that can be improved. An improvement in this ratio has a direct positive impact in the bottom-line results. This can also result in significant savings that can be reinvested in other areas of growth of the company.

Net profit margin: *(Net income/Net sales)*

This percentage will let the Company know how successful its performance was in a period. For every dollar that was sold, what was the final take away for the business owner. A low or downward training profit margin ensues a review of the Company's overall performance at all levels. Whether it is implementing strategies to increase its revenue pricing and or reduce its costs, the company will need the commitment and input of all areas to secure an improved performance going forward.

Accounts receivable turn over: *(Credit sales/average account receivables)*

If the nature of a business relies heavily on giving credit to it costumers or if there is not an immediate collection of money at the point of sale, the accounts receivable turnover will let the company know how efficient is its collection process. This ratio is useful when compared to other periods, or budget or industry. The company should make it a practice to periodically review in detail its accounts receivable aging to see whether there are significant collection issues. There may be serious repercussions to a company's liquidity if the accounts receivable collection has a negative performance. Management should consider revising its credit policies, credit approval procedures or collection procedures.

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Inventory turnover: *Direct cost / ((Beginning Inventory + Ending Inventory) / 2)*
Sales / ((Beginning Inventory + Ending Inventory) / 2)

and simple way to read the company's vital signs and be able to make informed decisions in a timely manner. This indicator will show how many times did the company sell and restocked its inventory during a time-period. The higher the ratio will indicate a higher turnover, which will in turn translate into higher efficiency and best use of the company's cash resources. A low turnover might be indicative of stale, obsolete or overstocked inventory. There will be different reasons as to why this ratio is low, including failures in marketing projections, strong competitors in the market, sales inefficiencies or even the possibility that the quality of the product itself should need to be reviewed.

Working capital: *(Current assets – current liabilities)*
Working capital ratio or current ratio: *(Current assets / current liabilities)*

Another critical business metric is the working capital or current ratio. This measures the company's liquidity and ability to meet its short-term obligations and operations. If management of a business notices a downward trend of its working capital or current ratio, immediate steps should be taken to address this issue. Important factors to be considered when assessing this ratio are the accounts receivable and inventory turnover. If the accounts receivable and inventory amounts are handled inefficiently and have low turnovers, the current assets will be overstated, and the current ratio will not be reflected accurately. Another factor to watch for is non-current assets inappropriately included as part of prepaids and intercompany or other receivables that will be collected beyond twelve months. Short term liabilities should also be reviewed to ensure that current portions of long-term debts are accurately reclassified

Asset turnover: *Total Sales / ((Assets at beginning of the period / Assets at end of period)/2)*

This is a useful ratio to measure the company's efficiency related to the use of its assets to produce revenue. The acquisition of assets in a company is for the sole purpose of producing revenues and therefore yielding a profit for its business owners. The higher the outcome of this ratio signifies an efficient optimal use of the company's investment in its assets. This ratio is unique to every industry and should be compared to prior periods or similar competitors in the market. When assessing this factor, the company should consider whether there has been a recent asset acquisition that has not had an impact in its revenues, in which case such assets should be excluded from the calculation.

Debt to equity ratio: *Total Liability / Equity*

To fund its working capital needs or long-term acquisitions, a business generally relies on debt and other liabilities. This is a healthy practice in which many companies engage in. However, if the company is trending towards relying excessively on its liability as a source of funds, it could be a sign of an adverse situation in its liquidity and business performance. This is a critical ratio for banks when issuing a loan to a company, since it is reflective of how well the company meets its debt obligation at any given time. As in all other KPI's, the company should compare this ratio to prior periods and other similar competitors in the industry.

Other KPIs:

Depending on the type of industry or company size, management should select a group of KPI's that will be unique to measuring their metrics. Each company must develop their own scorecard providing a measurement of the company's vital signs. KPIs are not limited to financial ratios but can also be expanded to measure the performance in other areas of the business such as production, operations, information & technology, marketing, human resources, and customer service to name a few. The main goal is to provide an efficient and simple way to read the company's vital signs and be able to make informed decisions in a timely manner.

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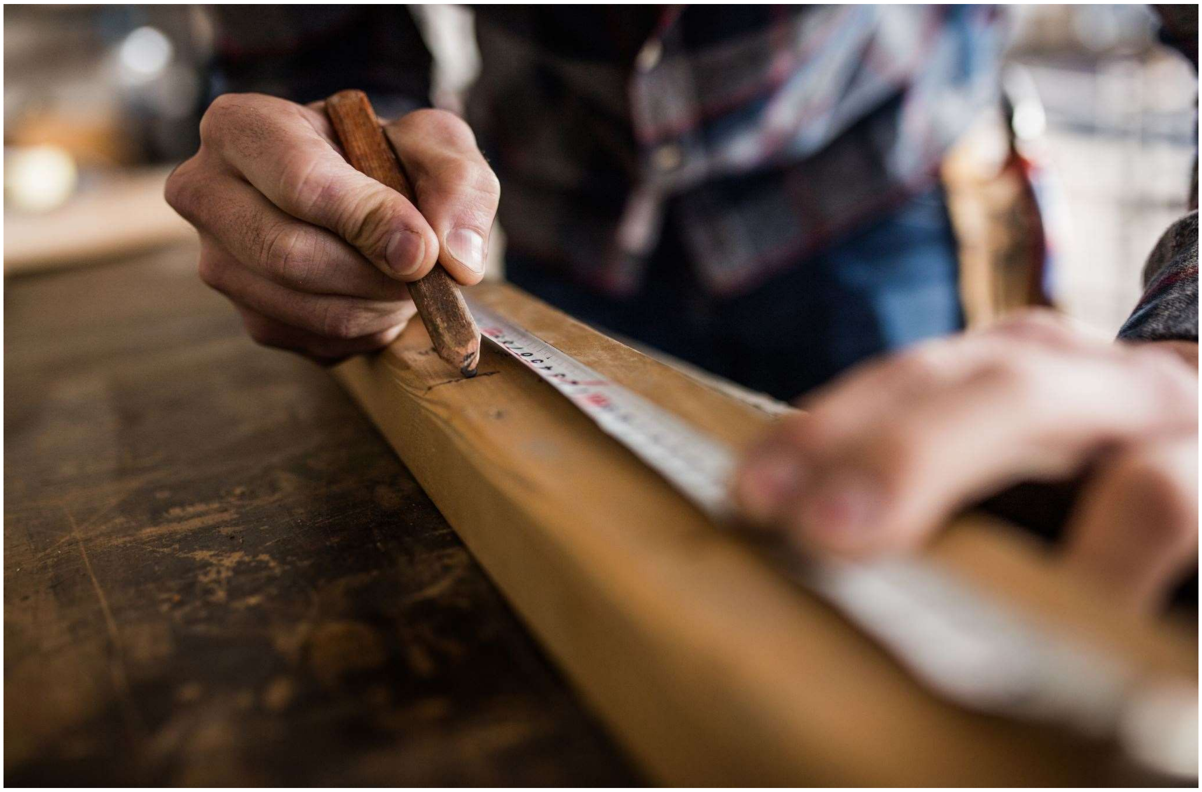

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*At **Gallant Accountants & Advisors**, we work together with our clients in teams so that we provide them with the financial information and the tools and techniques necessary for them to stay on top of their finances, to grow and expand their businesses and to build it with sustainability.*

JACKIE MATOS & ASSOCIATES LAUNCHES A 90-DAY CLEAR FRAMEWORK ™ AGILITY PLAN TO HELP C-SUITE EXECUTIVES MANAGE THROUGH UNCERTAINTY

JMA's CLEAR Framework™ transforms and empowers leaders with a unique peer-to-peer learning to drive mission-critical goals and objectives

CORAL GABLES, FL October 1, 2020 – Jackie Matos & Associates (JMA) announced today the launch of its proprietary 90-Day CLEAR Framework™ Recovery Plan to help leaders manage through a global crisis. The CLEAR Framework™ leverages a unique peer-to-peer approach and employs multiple learning methodologies to ensure success.

Methodologies employed include leadership assessments, self-paced learning, peer-to-peer sharing, reflection, action learning and individualized coaching – all with the objective of setting forth CLEAR deliverables, consisting of five key modules:

1. **Culture:** Build a strong culture that has a clear sense of purpose and inspires engagement, trust, and collaboration amid change and uncertainty
2. **Leadership:** Establish an agile organization that demonstrates resilience, critical thinking and change management; build teams that innovate, embrace ambiguity, and value diversity
3. **Execution:** Formulate and execute strategy while capturing the heart and minds of the team; Demonstrates behaviors that drive key organizational metrics
4. **Accountability:** Develop team cadence and clarity of focus; create an environment of engagement, contribution, and synergy
5. **Results:** Identify key metrics that lead to organizational success and supports short- and long-term revenue goals

Jackie Matos, founder of JMA said "As a strategic partner, we are committed to delivering a highly customized experience that will transform and empower your leaders with new ways to think strategically, extend their influence, and have a greater impact on their organizations."

"Working with Jackie Matos & Associates has been a pleasure. They are truly a strategic partner for executive coaching and leadership development. Their ability to customize solutions based on my business objectives, as well as their strategic results focus truly sets them apart. Their methodology elevates leaders to a superior level of interpersonal and strategic leadership, and I would recommend them to any organization looking to move their leadership talent forward."
Cindy Gil-Avila
Senior Manager, People Development, YPO

To learn more about JMA's 90-Day CLEAR Framework™ visit info@jmaexecute.com and sign up for a complimentary consultation and analysis of your needs.

For the past 15 years, JMA has been helping companies create double digit growth by improving leadership, execution, and organizational excellence. A few of their clients include DHL, Florida Blue, YPO, NBC Universal, Draftpros, Fox Network Group, Boston Scientific, Perry Ellis International, Costa Farms, Employbridge, Westaff, Playa Resorts and Allstate.

BUSINESS BOOK REVIEW OF THE MONTH:

FINANCIAL RESET: How your Mindset About Money Affects Your Financial Well-Being to build massive wealth by Nany J. LaPointe

Writtent by Maria M. Lopez

Fabulous book I read this weekend from Nancy J. LaPointe. The book is on the mindset and a financial reset that we often must design and implement on if we want to be successful in creating wealth, having more cash flow and making a financial positive dfiference in our lives and in our businesses.

Nany goes on to describe 7 money attitudes, both unhealthy and healthy ones about money and your personal finances. I find this book very appealing for the current financial and economic crisis we are living in during the COVID-19 and it is a great book to reset our financial mindset during any crisis and at any time. The money attitudes are as follows:

1. Acting without forethought or focus versus acting with intention and purpose.
2. Having uncontrolled or untracked spending versus planned and controlled spending.
3. No reserves, emergency funds or put and take accounts versus funded and properly used and maintained reserves.
4. Having a high level of debt and rolling credit card balances versus limited debt without ongoing credit card balances.
5. Negative cashflow versus well funded and structure investments program for long-term goals including retirement.
6. None or inadequate risk management versus positive cash flow, short and long term.
7. Zero or weak health, car, home, life insurance versus rational well structure risk management protecting tangible and intangible assets.

These and other money attitudes are relevant in getting to know your money mindset and building the mindset that will allow you to accomplish the goals you have set for yourself, your business and your family. Your mindset about money affects your financial well-being.

I highly recommend reading this book by Nancy J. LaPointe; it is quick read and it provides wise and sound advice from someone who is familiar with money as a Certified Financial Planner.

“Be fearful when people are greedy, and be greedy when people are fearful”, Warren Buffet

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INCREASE THE PROFIT OF A BUSINESS

ANALYSIS

Written by Maria M. Lopez

How can we increase the profit of a business?

- Lower the business expenses: by creating and managing a budget
- Increase your sale volume:
    - Introducing new products or services
    - Expanding your market and market niche
    - Increasing lead generation activities
    - Increasing the conversion rate
    - Increasing the number of transactions

What are some lead generation activities?

- Radio advertising
- Magazine advertising
- Postcard mailings
- Videos and social media campaigns
- Hosting seminars and events
- Building a website and social media platforms and more

Lead generating activities are crucial to the success of the sales of a business. Without a lead, it is difficult to make a sale unless you position your business at the right physical location where most of your customers and clients are at.

What are some of the methods to increase conversion rate?

Some of the most common ways to increase conversion rate are: to define your uniqueness, print a benefits list, use testimonials, show results from previous projects, prepare information sheets and quality brochures, write company's vision and mission statement and promote it, do an audio or video sales demo, provide value such as ideas and recommendations, follow up and follow up again. Increasing the conversion rate of leads to clients can very easily double your sales in a given period and beyond.

How can a business owner increase the number of transactions?

Increasing the number of transactions is clearly another way to increase annual sales. Some of the ways to do that are: hosting information nights, providing a checklist for free, mailing holiday or special occasion cards, sending out a newsletter, doing email marketing campaings, streamlining your service, introducing upgrades regularly, etc.

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BUSINESS PLANNING

EMPLOYEE BENEFITS

- Group Health
- Group Life
- Group Disability
- Group Long Term Care
- Group 529 College Savings

BUSINESS CONTINUATION

- Disability Overhead Expense
- Key Person Life
- Key Person Disability
- Buy-Sell Funding
- Disability Buy-Out

DEFERRED COMPENSATION

- Non-Qualified Planning
- 401(k)
- Simple IRA
- SEP IRA
- 412i (defined benefit)

PERSONAL PLANNING

INSURANCE

- Life
- Disability
- Long Term Care
- Critical Illness

INVESTMENTS

- IRA (Traditional/ Roth)
- Annuity (Fixed/ Variable)
- 529 College Savings
- Personal Accounts
- UGMA/ UTMA

NEEDS ANALYSIS

- Retirement
- Survivorship
- Education
- Asset Allocation
- Estate

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THIS MONTH'S ISSUE YEAR-END BUSINESS PLANNING ARTICLE:

REALIGNING YOUR BUSINESS

Written by Maria M. Lopez

I love year-end as a business owner because it is always an opportunity to check in, review what happened during the year, evaluating year to date results and planning for the next year.

As a financial consultant and CPA, I highly recommend that before the new year begins you start planning for the next year. This is usually done in the year end months: October, November, and December. It is crucial that during these months we re-evaluate our goals and business objectives and utilize the year to date financial and marketing and sales results of our business so that to plan the next year sales and path for the business to take. Aligning ourselves with our vision and aligning our business with our vision, offers a clear and concise roadmap to follow. It is easier to succeed when having a roadmap.

Here are 10 steps to take to plan for year-end:

1. Financials: BALANCE SHEET. The financial statements are relevant to determine the success of your business in the current year as well as to predict or project the future of your business. We know the balance sheet is the first set of financial statements that tells you the picture of how much cash you have available, how much savings is in the business, and how many bank accounts you have on hand. Questions I would ask about the balance sheet when evaluating your business are the following: what is the normal balance of cash, what are the major inflows of cash, how long does it take to collect on accounts receivables, is inventory turning every 30 days, is there obsolete inventory.
2. Financials: INCOME STATEMENT. This is the second set of financial statements one must review to determine the effectiveness and profitability of your business. It shows whether the company is profitable or not. I would review this statement together with my CPA or business consultant to evaluate the sales year to date and compare those to prior year(s). Questions I would ask are: why was consumer consumption lower than expected, how did the forecast show up compared to the actual sales, how did we do on expenses versus budget, what expenses can be lowered next year.
3. Financials: CASH FLOW STATEMENT. This statement tells how much cash is entering and leaving the business. The cash flow statement can be prepared by month or by year or by any period, during the business cycle. It is generally divided among the financing, operating, and investing activities. If you are looking for a business partner or financing, loan or capital, investors and creditors would generally review this statement to determine there is sufficient cash flow to pay the debt or funding.
4. Income Tax Planning. Taxes are approximately 40% of the cost of living. In essence 40 cents of every dollar you earn goes to pay for taxes: payroll, excise, sales, income, and property. Because of this high cost of taxes and the thousands of pages of the Internal Revenue Code, tax planning is essential to the operations of a business. The first step in the process of tax planning is when you selected or will select the choice of legal entity for your business: corporation, s corporation, partnership, or limited liability company. Other forms of tax planning include accelerated tax depreciation, for commercial and residential property, deferring income to next year, and accelerating deductible expenses to the current year. If, however, you predict taxes will change in the next year, you can plan differently.
5. People. We cannot plan for year-end and evaluate your business and the reasonableness of the talent or staff in your organization, without doing performance reviews and reviewing whether you have the right number of staff and the right talent aligned for your business. Questions I would ask when evaluating the talent of your business: have you lost employees during COVID-19, did you hire new employees, would they require training and support, would you offer them new benefits, is everyone commuting or working remotely, how are your employees managing the stress of COVID-19. These criteria are necessary to ensure your business is properly and effectively staffed.

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6. Technology. It is no coincidence I am highlighting technology after people. AI has increased over the past few years taking the place of people in many functions. Technology is automating our world and the world of businesses. Technology is both: software and hardware. I would review the technology you are currently using in your business and determine which new software, applications, or hardware is necessary for you to invest in. You need to determine if training is necessary and if the budget and planning for next year includes a spending plan for technology purchases. Questions I would ask are can a bank finance the purchase of new technology, do I need a server or the cloud for my business, what about server protection, encryption, and cloud-based protection.
7. Systems and Processes. A system is a group of things that are connected through activities. A process is the path of activities from step 1 to end of the steps or series of activities. Both, systems, and processes exist in your business. The question is whether the systems and processes are written or documented as part of your business manuals. You want to train your new employees in the systems and processes. You want to show these manuals to your investors or future business partners. Once you become more aware of these two aspects then you can communicate them more effectively and hire the right talent.
8. Marketing. Essential for every business is marketing: advertising and promotion. You must let the world know you are out there and the products and services you offer to the community; whether internationally or locally. Today, there is digital and traditional marketing. Which is the right fit for your business? Where are your prospects, clients, or customers? How can you reach them in the more direct way possible so that to make a sale, build a relationship and grow your business? Every business should have a marketing plan explaining how to achieve the desired outcome of sales for next year, a marketing spending plan, niche marketing, defining your products and services, hiring marketing personnel or working with a marketing outside consultant. In addition, we must measure the success of the marketing campaign and marketing plan.
9. Vision. Once you have completed a year end review of your business, I invite you to re-consider how your business is aligned with your vision. Is this the same vision you want to pursue? Has the business changed or must the business change? I would highlight how COVID19 affected the vision of the business. And how you can discover new ways or methods of expanding that vision and aligning it to the current situation of the country because of COVID-19.
10. Re-Align these factors and start executing. Without action, your business will not change. You must design an execution plan to make the desired changes and plan the future. You must define the timeline and how you will measure success.

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GUEST'S ARTICLE OF THE MONTH

THE NEW CEO HACKS: IT'S ABOUT THE CULTURE

Written by Ana Zamora, Financial Adviser

Recently I had the pleasure to speak to Kevin Hunt, dear client and friend of mine and the newest CEO for NANAK's Landscaping in sunny south Florida. When I asked him how he felt about this new journey and role he was super honest and said, excited and overwhelmed. He shared with me that a change was very needed and that he strongly believes that the most important part of this role for him is to hack the company's culture.

I have already committed to write this article and I was thinking of so many other things than this to write about but after the conversation with Kevin I had no doubt this is what I was supposed to share with you. It is time to hack believes aka the old programing!

Belief #1: It is all about the $ for the employees:

Hack #1: it is not all about the money-- it is about personal and professional growth.

According to a 2019 natural survey from the Harris poll, 70% of US employees say they are at least somewhat likely to leave their current company and accept an offer with a new company that is known for investing in employee learning and development.

Millennials and Gen Z are constantly shifting jobs or at least looking around. The commitment from an employee to a company is related to how much their personal and professional growth is involved. They want to reach their own goals and if you are interested in helping them to succeed, they will respond positively and in return guess what, your growth becomes their goal as well.

Start by not worrying about what to do or how to do it. Involve them in this hacking process so that they know you care. Remember, there is nothing better for an employee (I was an employee before and probably you were too at some point in your life) than being involved in the decision making and daily challenges. It makes us feel part of something bigger… is not that what we are always pursuing as human beings?

Belief #2: Building a benefit package for me and my workforce is an unnecessary big expense

Hack #2: Building a benefit package for you and your workforce is one of the smartest things that you can do. When your employees realize that the growth of the company is related to their compensation and that you are giving them more perks for being a part of the growth, you can kiss high turnover good buy. Putting a plan in place is very cost effective and the IRS allows you to take tax deductions for it. To make sure your employees appreciate it, give each employee a report every month showing how much you pay each month for their benefits (health insurance, disability insurance, maternity leave, life insurance and your gift (match) towards their retirement plan)

Belief #3: The 9-5 mentality works aka staying busy (yikes)

Hack #3: Flexibility works! NEWS FLASH: money does not come from effort. It does not come from time.

Employees that sit at their desk from 9-5 doing the same tasks over (things that you could easily automate) are not helping move the business forward. Trading time for money does not move your business forward. Just working hard for the sake of working hard does not benefit anyone at all.

Tim Ferriss says that **staying "busy" is a form of laziness.** Being perpetually busy is the same as being sloppy with your time, which is ultimately a form of laziness. Deciding to just "work really hard" means you are not putting in the work of figuring out how you can run your business effectively.

Give your employees (aka business partners) the ability to choose how to manage their time. There are night owls, there are sunrise lovers, the clock is not the same for everyone. Respect that and you will get more respect and more productivity out of them.

Your company culture is something you need to nurture as much as you nurture your customers. Hack at least these 3 myths when building the strategy to influence and grow your company culture… when your strategy considers both the happiness of your employees and customers, you can take the afternoon off and celebrate a great success! Cheers 😊

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"Creating a business includes People. With people, there is talent and opportunities for the successful growth of the business. How are we creating value for the people who work with us in our business?", Maria M Lopez, CPA

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GUEST'S ARTICLE OF THE MONTH

RIDING YOUR BUSINESS OF BAD LEADERS

Written by Thom Qafzezi, founder of Molto Crescendo

Before the COVID pandemic, businesses needed to focus on management and leadership quality, whether they realized it or not. You did not have to look far to find examples of "bad leaders" showing up in the press. For example, Away, Uber, Papa Johns, and others. When COVID hit, these leaders did not magically become stellar. Their weaknesses and flaws only became more prominent, as was evident from clients' calls asking us to help them navigate the fallout. The impact of these leaders on their companies and employees is why I founded my company and why we are so passionate about transforming the future of leadership within organizations.

How did we get here?

Generally, organizations hire and promote individuals into leadership roles who have shown no evidence of leadership capacity. What is worse, they continually apply this broken approach to talent selection despite the noticeable negative impact.

Our experience reveals 70% of managers and leaders, in most organizations, are operating two levels below their position. The result? Destructive cultures and loss of critical talent, costing companies billions of dollars a year, and in the worst-case scenarios - closure! The good news is, not all is lost. There is a way to turn this around. Here are four high-level key points.

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Four Key Points

1. Armed with a solidly defined mission, vision, strategy, and critical objectives, determine how leadership should be defined in your organization. Make sure to include not only the knowledge and skill requirements but critical behavioral competencies that drive and support employee engagement and motivation.

2. Use these requirements to create role profiles that inform your selection, development, succession planning, and termination processes.

3. Hire slowly and terminate quickly. Yes, I intentionally used the word *terminate*, as the longer a poor leader remains, the more significant the impact on your business, employees, and employer brand.

4. Apply these same standards to those on your Board of Directors. They may be part of the problem. Board members often allow these destructive behaviors to flourish and continue in organizations, despite the impact. They must own their role in the business's oversight, which includes ensuring the culture of leadership supports business sustainability and growth.

In a recent conversation with an HR leader, he shared that his organization would not be successful in the steps I outlined above. I asked him why. He said, "because that would mean that our leaders would have to accept the fact they too may not be suited for their position. That will never happen!"

I would not tell you how many times I have heard similar stories. And this is the very reason why there is a crisis of leadership in most organizations, and why we must do better when it comes to entrusting our businesses and our people to unskilled managers and leaders - even when it comes down to a founder.

Until leaders and boards are willing to do what is best for the organization and its people, versus serving their own personal interests, we will continue to see stories of bad leaders in the news and experience the continuing decline of worker engagement and trust within organizations.

How We Help our Clients

First, let me add that incompetent leadership does not have to be a destination for the leader. While sometimes it is a result of not having the right person in the right role, it may be simply a matter of providing them with the tools and support to excel. To equip managers and leaders with the characteristics needed to perform at the level of the position they occupy, we provide our clients with services that include:

- Perform job analysis and create role profiles for managers and leaders to facilitate communication of job expectations.
- Assessing current and/or potential leaders and managers on critical skill sets through use of cognitive and behavioral assessments.
- Conduct 360° review surveys to provide feedback to increase self-awareness and development.
- Provide executive coaching and development for existing and newly promoted managers and leaders.

These are just a few examples of how we have helped our clients ensure they are getting the best return on investment for their salary dollars and to ensure they are not losing valuable talent from leadership incompetence.

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Looking to 2021

As we begin to emerge from the COVID pandemic and look toward 2021, the final months of 2020 is a perfect time to execute and master the Four Key Points above. This is an opportunity to start fresh and finish smart.

Our Mission

At Molto Crescendo, we have a mission to create a crescendo of talented and impactful leaders by equipping managers and mid-level leaders in organizations with the skills and behaviors needed to re-engineer what leadership looks like within their organizations.

By successfully helping organizations select and develop managers and leaders, we can shape the leadership culture across Corporate America and replace the ineffectiveness tolerated in today's organizations.

Recommended Reading:

The Leadership Pipeline

Ram Charan

The Motive

Patrick Lencioni

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