

Advantage

Your personal finance edge

July–August | 2021

An isometric illustration of a business meeting. A man in a dark suit stands on the left, gesturing towards a large, 3D bar chart with a prominent yellow arrow pointing upwards. The chart has bars in yellow, red, and green. Around a light blue conference table, several other business professionals are seated or standing, engaged in discussion. The table is equipped with a laptop, a coffee cup, and various documents. The background is a solid blue color with a subtle geometric pattern of overlapping shapes.

Advisory services for the small business: A primer

Back to the books: Tips for mature students

Spend management for businesses | Beach blanket word search

Grow your team—the right way | Create an energy-efficient home office

Planning ahead now pays dividends later

"The time to repair the roof is when the sun is shining."

– John F. Kennedy

What JFK said so many years ago still rings true today when it comes to the power of proactivity—and the impact it can have on your personal and professional activities. That's why we made planning ahead the focus of this issue of *Advantage*, with articles that can help you make decisions for a brighter and more rewarding future.

Summer may be in full swing, but it won't be long before the last quarter of the year is here. One of the many great things about this time of year is the slower pace of summer for many business owners; it provides a perfect window of opportunity to think strategically about what you need to accomplish during the rest of this year and into the next. Taking a little time to plan ahead now will pay dividends later.

On the business side, we introduce you to the advisory services an accountant can offer to help your small business—and your sanity. We also give you the goods on spend management, which can help your business take control of its financial destiny. In addition, our tips to help solopreneurs can help you scale your business for future prosperity.

If you're working at home, our energy-efficient office tools will help you save money and preserve the planet in your own small way. And if you're also using your office as a place to pursue continuing education, we have some ideas that can make the transition back to learning an easier one.

Wishing you success!

Your Trusted Advisors

Summer provides a perfect opportunity to think strategically about what you need to accomplish in the coming months.

contents

July–August | 2021

Features

4 | **Advisory services for the small business: A primer**

Owning a small business isn't easy. But advisory services can make it easier—and keep you focused.

6 | **Spend management for businesses**

These tips to help you control and manage your supplier relationships and purchasing can have a big return.

8 | **Back to the books: Tips for mature students**

Going back to school can be a challenge; consider these tips to ensure your success.

10 | **Grow your team—the right way**

Try these strategies for scaling from sole proprietor to a business with a team.

Departments

2 | **From the firm: Planning ahead now pays dividends later**

We're sharing tips to help you plan for a brighter and more rewarding future.

12 | **Life and living: Create an energy-efficient home office**

Your home office may not be as "green" as you think—but these office tools can help you reverse that trend.

14 | **Mind flex: Beach blanket word search**

Let your mind relax with this summer-themed word search.



4



6



10



12



Advisory services for the small business: A primer

No matter what industry you're in, there's one thing all businesses have in common: Owning a business isn't easy.

Is it fun? Absolutely.

Exhausting? Totally.

Profitable? Hopefully.

Empowering? Definitely.

But easy? Rarely.

That's why small business owners, who generally don't have the assistance of a large team, can benefit from the support provided

through advisory services. It's a great compromise for the business owner who prefers to do what they do best—be an entrepreneur—instead of toiling over the day-to-day minutiae of running the business.

What are advisory services?

The American Institute of Certified Professional Accountants (AICPA) defines advisory services as “findings, conclusions and recommendations for client consideration and decision making.” While professionals from a number of fields can help small business owners in areas like marketing,

operations, IT, legal, management and more, for the purposes of this article we'll concentrate on the value-added advisory services an accounting firm can provide.

To break it down to its most basic, think of advisory services as providing the same functions as a CFO, at a fraction of the cost. In an accounting firm, your accounting professional (let's call him or her your advisor) can help you look to the future by monitoring the short- and long-term financial health of your business and guiding you with strategic business planning and financial projections—things you're too busy growing your company to spend enough time on.

How do advisory services work?

Your advisor meets with you regularly to discuss financials and offer insight into your data via reports on budgeting and tax planning/minimization. She or he will also help you track and analyze revenue and profit, expenses, payroll expenses, credit card fees, cash flow and any industry-specific key performance indicators (KPIs).

Because ongoing analysis is critical to the long-term success and sustainability of your business, these regular meetings help keep you from getting off-track from your business goals. Your advisor can focus on the bigger picture, which lets you focus on more urgent matters that need your attention.

What are other benefits of using my accountant's advisory services?

One of the major perks of working with an accounting professional as your advisor is their tax expertise. The firm can work with you to file your tax returns, and your advisor can help you answer other questions, such as:

- What business structure (sole proprietor, LLC, S-Corp, etc.) works most advantageously for my business?
- Which tax deductions can I claim?
- How can I improve my budgeting and cash flow management?
- What's the best way to handle my personal and business tax returns?

Another benefit is the knowledge an accounting professional brings to the table when there are tax law changes or special circumstances. Consider the fallout from the COVID-19 pandemic. Decisions on whether to close businesses or remain open, how to apply for and repay PPP/SBA loans, the financial consequences of employee furloughs, extended tax seasons, Restaurant Revitalization funds, etc.—it's their job to get up to speed quickly on tax changes, which is why it's smart to have them on your team.

Accounting professionals can also offer vital services like payroll and bookkeeping to a growing business, as well as advise you on the accounting software that works best for your situation. Plus, they're well-versed in business situations that affect different phases of a business's life—from improving internal controls to creating persuasive financial presentations for loan applications or potential investors, to mergers and acquisitions, succession planning, and exit strategies.

As your financial advisor, we're cheering for your success. If you'd like to free up your time to concentrate on growing your small business, ask us how we can assist you with advisory services that can give you a fresh perspective—and keep your vision focused firmly on the future. ■



Spend management for businesses

No matter what the size of your business, success requires keeping an eye on the income and expenses necessary to operate. That's where spend management comes in.

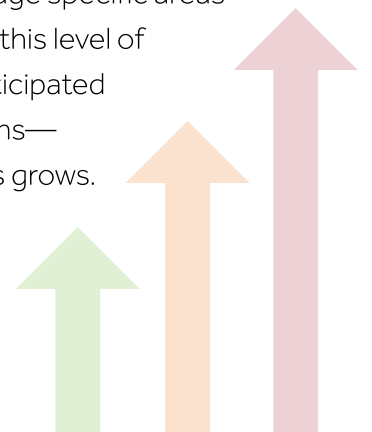
If you're not familiar with the term, spend management, also known as spend control, is a process of collecting, categorizing and evaluating spending data to reduce procurement costs, improve efficiency, monitor and control workflows, and regulate compliance. It extends to vendor management to ensure you're maximizing relationships and pricing through those channels, as well.

The goal of all this tracking, managing and analyzing company-wide expenses is to understand where money is being spent to avoid unnecessary spending, maintain book-keeping, make payments and manage supplier relationships throughout a transaction (or recurring transactions).

Let's take a closer look at the spend management function, how it can be improved and why it's important to your business.

Ideally, a spend management program should provide insight about finances in all areas of your business.

Expenses should be separated into different categories that can be grouped together or viewed individually. This allows you to easily identify, evaluate and manage specific areas of your spending. Without this level of expense awareness, unanticipated costs could create problems—especially as your business grows.



Effective spend management can save your business money.

By tracking and adjusting your expenses, the prices you pay for goods and services, and the cash flow related to your accounts payable, you'll be able to better control your overall spending and maximize every dollar, which can positively impact your profitability. These savings can then be more effectively allocated to other aspects of your business.

Spend management supports better financial decision-making.

An important aspect of spend management is creating a strategic system for financial control. A comprehensive spend management plan includes getting organized with orderly payment records, expense receipts, vendor contracts, and other initiatives that allow you to have accurate and timely reports on your expense activities. In doing so, you're able to see the true picture of your expenses, maximize tax deductions, and make better pricing and other business decisions, while also keeping suppliers and clients happy.

Implementing a solid spend management strategy also supports a proactive business model.

When you have full control and insight into your spending, procurement and cost structure, you'll always be ready to answer the demands of running a business. For example, your expense and vendor information will be at your fingertips whether you're preparing for tax season or need the information for audits or any other purpose, including your key accounting records.

A secure, cloud-based spend management platform allows your business to scale.

In addition to the strategic spend management controls, insights and analysis you can gain from working with an accounting firm to implement

a spend management strategy, using a cloud-based platform to manage your expenses and other related data provides the structure for scaling your business. It will also allow your invoicing, payment processing, and transaction tracking to be scheduled and automated. This will save you time and energy that can be better used in other aspects of your business. The data from this system can also flow directly into your accounting system, which allows your accountant to access the data and amalgamate it with your other financial records.

Spend management can play a key role to help maintain supplier relations.

As your company grows, it's likely your product lines and service offerings will expand—and your supplier relationships may become more complicated. It's important to view spend data in real time to ensure you're minimizing expenses and properly managing your payment process for your vendors. Missed payments and delayed fulfillments can be damaging to both suppliers and customers and could result in dysfunctional vendor-customer relationships. A spend management system can help you avoid these negative impacts.

The primary goal of spend management is to provide insights and control, allowing you to plan for the future of your business. Spend visibility can help position your business to operate efficiently and have the flexibility to adapt for future success. Ultimately, the data related to the spend management function can help you forecast your business finances, which has a significant, positive impact on your business plan.

Our firm can help you put an effective spend management strategy and system in place, plus recommend tools to help you manage spending in your organization. ■



Back to the books: Tips for mature students

Enrolling and attending college can be a challenge for anyone, but for an adult student, heading back to class for the first time in a few (or many) years can be especially nerve-wracking.

Work-life balance issues, new technology and other demands on an adult student's time can cause them to question their ability to succeed with yet another obligation on their plate. However, the potential rewards—career growth, increased earning ability and a growing professional network, among others—can make the serious commitment needed worthwhile.

If you're thinking about continuing your education as an adult learner, consider these tips to ensure your success.

Ask questions

The ability to ask questions and communicate issues is incredibly important for student success. It's always okay to ask for help or clarification, whether it's a question about an assignment, a new technology, or how to balance work, family and school commitments.

Find out about the availability of resources such as the institution's writing center, career counseling services, networking opportunities, childcare options and other resources for adult learners. Make it clear to professors, advisors, counselors and administrators what you need from them. They're there to help, but they won't know what you need if you don't ask.

Set goals and stick to a plan

Set attainable goals: long-term goals, like finishing your classes with an 'A,' and short-term goals, like weekly reading, reflection or writing assignments. For adult learners juggling responsibilities beyond the classroom, time management tools—many of them free, like Trello project management, Google Calendar or Evernote—or distraction-avoidance apps, can be a lifesaver.

Assemble your support team

Attending college as a working adult is a team sport. That's why it's important to build a healthy support system to help you achieve your goals with less stress. Friends, family, neighbors, classmates, faculty, staff...make sure each person on your team knows their role and how they can best serve the team.

You'll certainly need alone time to focus and study, plus you may need help with childcare, household chores and other everyday tasks that have to get done. Even if someone's unable to help physically, they can serve as cheerleaders to support you on your journey. Keep in constant and clear communication with your teammates—and know that they have your best interests at heart and will do whatever they can to help you succeed.

Most of all, believe in yourself

Going back to school as a working adult, often with a job and a family, is no easy task. It's the beginning of a new chapter that can lead to a better life, and those who successfully complete the journey should be proud of all they've accomplished. Don't let fear and self-doubt creep in. You've already done so much; you can absolutely accomplish this degree.

Remember, getting started is the hardest part. Take action now and apply to the college or training program you want, select your major, and sign up for classes. Will there be bumps in the road? Absolutely. Nothing worth having comes easy. But with your determination to problem-solve, persevere and learn, you're bound to succeed! ■



Grow your team— the right way

Sole proprietorships (sole props) are the simplest of all business entities to set up, but operating a sole prop doesn't mean you have to do everything on your own.

Some sole props remain "solopreneurs," but if you have your eye on scaling to expand, you'll need the help of others at some point. As you transition from a one-person show to a business with employees, consider these steps for success:

Before hiring employees, obtain an employer identification number (EIN).

The EIN is a unique nine-digit number assigned by the Internal Revenue Service (IRS) to business entities operating in the United States.

Set up records for withholding taxes.

When you think about how to hire your first employee, take taxes into account. Before you start searching for the right employee, you'll need to fill out paperwork to pay three different types of withholding taxes: federal income, Social Security and Medicare.

Be flexible—there's no timeline or guide for you to start hiring.

As you manage daily business operations, think about what could be best managed by someone else. Define the role(s) you're hiring for. Do you want to bring on one person, like an executive assistant or project manager, or do you need both? Once you've narrowed it down and defined the roles, post your help wanted ad. Conduct interviews and background checks, and make sure the candidates are eligible to work in the United States.

Be prepared for HR responsibilities.

With new team members come new human resources needs such as onboarding, training, personnel records, payroll, benefits and more. IRS guidelines require employers to obtain copies of an employee's Social Security card and another form of identification. The employer also is responsible for having the new hire complete a W-4 form, which indicates the amount to be withheld from

each paycheck for taxes. Employers must be sure they're withholding the proper amounts from an employee's paycheck and filing the appropriate tax forms on a timely basis.

After you hire employees, report your new hires to your state employment agency.

Next, you'll want to obtain workers' compensation insurance to protect yourself, your business and your employees. Most states require employers to obtain an insurance policy for workers who are injured or become ill due to a workplace exposure. Be sure to review your state's requirements and find a policy that suits your business.

Take care of payroll tax payments and reporting.

Once your first employee is hired, you'll need to set up a system to pay them and take care of payroll taxes. You can do payroll yourself, through an accountant or through a payroll service.

As you consider hiring employees, also consider hiring or outsourcing to a payroll, HR and tax compliance firm. These specialized firms understand that a small business owner has no such thing as a nine-to-five workday, and that your business, personal life and financial well-being are all intricately linked. Some payroll services also offer integration with your insurance provider and take care of new-hire reporting, which helps remove those headaches.

Remember, as you transition from a one-person sole proprietorship to a business with employees, your business model will change. You're no longer in charge of only you and your business; you'll have employees and added responsibility. Make sure you do your due diligence before you hire any additional employees, onboard them thoroughly and make smart use of their skills to help you achieve the next level of business success. ■



Create an energy-efficient home office

Those of us who have made the change from working in an office to working at home feel good about the gas and time we save by not commuting. However, it may surprise you to know that the average home office may actually consume more energy than a traditional office—even though we're "going to work" in our own house!

To help offset any negative impact on the environment and your energy bill, consider incorporating these energy-efficient ideas into your workspace.

■ **Put your accessories on a BUS**

A great way to save on your energy bill is to make sure your computer accessories are “BUS”-powered, which means they draw energy from your computer instead of being plugged into an outlet. Musicians can use a BUS-powered interface and microphone to record music; most live streamers can produce quality content with a webcam instead of a complicated camera rig; gamers can use wired controllers instead of battery-powered ones; and most of us can plug our mobile devices into a computer to charge instead of the wall.

This can ultimately reduce the amount of power you consume each month. And because these accessories turn off when they're unplugged or your computer is shut down, you don't have to worry about vampire power (the power gadgets waste just by being plugged in).

■ **Use more energy-efficient devices**

First things first: Laptops generally use less than one-third the energy of a typical desktop computer, so use a laptop if you can. Keep in mind, however, that constantly plugging your laptop into an outlet is also inefficient energy consumption. Consider the battery life before purchasing a new laptop. For example, Apple's newest MacBook Air runs on the company's custom-made M1 chip, which is significantly more power-efficient than the one it replaces. According to Apple, you can get up to 18 hours of battery life per charge.

Depending on the type of work you do, you may want to consider a tablet. Compared to desktop or notebook computers, tablets and slates are the most energy-efficient choice for simple tasks, such as browsing the internet or streaming content.

Whatever you choose—desktop, laptop or tablet—be sure to look for the ENERGY STAR certification.

■ **HVAC smartly**

One of the best ways to reduce your energy bill is by installing a smart thermostat, which lets you control the temperature of your house, or even each room, at a touch. You can also schedule regular changes in temperature throughout the day.

Consider adjusting your temperature to conserve more energy, and use a ceiling fan to maintain comfort.

■ **Make sure your imaging equipment is a star**

Whatever your specific need for a printer/copier/scanner/all-in-one, make sure to choose one that's ENERGY STAR certified. According to energystar.gov, if all imaging equipment in the United States was ENERGY STAR certified, we could save more than \$32 million in electricity costs and prevent 596 million pounds of greenhouse gas emissions every year—equal to the emissions from more than 57,000 vehicles.

■ **Consider smart lighting**

Smart light bulbs can help lower your energy bill by giving you control right from your cell phone. You can use the app to turn your lights on or off...or dim them to use less energy. You can also set your lights on a specific schedule, based on the amount of natural sunlight in your home office. If you want to save energy and have a little extra fun, check out some of the energy-efficient color-changing bulbs.

■ **Remember one last tip**

As we mentioned, always look for the ENERGY STAR label, which is the trusted, government-backed symbol for energy efficiency. ENERGY STAR products and practices help consumers save money and protect the environment. Something else to keep in mind as you move to more energy-efficient options: Going energy efficient may offer opportunities for rebates and tax credits, so be sure to ask your tax professional if you qualify once you give your home office its eco-friendly makeover. ■



Beach blanket word search

Grab a beach blanket and lay it on the sand (or your lawn, if you can't get to the beach), and let your mind relax with this summer-themed word search.

A	L	F	S	E	S	S	A	L	G	N	U	S	E
B	I	E	I	R	S	E	E	H	B	O	F	E	D
L	F	W	N	E	K	L	F	A	M	I	L	Y	R
A	E	I	I	L	N	G	W	H	A	G	O	T	A
N	G	R	K	O	U	G	K	A	A	O	A	O	O
K	U	E	I	O	R	O	S	E	V	T	T	W	B
E	A	T	B	C	T	G	N	H	B	E	E	E	F
T	R	A	D	N	A	S	S	R	O	O	C	L	R
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R	G	G	T	B	E	A	C	H	B	A	L	L	K
N	S	E	A	S	H	E	L	L	S	A	K	B	E
A	S	L	L	U	G	A	E	S	A	U	E	E	A
S	S	U	I	L	S	N	A	C	K	S	S	O	R

- | | | | |
|-----------|-----------|------------|----------|
| SPEAKER | SEASHELLS | SURFBOARD | FLOAT |
| TRUNKS | BIKINI | GOGGLES | SEAGULLS |
| BEACHBALL | TOWEL | SUNGLASSES | NET |
| LIFEGUARD | WAVE | HAT | BOOK |
| SUNSCREEN | BLANKET | SHOVEL | SAND |
| WATER | SNACKS | FAMILY | COOLER |

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LEIF E. PETERSON, CPA

Reach new heights



When it comes to your financial strategies and well-being, you can count on us to help your business reach new heights. From your monthly financial management, to your tax strategies and planning, we have the knowledge and commitment to keep you growing safe and sound.

Turn to us as your trusted advisor.