

## Retain top employees by becoming one of the best places to work

You're trying to hang on to your best employees instead of them changing teams and going to work for a competitor. And with "Help Wanted" signs seemingly everywhere, you may also be scrambling to fill open positions. To help retain top employees and attract new workers, here are several ideas to consider to help your company become one of the best places to work:

### ► View employees as assets.

Employees matter and they know it. Providing workers with necessary training, acknowledging outstanding work, and creating a healthy and upbeat workplace demonstrate to team members that they're valued.

► **Consider more transparency.** No, life isn't always fair, but many of the best companies strive to treat employees as equitably as possible by being transparent. This applies, of course, to hiring and promotion decisions, but might also

include sharing the firm's success through a structured and transparent bonus plan.

► **Share the successes.** People enjoy working with a team that accomplishes something significant. Create this type of work environment and you'll foster company loyalty. Strive to make everything you do, and everyone you employ, an integral part of the firm's mission. And when goals are met, celebrate!

► **Invest in your values.** Your company needs to live by its core values every day. By living and breathing your core values, your company demonstrates that it stands for something more than just profits. But core values that are not shared and part of hiring decisions often lead to failure. So know yours and communicate them to everyone!

► **Provide opportunities.** No one looks forward to a dead end job. And for some employees, opportunities don't always mean desiring a promotion. Some



workers may just want a different challenge. Give your workers an adventure to anticipate by finding ways to expand their horizons. For example, you might provide cross training to develop new skills or encourage innovation.

Even if you can't offer the best compensation package on the planet, satisfied workers can help propel your company forward. And they'll let their talented friends know that your company is one of the best places to work! ♦

*NOTE: This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.*

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## Ransomware: A big problem for small businesses

Small businesses are the biggest target of ransomware attacks because most lack the resources to defend against such an attack, according to a recent survey by IT company Datto. The survey revealed that:

- 1 in 5 small businesses reported that they've fallen victim to a ransomware attack.
- The top three causes of successful ransomware attacks were phishing, lack of cybersecurity training, and weak passwords.
- The average ransom requested by hackers was \$5,900.
- The cost of company downtime because of the ransom is 23 times greater than the demanded ransom, or \$141,000.

And don't forget about all the other costs, including the discovery of the attack, investigation, containment, recovery and damage to your reputation.

### What your business can do

Ransomware looks for and exploits your company's weakest link. So the first place to start is making sure everyone in your organization is aware of the problem.

Here are some other suggestions:

- **Equip your employees.** Create a program for your employees to learn about cybersecurity and ransomware. Require mandatory participation in regular cybersecurity training. With most ransomware attacks originating from phishing emails and weak passwords, your employees are on the front lines of protecting your company's data.
- **Create a continuity plan.** Have a plan in place in case your business does experience a ransomware attack. This plan should include frequent backups of all company data and the ability to quickly restore the backup data in the event of an attack so your business can continue operating. Ensure your backups are separated from the backup protocols, otherwise a corrupt file will quickly be corrupt in your backups as well.
- **Invest in proper cybersecurity.** Whether it's hiring a full-time employee or outsourcing to a contractor, consider making the investment to partner with a reputable cybersecurity expert.

“...your employees are on the front lines of protecting your company's data.”

- **Make someone accountable.** It is easy to put off these non-essential security procedures. To ensure this does not happen to you, make one person in your business responsible for security preparedness. Then check to ensure continued progress is being made to make everyone aware of the risks surrounding ransomware and how everyone at your company can help to protect your company's data. ♦



### IRS reminds businesses with EINs to update responsible party info

The IRS is urging businesses with an Employer Identification Number (EIN) to update their information if there has been a change in the responsible party or contact information. In case of identity theft or other fraud issues related to EINs, the IRS says it's critical that it has accurate EIN information. IRS regulations require EIN holders to update responsible party information within 60 days of any change by filing Form 8822-B.

### No change to third quarter IRS interest rates

Interest rates for the third quarter in 2021 will remain the same compared to last quarter. These rates include: 3% for overpayments (2% for corporations); 0.5% for the portion of a corporate overpayment over \$10,000; 3% for underpayments and 5% for large corporation underpayments. ♦



#### October 15

Filing deadline for 2020 individual and calendar-year C corporation tax returns on extension.

#### During November

Estimate your 2021 income tax liability and review options for minimizing your 2021 taxes. Call to schedule a tax planning review.



## Retirement plan options for your business

Offering a retirement plan can be a powerful tool when you're competing to attract the best employees. In fact, according to 2020 data from the Service Corps of Retired Executives (SCORE), only 28% of businesses with fewer than 10 employees offer a retirement plan.

For small businesses who want to offer a retirement plan without the administrative costs and hassles of a 401(k), your choices usually come down to either a SIMPLE IRA or a SEP IRA.

### SIMPLE IRA

Employers (and the self-employed) with 100 or fewer employees can establish a SIMPLE (Savings Incentive Match Plan for Employees) plan. In 2021, employees can contribute up to \$13,500 of their own earnings, along with an extra \$3,000 if the employee is age 50 or older.

Employers are required to contribute to their employee's SIMPLE account using one of two formulas: 1) Matching the employee's contributions dollar-for-dollar, up to 3 percent of the employee's earnings, or 2) Contributing 2 percent of an employee's earnings up to the 2021 compensation limit of \$290,000.

### SEP IRA

Any employer, including self-employed individuals, can establish a SEP (Simplified Employee Pension) plan. Only the employer contributes to the SEP account. In 2021, the contribution limit is either 25 percent of the employee's

salary or \$58,000, whichever is lower. Unlike a SIMPLE IRA, employers are not required to make annual contributions to a SEP IRA.

### What you need to know

- **Compete for employees with affordable retirement plans.** The SEP IRA and SIMPLE IRA were created to help small business owners provide an easy and low-cost way to offer a retirement plan. You can differentiate your company by offering one of these plans and being transparent with how you calculate employer contributions.
- **The employer and employee can both reap tax savings.** Employees can reduce their taxable income with contributions to a SIMPLE IRA, while businesses can claim contributions to their employees' retirement plan as a deduction on its tax return for SEP IRAs.
- **Employees can still contribute to their own individual IRA.** Let your employees know that in addition to having either an SEP or SIMPLE account through your company, they may also qualify to contribute to their own traditional IRA or Roth IRA.
- **401(k) plans are still an option.** Being a small business doesn't preclude you from establishing a traditional 401(k) retirement plan if you're willing and able to deal with the extra administrative work. ♦



## Unlock customer buying motivations for higher profits

In a rush to close a sale, businesses may occasionally focus solely on the final step of a customer's buying process – money being deposited into your bank account.

Without taking the time to understand the beginning of a customer's buying process, however, businesses could find themselves outflanked by competitors who conduct in-depth research into their customers' motivations for making a purchase.

Here are some suggestions for gaining a better understanding of why your current customers buy from you, which can lead to more loyal customers and higher profits:

- **Identify the specific problem your customers are trying to solve.** Every purchase your customer makes is done to solve a problem. Sometimes identifying the problem is very straight forward, such as saving either time and/or money. Other problems may be more difficult to recognize, like satisfying a desire to spend time outdoors by purchasing camping equipment.
- **Find ancillary reasons that customers buy from you.** While most customers buy from you in order to solve a specific problem, sometimes there are secondary reasons why a customer chooses to do business with you. Maybe you support a specific charitable organization, are located within a reasonable distance from a customer's residence or are affiliated with a particular group. Consider engaging in small talk with your customers to find out possible ancillary reasons why they choose to do business with you.
- **Uncover your customers' price sensitivity.** Some customers don't care that much about how much they pay for something, as long as it addresses the problem they're trying to solve. Other customers only care about low prices regardless of product or service quality. Knowing your customers' price sensitivity can help you build more profit into your products and services.

Discovering your customers' buying motivations can help lock them in as repeat buyers for a long time and provide information for attracting new customers. ♦

## CASHFLOW CORNER

### Credit Crunch – How to deal with customers who don't pay

As any business owner can attest, customers to whom you extend credit don't always pay in full or on time. Cash flow issues, system problems, or simple forgetfulness may be offered for failing to make good on obligations. Despite your best efforts to screen clients, some will prove unreliable when getting cash to you on time.

Here are some tips for managing your risk if you do extend credit to some or all of your customers.

#### Develop a rating system

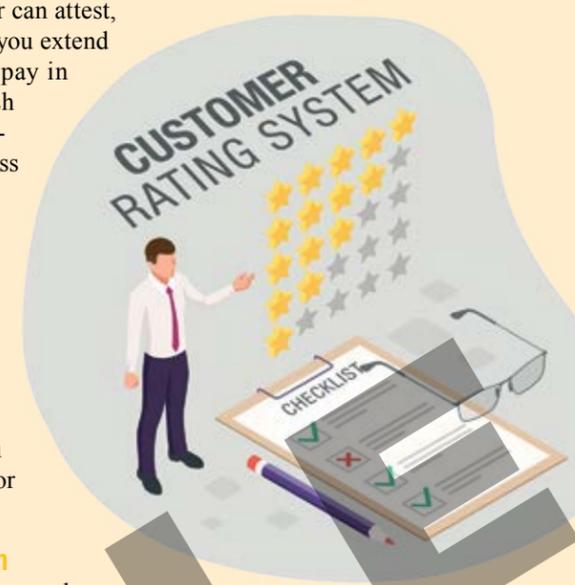
Score each customer with a number. The number represents to whom you will sell on credit and how much risk you are willing to take. Also have scores that represent customers you will not bill and those who you will no longer take orders from because of credit risk. Develop a system to objectively assign the score. Payment history and external credit scoring reports are both good indicators of whether a particular customer will be an acceptable credit risk.

#### Consider credit applications

Create a simple credit application. The application should be signed by the responsible party to pay the bill. If large credit amounts are expected, get a person to take personal responsibility to pay the bill. This will provide an additional means to collect your money should the company fail to pay. You will need this signed document if you wish to use a collection agency to collect delinquent accounts.

#### Start small to hedge initial risk

Just like credit card companies with consumers, start your customers with a small but reasonable credit limit.



After the customer demonstrates they mostly pay on time, you can begin to increase the limit.

#### Create a notes section on your customer records

Use this to record what a late paying customer tells you. Over time, this will reveal the customers who are honest and the customers who fail that test. This idea also provides continuity of communication for the customer that tries to tell different employees different stories.

#### Develop a collection system

Customers may try and test you to see if you're paying attention to outstanding invoices. Their thought process might be "Hey, let's see how long I can go without paying before they notice!" The best way to counter this tactic is to run a receivable aging report once a month. When a bill ages through the report, know what you are going to do to collect bills at 30 days, 60 days, 90 days, and anything older than that. At the very least, a phone call once a month will tell the customer that you haven't forgotten about their invoice! ♦