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The CFO Advisor

Guidance for Small Business Success™

Welcome to the March edition of **"The CFO Advisor."** With Tax Season in full swing, time to ensure your accounting records are up-to-date to get those returns completed before the filing deadlines.

I understand that there are a lot of questions about the Tax Reform changes, so this month's edition starts with an article title *"9 Key Legislative and Regulatory Changes to Affect Small Businesses This Year."*

Then I cover how consumer targeting for small businesses is changing in 2018, as well as, the importance of focus and attentiveness when working with customers over the phone. This month's newsletter finishes off with articles to help you reach success and improve on your listening skills

Enjoy this month's edition!

Until next month,

Dwight L. Hulse, CPA/CITP,CGMA

9 Key Legislative and Regulatory Changes to Affect Small Businesses This Year

Will your business be impacted by legislative reforms and regulatory changes in 2018? This list of the most significant changes will help you keep pace with the issues most likely to affect you.

1)Tax Reform. In the final weeks of 2017, the GOP passed the first major tax overhaul in decades. It happened quickly, leaving businesses to catch up quickly as new provisions go into effect for 2018.

The vast majority of U.S. businesses are pass-through entities, which utilize the Tax Code and will therefore be directly impacted by its changes. To reduce the tax burden for such entities, Congress added a reduction of business income of up to 20% for pass-throughs. However, taking advantage won't be a simple matter for some. There are complex requirements which may evolve over time. It's an area that your tax specialist should be watching closely.

Note that the tax reform also means employers will have to implement withholding changes according to the IRS's updated tables.

2) Tax Reform and the ACA. Under the Affordable Care Act, individuals must prove that they have qualified health insurance coverage or qualify for an exemption on their tax returns, or face a penalty from the IRS. However, the recent tax reform bill negates the individual mandate penalty, reducing it to $0 by 2019. Even though the tax bill doesn't repeal the provision, negating the penalty essentially has the same effect.

The IRS says it won't delay individual tax returns that don't include the taxpayer's health insurance information, other ACA provisions remain unchanged, such as the employer shared responsibility provision.

What does this mean for employers? Do your due diligence in preparing for the current year ACA filing obligations, as well as in collecting tax year data for 2018 for next year's filing.

3) Ladies and Gentlemen: Equal Pay? The EEO-1 Form, which would have required covered employers to report wages and hours worked, was supposed to have been revised for 2018, but those changes were stayed by the Office of Management and Budget in 2017. However, employers still need to submit EEO-1 form for the fourth quarter of 2017 by March 31, 2018.

What's not yet known is whether or not the new appointees of the EEOC will even look at the employer wage data as they consider their strategic plan for fiscal years 2017-2021, which looks at gender-based pay discrimination enforcement.

4) State-Run Retirement Plans. So far, nine states have enacted laws allowing for state-run retirement savings plans. Details and employer requirements vary by state. They may operate either as a Roth IRA, a multiple employer plan (MEP), or as a marketplace from which plans can be chosen. In some cases employees are automatically enrolled; in some cases, enrollment is entirely voluntary.

Oregon is ahead of the pack with its OregonSaves program. In the case of some larger employers, registration deadlines began in November of 2017.

States looking at roll-out in 2018 or 2019 include:

California Connecticut Illinois Maryland Vermont Washington

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States that have not yet specified a rollout date include:

Massachusetts *New Jersey*

22 other states and municipalities have introduced legislation that supports the creation of state-run programs.

If your business does not offer retirement plan benefits to its employees, you'll want to keep an eye on developments for your state.

5) Overtime. In 2018, we can expect more developments around the Final Overtime Rule released by the Department of Labor under the Obama administration. Just this past summer, the U.S. Department of Labor solicited public comment on existing regulations, a step in the process of revising overtime regulations.

6) Paid Leave. There's been a lot going on lately at the state and local level around paid sick leave, and there will be more to come in 2018 — particularly around family paid leave. More than 40 states and local jurisdictions have already passed sick leave laws that apply to private employers. In 2018, New York is expected to lead the way with the most comprehensive family leave laws in the U.S.

What's inside paid leave laws that matters to businesses like yours? Provisions related to things like:

Employer coverage
Employee eligibility
Notice requirements
Recordkeeping
Employer taxes
Penalties
Employee payroll deductions

There will also be a need to coordinate with related federal laws, like the Family and Medical Leave Act.

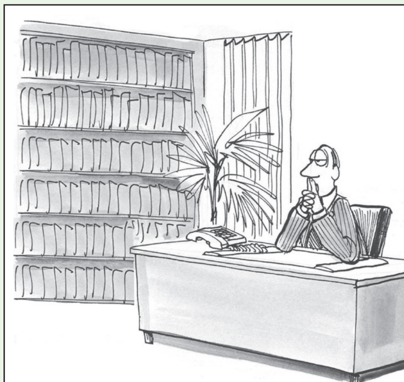
Additionally, the Workflex in the 21st Century Act, if passed by Congress, could pre-empt many paid leave laws at state and local levels, in cases where employers voluntarily offer paid leave and flexible work schedules as prescribed in the legislative proposal.

7) Verifying Employee Identity. In 2017, revisions were made to Form I-9, the "Employment Eligibility Verification Form." This form is used to meet the federal requirement of verifying an employee's identity and eligibility to work in the United States. Employers must be sure to:

- Use the correct form.
- Provide the complete form — including all instruction pages — to the employee on their first day of work.

Employers are also being warned by Immigration and Customs Enforcement that 2018 will see a spike in worksite inspections.

Additionally, the current I-9 form could be phased out and replaced by an e-verify system, depending on what happens with the Legal Workforce Act, which was introduced last year.



He waited for the next wave of regulations to arrive.

8) New, Quicker Modes of Payment. The second phase of Same Day ACH — which allows for debts up to $25K — became a payment option in September of 2017, boosting cash flow management. Throughout 2018, small businesses will find it easier to leverage faster payment options as they become more simplified and available. In March 2018, for Same Day ACH funds availability, financial institutions will be required to meet a deadline of 5:00 p.m. local time.

Also in 2018, it's expected that more real-time payment solutions will be available, which will be important to those involved in the rising "gig" economy. Quicker, easier options for tipping employees are also anticipated. As faster payment opportunities become available, businesses will want to work with their financial institutions, payment processors, and vendors to take advantage of the most suitable new options.

9) Privacy & Security. Is your business doing enough to protect sensitive information? Recovery from a security breach can cost a fortune, destroy your reputation, even get you sued. Add to those worries the regulatory risks. Businesses with inadequate security leading to data breaches are subject to investigations and legal action from states' attorneys general and federal regulatory agencies, such as the Consumer Financial Protection Board and the Federal Trade Commission.

State agencies in Colorado and New York have already enacted cybersecurity rules, and they're making other states consider regulating and enforcing data security standards against insurance and financial services businesses.

We may also see the introduction of national privacy standards for the collection and use of data from biometric technology, as we're already seeing in Illinois, Texas, and Washington. ◆

Quotes:

"All growth depends upon activity. There is no development physically or intellectually without effort, and effort means work." — Calvin Coolidge

"Those at the top of the mountain didn't fall there." — Unknown

"I'm a greater believer in luck, and I find the harder I work the more I have of it." — Thomas Jefferson

"The difference between try and triumph is just a little umph!" — Marvin Phillips

"Every time you stay out late; every time you sleep in; every time you miss a workout; every time you don't give 100% — You make it that much easier for them to beat you." — Unknown

Sell Your Way To Success

No matter what your job is or what industry you're in, you have to be able to sell. You sell your products, your ideas, and your experience every day. Here are some basic sales tips that will help you advance and prosper:

• **Reject rejection.** Even veteran salespeople dread the possibility of rejection. To counter this fear, keep reminding yourself that when prospects turn you down, they're rejecting your ideas, or the product you sell, or even your organization — but not you. Never take rejection personally.

• **Build rapport without wasting time.** A common mistake many salespeople make is spending too much time "making friends" with the prospect. Though building rapport is useful and important, making friends doesn't automatically translate to making sales. Save time by finding one thing you have in common with the prospect, and talk about that one thing for two minutes. Then move on to your prospect's needs. Prospects don't want to waste time on chitchat any more than you do; most will be gratified to deal with someone who wants to get down to business.

• **Don't mail more pieces than you can follow up on.** If your strategy is to email promotional letters to prospects and then follow up with a phone call, watch how many pieces you send. You're better off mailing in small batches and following up each piece promptly while the pitch is fresh in prospects' minds. Otherwise, you run the risk of your prospects' forgetting what you emailed them by the time you reach them.

• **Rate your prospects.** Whenever you meet with prospects, assign them a rating based on three questions: Do they have a motivation to buy? Is there an urgency to buy now? Do they have the resources to buy? Rank each prospect on a scale of 1 to 10, and spend the bulk of your time only with your highest-rated prospects. You'll find that by rating prospects right off the bat, you can quickly disqualify people and move on before you waste their time and yours.

Consumers Targeting Small Businesses In 2018

Owners of small businesses have reasons for optimism in 2018: A 2017 survey by Vistaprint found that approximately 27 percent of consumers say they're likely to do more shopping at small businesses this year, and 75 planned to do at least some holiday shopping with small businesses in 2018.

The survey of 1,504 adult consumers in the United States also found that 60 percent of shoppers prefer buying or interacting with small businesses in stores, but that doesn't mean entrepreneurs should stay offline: Sixty-seven percent of consumers say that a website is important to them, so having both an online and offline presence is likely to be beneficial to sales and marketing efforts.

How The Famous Get Ahead

What makes today's richest people so successful? There's no one answer, of course, but an infographic on the MBAnoGMAT.com website looks at some of the secrets of many highly successful figures in business, science, entertainment, and more:

• **Elon Musk,** founder and CEO of Tesla Motors and SpaceX. He schedules his day in five-minute blocks to squeeze the most out of every minute.

• **Mark Zuckerberg,** co-founder and chairman of Facebook. He wears the same T-shirt, pants, and hoodie every day to minimize the number of decisions he has to make, leaving his mind free to pursue the most important ideas.

• **Bill Gates**, chairman of Microsoft. The computer guru reads 50 books a year.

• **Richard Branson,** founder of the Virgin Group. He gets up every day to exercise by swimming, playing tennis, or flying kites, and claims to get an extra four hours per day or productivity as a result.

• **Peter Thiel,** co-founder of PayPal. He often asks, "Why can't you get your 10-year plan done in the next six months?" He believes in staying "lean" or "unplanned," because entrepreneurship is about experimentation.

Are You In Need of a Trusted Business Advisor?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As an experienced business advisor, I have worked not only in private and public industries but also across many functional areas and can help you implement best practice solutions to improve profits.

Do You Have A Tough Accounting / Finance Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business.

If you have a question, tip or idea, please call me at 352-450-2880 or email me at dwight@dlhulseconsulting.com. Perhaps I'll feature you in a future issue!

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See What's Inside...

Practice Customer Courtesy When Working The Phones

Being put on hold on the phone is a pet peeve for most of us. Although you may have to put a client or customer on hold, it doesn't have to be frustrating for the caller. Here are a few courtesies that can make the wait a little more tolerable for the caller:

• **Don't multitask.** When you try to do two things at once, you'll be more likely to miss something important a caller is trying to tell you.

• **Ask before placing a caller on hold.** Don't just tell customers to "please hold." Give them a say by asking if they can hold. Wait until they respond, and then thank them.

• **Don't tell customers you'll put them on hold for "just a second."** Instead, give them a reasonable estimate of how long you'll be away from the phone. Also give them an explanation of why they'll be on hold.

• **Faster doesn't always mean better.** Efficiency is great, but doing a poor job quickly won't win you loyalty from anyone. Speed should always be second to carefully attending to a caller's needs.

• **Take notes.** Don't rely on your memory. Writing notes during a phone conversation allows you to get a better record of the caller's name and message, including the caller's mood.

Three Tips For Better Listening Skills

Good leaders listen well. Many of your workplace problems can be solved if you just listen to your employees. Follow these tips for using your ears more effectively:

• **Develop your self-awareness.** We all have biases, harmless or otherwise. If you think, for example, that accountants are boring and dull, you may not pay attention to your bookkeeper's idea for a new product — no matter how innovative it is. Put some effort into identifying your biases so they don't get in the way of clear communication.

• **Keep an open mind.** This advice sounds obvious, but shutting down our minds to new ideas can happen without our being fully aware of it. When you feel frustrated or angry with another person, for example, you're probably closing your mind to his or her opinions and ideas, and as a result you won't listen effectively.

• **Ask questions.** Not simple yes-or-no questions, but probing questions crafted to help you understand how the other person thinks. This will demonstrate your respect for others. Don't be satisfied with the first answer you receive, either. When you're dealing with something you don't fully understand or agree with, try to ask at least four or five questions that will explore the other person's knowledge and perspective.