



The CFO Advisor

Guidance for Small Business Success™

Summer is now in full swing, tax season is over, and small businesses are continuing to power through amidst the COVID-19 pandemic.

Although many have now gotten a hang of how to keep “business as usual” in the changing environment, it is still important to remain flexible and ready for any future changes that may be thrown our way.

In this issue of “The CFO Advisor,” we dive into several different topics to help you and your business grow, thrive, and remain successful as you prepare for the remaining few months of 2020.

You’ll read about how to ensure long-term growth and success through flexible management, continuous learning, “big ideas,” and personal/employee development. You’ll also read about how to keep your financial worries to a minimum, how to maximize your chances of PPP loan forgiveness, and much more.

Until next month...

Dwight L. Hulse, CPA/CITP, CGMA



Five Steps To Maximizing Your PPP Loan Forgiveness

If you applied for and received the SBA’s 7(a) Paycheck Protection Program (PPP) Loan, you’re probably wondering what you need to do to maximize your chances of getting that loan legally forgiven and considered a grant.

While designed to be forgivable if used for its intended purpose, unfortunately the vagueness of the program and its qualifications have caused confusion, leaving some businesses now owing all of that money back.

So how exactly do you qualify for 100% loan forgiveness?

Here are five steps you can take the moment you get your loan to maximize your chances of 100% forgiveness:

1. If possible, use all of the funds on W-2 payroll.

If you usually pay employees as a 1099 contractor, consider converting them to W-2 employees for the 24 weeks. Your staffing level during the forgiveness period following the loan will be compared to one of two prior periods, chosen by you:

February 15–June 30, 2019

January 1–February 29, 2020

To maximize forgiveness, the deadline to rehire or replace employees who were let go between February 15 and April 26, 2020, is December 31, 2020.

Remember, “payroll” under PPP also includes:

- payments for leave (vacation, parental, family, medical, and sick leave),
- payments used for group health care benefits (including insurance premiums),



- employer contributions to defined benefit or defined contribution qualified retirement plans, and
- state and local taxes assessed on compensation.

It is important to note that for the forgiveness calculation, if you offer to rehire an employee for the same hours and wages, your head count won’t be reduced.

2. Use the rest of the funds on allowable expenses, such as business rent, mortgage interest, and utilities.

Your business may be eligible for full loan forgiveness if you allocate 60% of the loan money to keeping all of your full-time staff on payroll, with no more than 40% allowed for other overhead (i.e. rent, mortgage interest, and utilities).

A good strategy to get 100% forgiveness is to maintain or increase your payroll, either by the amount per employee, the number of employees you have on payroll, by paying bonuses, or by a 401(k) profit share. However, be mindful of the maximum amount per employee.

3. Don’t pay yourself OR any single employee more

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PPP Loan Forgiveness

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than **\$8,333.33 per month**. If you do, know that anything over this amount (which annualizes to \$100,000/yr) will not count toward forgiveness. To date, the SBA has not been very clear about the exact calculation, so it is best to play it safe and not go over that number at all.



4. From the very moment you receive the money, start making the payments AND make sure that all of your pay periods fall within that 24-week window.

Under the updated PPP guidelines, for loans that are not forgiven and converted to grants, repayment is now extended from two years to five years, at 1% interest.

Important: Forgiveness seems to be calculated on a cash basis. That being said, accrued payroll with a pay date that falls after the 24-week period will not apply.

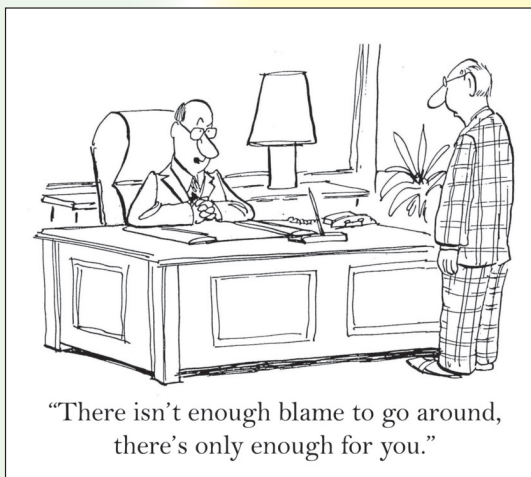
5. Remember that if you intend to use the Employee Retention Credit, you cannot take the PPP loan at all.

How can you make sure you don't make any mistakes?

There are a lot of points to keep in mind when trying to get your loan successfully forgiven. However, the last thing you want is to put your business at risk in the long-term while trying to get a loan forgiven.

Do this instead:

- Instead of twisting things around to try and make your business eligible for forgiveness, consider rethinking your business strategy, preparing for different scenarios, and developing a versatile plan to tackle the changing economy.
- Don't make a point of rehiring employees that aren't 100% necessary and who could only leave you with long-term debt if for some reason you are not granted forgiveness. In that case, the PPP has a very low-interest rate.
- Ensure you maintain all relevant documentation during the loan forgiveness period as well as the documents you provided with submitting your application. Don't assume that the SBA will forgive you simply on the assumption that you used the funds appropriately.



Why You Should Consider A Flexible Management Style

If you and your company haven't adopted a flexible workplace, you might want to ask yourself why not. Previously, a flexible workplace has been viewed as a perk to reward star performers or a way to help working parents manage the varied demands on their



lives. But a new study "Business Impacts of Flexibility," released by the Washington-based nonprofit Corporate Voices for Working Families, challenges that view of flexibility. In the study, 28 large American businesses report that flexibility is not just an accommodation, but also an important management tool that helps companies improve the bottom line. As a matter of fact, the study reports that flexible workplaces can impact business outcomes in several ways.

Here are four areas of business management that flexibility can impact positively:

• **Talent management.** Research shows that flexibility can help companies hold on to key talent. Flexibility saves millions of dollars for companies each year in preventing talent turnover.

• **Human capital output.** Research shows that even small measures of flexibility in how and when work gets done creates greater job satisfaction, higher commitment and engagement — and lower levels of stress. These outcomes often translate into quality, innovation, customer-retention, and shareholder value.

• **Financial performance.** Flexibility has been shown to increase financial performance and productivity.

• **Lower rates of burnout.** Employees who have access to

flexibility tend to avoid burnout as opposed to those who do not. The bottom line is that flexibility is a powerful management tool, and it helps companies reach their goals.

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!



Follow This Advice For Sustained Success

You can't take survival for granted in today's business environment. Short-term survival is only a starting point, though — your job is to ensure long-term growth. Here are a few tactics that will support your efforts:



• **Target opportunities** for change. Successful leaders don't wait until change

is forced upon them. Follow developing trends and new ideas so you can move quickly when you spot an opportunity.

• **Think big.** "Global" is the buzzword at a lot of organizations, and it can apply to yours even if you're not a multinational firm. Just look for new ways to add value to what you do for customers, the community, and your own workforce. Look at your organization from an outsider's perspective to see what's possible.

• **Protect your brand.** Your image in the community is one of your most important assets. Make sure your workforce understands how the organization is viewed, and what kind of impact they have on it — a single online comment, for example, can erupt in controversy. Make decisions with your organization's reputation at the top of your mind — what will a particular action mean to the people who depend on your organization?

• **Hire the best people.** "Best" doesn't necessarily mean the most technically proficient. When choosing between candidates, look for people who will fit into your organization's culture and whose talents and skills will mesh with your needs. If customer service is a priority, look for employees with strong interpersonal skills, for example. Your reputation rests on the people who represent you.

Secrets Of Success From Tony Robbins

Success guru Tony Robbins is world famous for helping people achieve their dreams. On the *Forbes'* website, he shares some of his knowledge for everyone striving to improve and advance in their career:



• **Value.** "You're rewarded for delivering massive value. And now, when a lot of jobs are being automated and technology is making things happen faster than ever before, it's even more important."

• **Motivation.** "Focusing on the needs of others has a way of motivating you to do more than you thought possible. When you give back to others, whether that's your clients, your employees, or your community, you have a different kind of drive; a force that pulls you forward."

• **Role models.** "I've found that the key to success is modeling the best. Find the people who've already achieved what you want to achieve. Study the methodology behind their success and create a similar path for yourself. One of my original mentors, Jim Rohn, taught me: 'Work harder on yourself than you ever do on your job or business. Because if you can become more valuable, you will produce an amazing result.'"



What Employees Expect Upon Return

Seventy-two percent of employees are eager to get back to the office, according to the *Human Resource Executive* website.



What do they expect when they walk through the door?

Here's what they think employers might do:

- Seventy-nine percent expect their employer to provide disinfectant or hand sanitizer.
- Fifty-four percent expect employers to require masks and gloves in the office.
- Forty-five percent anticipate that employers will space workstations at least six feet from other co-workers.
- Thirty-eight percent expect their employer to check employees' temperatures upon arriving at work.

FIND YOUR 'BIG IDEA'

The legendary David Ogilvie was a pioneer of the advertising industry. One reason for his success and influence was his ability to create what he called "the Big Idea" — a memorable concept that he could wrap an ad around, or base an entire advertising campaign on.



Here's how he developed Big Ideas — and how you can, too:

Step 1: Analyze your data and look for the single element that best expresses what you want to say. What one idea do you want people to remember?

Step 2: Take that idea and boil it down to a statement of 10 words or less, using lively, action-oriented language.

Step 3: Build your presentation — whether it's an ad, a speech, or a persuasive e-mail — around your Big Idea.



Quotes: "Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall." — **Stephen Covey**

"You've got to get up every morning with determination if you're going to go to bed with satisfaction." — **George Lorimer**

"Success is the sum of small efforts repeated day in and day out." — **Robert Collier**

"The wiser you get, the less you take yourself seriously, the more work looks like play." — **Maxime Lagacé**

"When you have mastered numbers, you will in fact no longer be reading numbers, any more than you read words when reading books. You will be reading meanings." — **W.E.B. Du Bois**





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Teach Yourself To Learn

Creative minds are always learning. Brain coach Jim Kwik, who has worked with millionaire entrepreneur Elon Musk, shared three of his top learning tips on the *Make It* website:

- **Get rid of your ANTs.** ANTs are automatic negative thoughts telling you that you can't learn something new. You're too old, you're not smart enough, it'll be too hard, and so forth. Teach yourself to talk back to your ANTs. If you catch yourself thinking, "I can't learn that," tell yourself, "Yes, I can learn that." Expand your mind to fit what's possible, Kwik says.



- **Feed your brain.** The food you eat can help your brain stay fit and flexible. Avocados, for example, provide monosaturated fat, which can maintain a healthy blood flow. Blueberries can help protect your brain from oxidative stress, caused by an imbalance of free radicals and antioxidants in your body, and reduce the effects of brain aging.

- **Read a lot.** Reading promotes learning. Expose yourself to different ideas by reading a wide variety of books and articles. Set a goal — just 10 minutes a day for a start, then increase that. Billionaire Warren Buffett is said to read 500 pages every day.

KEEP YOUR BUSINESS HUMMING THROUGH THE PANDEMIC

Businesses will continue to struggle with the COVID-19 pandemic even as they transition back to normal after restrictions are eased. The *Chief Executive* website offers this advice for



succeeding in uncertain times:

- **Analyze your expenses.** Take a hard look at how you're spending your organization's money and look for expenses that you can reduce or eliminate. Can you cut back on your office space to reduce your rent payments? Delay some marketing campaigns that aren't essential to your business?

- **Adapt to your market.** Look for ways to market your products and services to address current conditions. Maybe you can reposition your brand to help people still affected by the pandemic.

- **Study your competition.** What are other organizations in your marketplace doing? Look for strategies you can emulate and gaps you can fill.

- **Think long-term.** In time, the pandemic will fade. It may take months or years, but think about what you can do to maintain your position in the marketplace. Keep up with current customers to find out what their needs will be.

Spy Story

A secret agent was sent to a small town in Ireland to pick up sensitive information from an agent named Murphy.

His instructions were to walk around the town using a code phrase until he met his fellow agent.

He found himself on a desolate country road and finally ran into a farmer. "Hello," said the agent. "I'm looking for a man called Murphy."

"Well you're in luck," said the farmer.

"There's a village right over the hill where a butcher is called Murphy, the baker is named Murphy, and three widows are called Murphy. In fact, my name is Murphy."

"Aha," thought the agent, "maybe here's my man." So he whispered the secret code: "The sun is shining, the grass is growing, and the cows are ready for milking."

"Oh," said the farmer, "you're looking for Murphy the spy. He's in the village over the other direction."

