



CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS
PRESENTS

BOTTOM LINE

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FOR YOUR BUSINESS**

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THE WAY TO A BIGGER BOTTOM LINE**

BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING YOUR BUSINESS

FROM THE EDITOR - TIMOTHY J. MCHALE, CPA

Welcome to the Winter 2020 edition of The Bottom Line. With Winter comes our least favorite time of the year, Tax Season. For many of our clients, the tax return filing for compliance is the end of a cycle that we started with them at this point last year. Our goal when working with clients is to not exclusively look at tax services as an annual compliance exercise but, rather a complete cycle throughout the year, where we look at the story as we go and are able to make changes during the year rather than see missed opportunities when it is too late. Many of our clients were already aware of what their overall tax picture would look like by the 4th Quarter and were also able to take advantage of proactive planning strategies as a result.

In this issue we are spending some time on focusing on some interesting topics in businesses as it relates to retention and employee engagement, while still thinking about how this will impact the bottom line. One area that has had increasing popularity has been thinking about your business's role in sustainability. As a society we have had to come a long way from the early 90s mottos of "reduce, reuse, recycle" focusing largely on the personal level but now thinking about it from a business perspective as well. These sustainability initiatives, such as re-usable cups and air dryers can show both a positive ROI in the business and in reducing our impact on our environment.

Finding new ways to improve marketing and customer acquisition is something that businesses should always be thinking about. Customer acquisition has become heavily digital and data driven, and as we enter a new decade, we are proud to present some tips on strategies that may be most effective in 2020 & beyond. We have seen great success from our expansion in these areas, particularly SERP Zero positioning, and encourage you to consider these strategies for your business.

Finally, our colleagues from Protegrity Advisors have provided an excellent guide regarding preparing a business for an exit. One looming area that is on the minds of executives in all industries of closely held businesses is succession and liquidating their business asset; this guide can be a great tool to start.

We hope you find this edition of The Bottom Line helpful in the day-to-day operations of your business. If you would like to discuss any of these topics in further depth, please feel free to reach out to us.



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PREPARING YOUR BUSINESS FOR SALE

As an entrepreneur, *what is your long-term goal for your business? Do you have absolutely no idea, or are you a serial entrepreneur who begins an enterprise with the end in mind?* There are many reasons you might have started or become the owner of a business, but whatever the reason perhaps you already know that you plan to eventually sell it. Or perhaps this is an option you are only just considering and want to explore. So, *what should you do to prepare for an eventual successful exit? And how do you know when it is the right time to sell your business?*

Businesses are most valuable when the owner is less essential to the daily operations of the company. This is a transition that some owners who love what they do can find difficult; however, if you are planning to sell, it is important to increase the value of your business and therefore such a transition may become necessary. *What else should you consider?*

A good time for business transition planning. The best time to prepare for a business transition is when you and the company are not under pressure or the eye of a potential buyer. You want to be able to do things at your own pace and you don't want to be rushed or distracted. You need your house in order from a legal and business perspective, and you need to establish procedures and controls that will allow for business continuity when a new owner takes over. Risk mitigation is a critical factor in increasing the purchase price of your business, so you need contracts in place, especially for your largest customers (*preferably with the right to assign*) and key employees.

Having the right accounting firm. You need to look at your business value as regularly as you look at your monthly or quarterly numbers. You want your financial books and records in order because a buyer will want to know business fluctuations for the past three years to calculate projections for the next year or two.

Most of the time, a purchase price for your business is based upon a multiple of your adjusted earnings.

Having a good accounting firm goes a long way toward giving additional security to the buyer and confidence in past financial statements and practices.

A management team and key employees. As mentioned earlier, to support a successful transition, buyers will be looking to see whether your business has a management team and a core of key employees who run the day-to-day operations. Having a good team makes the business more valuable. Consider whether key employees could be enticed to stay with the company through some type of stock option or transaction bonus. Your mindset should be: If I've worked myself out of a job and am no longer essential in the day-to-day running of the company, then I'm doing a great job as an owner!

Your business house is in order – now what? If your business is in order and you are at peak valuation and you're considering testing the waters for potential buyers, *a good average range for M&A is 6 to 12 months*, depending on variables such as time of the year, revenue, and earning trends. Currently, there is a relatively small pool of qualified sellers compared to the number of qualified and well-funded buyers, so now could be a very good time to explore your options for transition, or to at least make an informed decision about whether now is the right time to sell your business.

So when is a good time to sell? If in 5 years, you – as the owner – see yourself being out of the business, and there is no one internally to take over, then now is the time to start thinking about your exit plan. And the devil is in the details, so you shouldn't wait until business is bad. If you plan ahead, you can potentially have more than one interested party and have leverage in negotiations for the best terms possible. In other words, the best time to think about your exit is when you don't need to!

As in all matters related to the sale and/or acquisition of assets, businesses are recommended to consult with a knowledgeable valuation specialist.



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A 2020 MARKETING FOCUS FOR YOUR BUSINESS



Beginning a new decade naturally inspires businesses that are planning for the future. *But does part of your planning involve strengthening your current marketing strategies?*

In a world of digital communication and online culture, marketing is the cornerstone of any successful business. It can greatly improve the projection of your mission to better attract customers, talent, and investors. *Don't know where to start, or struggling to pick up some traction in your current marketing strategies?* Check out these top tips to help your business move forward:

ENGAGING CONTENT

Becoming a force in the marketing world starts with building up content that is interesting to your consumers. The first step to this is figuring out your specific audience and what they enjoy seeing. Then, figure out what that particular audience most likely wants to see. The seven most common aspects of almost every viral post on the internet are emotion, visual appeal, reality, universal message, relevance, controversy, and surprise.

For instance, Wendy's appeals mostly to the younger demographic ranging from teenagers to millennials. To accommodate this and attract more attention through social media, they have become known for creating humorous feuds between other fast-food giants on Twitter, as well as making memes about the establishment.

Once you know your audience, promote content that is engaging and interactive across all marketing streams. Use various content strategies to tell a story to your audience on what your company's focus is. Video content has especially become a driving force among internet users. According to HubSpot, 68% of people prefer learning about new products and services through a short video, and live videos keep audiences watching 3x longer than pre-recorded videos.

There is no set way to do great content marketing. But by doing some research on what is trending, tweaking it to best represent your audiences and company, and experimenting with different ideas, your business can stand out among the rest.

PERSONALIZATION WITH AI

This is an incredibly broad topic that has completely changed the way we think about marketing. In an Adweek survey of over 1,000 people, 90% projected more appeal towards personalization. Also, 80% said they would be more likely to engage with a company that offers a more personalized experience.

You can start doing this with your email blasts; segmented email lists with personalized email blasts have shown to

perform better than generic emails sent to the entire contact list.

Personalization can also be implemented into aspects of currently active marketing campaigns with the help of artificial intelligence to do all the hard work for you. According to Forbes, 84% of respondents think AI will enable them to obtain or sustain a competitive advantage. A popular way to do this is with chatbots.

Talk to your webmaster or research into your website hosting company to see how you can implement chatbots into your website, or even your Facebook page. Today, consumers need information and questions answered instantly, so having that instant access can help boost continuous support. Plus, companies with limited resources and employee time can benefit greatly from this. By 2022, chatbots will help businesses save over \$8 billion per annum according to Juniper Research.

POSITIVE CUSTOMER EXPERIENCE

Marketing has massively shifted from being about convincing people, to just being a real, honest company with great customer service. In fact, 73% of consumers say customer service is an important factor in their purchasing decisions. But only 49% think that today's companies actually provide good customer service. That is why it is important to grow an honest company and offer the best service to your clients and any members involved

Most individuals are not asking a friend or referring to their local yellow pages for referrals anymore. People are going out and doing their own research, so it is important to have a positive online presence, as well as be easily accessible (*more on that later*).

Encourage your network to leave reviews about your business on platforms such as Google, Yelp, and Facebook. Also, having up-to-date employee engagement and knowledge can make a huge difference; 46% of consumers will abandon a business or brand if its employees are not knowledgeable.

BALANCING VISUALIZATION & READABILITY

Make sure that the content presented on your website and social media is growing in importance and relevance, especially these days with the explosion of smart speakers and voice search. Currently, 20% of searches are done by voice and that number is rising. Some major companies already utilize this tool to build up their brand; for instance, Patron who is known for having the voice command *"ask Patron for a cocktail recipe."* So be ahead of the game and have content that is grammatically correct and easy to read.

Simultaneously, it is also valuable to have strong visualization because people now prefer visual content over plain text. Reading 200-250 words takes an average of 60 seconds, while our brain only needs 1/10 of a second to understand

an image. That makes sense why the click-through-rate of a website is about 47% higher in sites containing images. So, keep these two factors in mind when building or revamping your website, as well as when posting on social media. There has to be a common ground between the two.

SERP POSITION ZERO

The name may seem intimidating, but this is a growing trend in **Search Engine Optimization (SEO)** marketing. **Search Engine Results Page (SERP)** position zero is a valuable piece of real estate on a search engine website, where an answer or related search content appears at the very top before all the search results and sponsored links. This is the most desired spot because most individuals who make searches tend to click on the results closest to the top. Not only does this position stand out when people search for your company, but it also comes up with certain keywords that people type in, such as *"contractors near me"* or *"contractors on Long Island."*

What is also valuable about this position is people do not necessarily have to go through your website when they ask a specific question; the answer comes up in the search results that are linked from your website. This is great when people use voice searching, as mentioned in the previous bullet.

Over 60% of search results returned by Google are position zero results, so your company should consider working towards this popular position. It requires different SEO techniques than the original methods, but more and more SEO companies are going to be offering this service in the coming years. If you can be one of the first in your industry and area to get there, you will have a huge advantage.

It is understandable why marketing can be intimidating. It is a broad field that changes every day and may become time-consuming and costly. But with that in mind, consider focusing on these tips and developing a step-by-step marketing strategy that best fits your business.

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SUSTAINABILITY... THE WAY TO A BIGGER BOTTOM LINE



The very essence of sustainability is to maintain an ecological balance through the perseveration of our limited natural resources. Being eco-friendly is an important factor for businesses on multiple levels; people, planet, and profit. Changes do not need to be costly and dramatic, as it's often the simplest of changes that can have the greatest impact.

A GREATER EQUILIBRIUM

There are several ways to financially grow while also building an eco-friendly workplace. These two are almost always interrelated, as it takes natural resources to run a business and the use of these resources determines how environmentally friendly the business is. The best example of this is efficient equipment (*both from an energy and an operations perspective*). The less waste there is in business systems, the more profitable the operations typically are.

This economic and environmental balance is found from the biggest of businesses to the smallest. On a larger scale, companies such as Walmart, Tesco, and Marks and Spencer's have implemented plans to become more sustainable in order to save money. For instance, since adopting a sustainability plan, Marks and Spencer's has saved in excess of \$200 million. Over time, making small adjustments will generate fewer costs while also helping build a business that is environmentally sound. Here are some simple things that you can do to make your office more sustainable:

RECYCLE!

Make sure that your office has easy to find clearly labeled bins, promoting recycling in the office. Recycling is not just about putting things in the proper bins but reusing as well. Encourage employees to reuse folders/binders and use both sides of the paper to reduce office supplies being thrown out.

SWITCH OUT PAPER TOWELS FOR AIR DRYERS.

One paper towel sheet typically costs 1 cent, and a single blow dryer use is between .02 to .18 cents. With an average use of 2.5 sheets per hand dry, for every hundred people that dry their hands, it costs approximately \$250 in paper towels versus about \$20 to operate an air dryer. Clearly, it is more efficient to incur the charge of installing an air dryer over resupplying paper towels.

ENCOURAGE YOUR STAFF TO UNPLUG DEVICES WHEN LEAVING FOR THE DAY.

Power is still being consumed when your devices are powered down. Standby power can be an unnecessary expense, in addition to being wasteful.

GO PAPERLESS WHENEVER POSSIBLE!

Start reviewing documents digitally this will help to reduce the amount of paper being used in your office. The average office worker uses approximately 10,000 sheets of paper a year, making paper about 70% of an office's waste. Approximately 30% of the things people print out aren't even being picked up from the printer. You can help eliminate this by giving employees a printer code that they have to key in before printing. This will help to ensure that everything printed is being used, saving resources and reducing waste.

PROVIDE YOUR STAFF WITH REUSABLE WATER BOTTLES, STRAWS, UTENSILS, CUPS, ETC.

While this comes with an upfront cost, over time it will reduce your cost of kitchen supplies.

USE LED LIGHTS.

They use 75% less energy than standard incandescent bulbs.

CONSIDER ALLOWING YOUR STAFF TO WEAR CASUAL WORK ATTIRE.

This cuts down on the need for dry cleaning and the chemicals involved. This also helps your employees feel more comfortable in the workplace, boosting morale.

LOOK FOR WAYS TO INCREASE THE USE OF TELECONFERENCES.

This cuts back on transportation, reducing pollutants caused by transportation and also saving your employees time, making them more productive.

THINK ABOUT GOING SOLAR.

The sun is a replenishable power source that can reduce your costs and the reliance on fossil fuels and the pollutants that accompany them.

BRING PLANTS INTO THE OFFICE.

Having plants in the office can increase oxygen levels and boost your employees' attention levels.

TO SUSTAINABILITY AND BEYOND

As important as it is to be sustainable each day, it's just as important to create a plan that has a lasting, environmentally conscious impact. By doing this, a standard is set for the future that will influence your employees, consumers, and hopefully beyond. The best way to go about this is to first start by finding current methods of sustainability that have had a positive effect. Since the future is often a reflection of the past, these techniques can lay the foundation for what will end up in your policy. If you develop an eco-friendly culture, it will pay dividends for years to come.

Research can be done to find out what other companies are doing and how it has impacted their business. Innovation comes into play here too, as innovation is critical in finding ways that will work best for each provided scenario. It is important through this process to get opinions and buy-in from employees that can give insight on how these changes will affect them and how to keep the workplace comfortable and not overburdened. You want them to see these changes as positive. By creating a clear-cut plan for the different segments of your business, there will be a guide for employees to follow and the bar will be set for the standards you require.

The final step in the process is to implement these changes. When doing this, the changes should be communicated effectively to your employees and written policies provided for them to follow. In addition, there should be someone they can go to with questions about the policy. Once implemented, you should evaluate the changes to ensure they are effective. You may want to consider seeking feedback from staff for additional ideas on creating sustainability.

Sustainability is not a passing fad; it is the new norm. Laws, staff, customers, and investors are all demanding it, and why not, it provides for a better planet and, in many cases, a better bottom line.

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