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The CFO Advisor

Guidance for Small Business Success™

Welcome to the September 2021 edition of “**The CFO Advisor**” Newsletter! It’s been said that employees are a company’s greatest asset. If that is the case, it is important for us to take steps to ensure that our assets are protected, and that they feel appreciated, valued, and comfortable.



In this issue of *The CFO Advisor*, you’ll find out how to attract job seekers. You’ll read about how to properly onboard new employees, prevent and address problems with existing employees, and how to ensure the safety of those employees who have been in the workforce for some years. You’ll also learn how to fairly and objectively create a reward program that retains your best employees.

But that’s not all! This issue is also packed with great planning tips such as planning for healthcare expenses, avoiding financial mistakes, and tips for success as told by other entrepreneurs.

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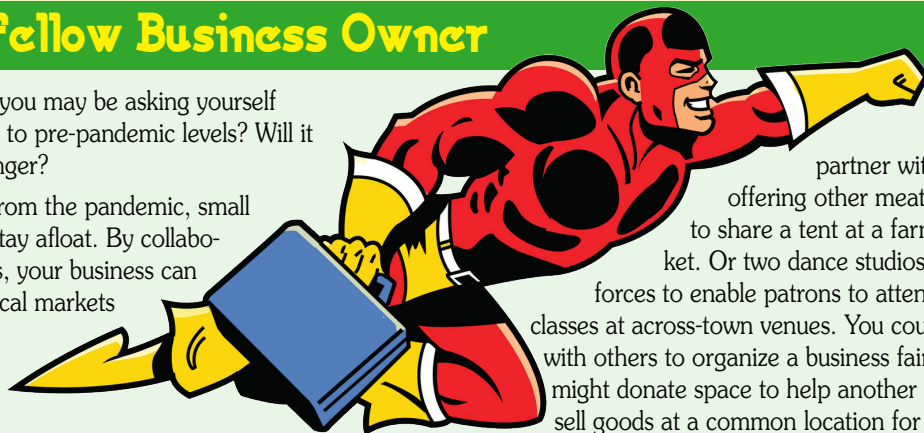
Helping Your Fellow Business Owner

Your firm survived 2020. Now you may be asking yourself when will the economy return to pre-pandemic levels? Will it be this fall? A year from now? Longer?

Until the economy fully emerges from the pandemic, small businesses can help one another stay afloat. By collaborating with other like-minded firms, your business can find creative ways to strengthen local markets and encourage consumer loyalty.

Consider the following ideas of how you can help each other:

- **Partner with industry peers.** One Vietnamese restaurant in New York City was eager to open his business for in-person dining. Then the pandemic hit. According to a *Time Magazine* article, two years of careful planning, hard work, and sacrifice seemed fruitless. But sympathetic restaurant owners in nearby Chinatown reached out with an innovative idea: offer a punch card to encourage customers to support local businesses. By partnering with this newly-minted entrepreneur and introducing him to like-minded people, established firms kept the restaurant business alive in their locale and helped a fledgling owner pursue his dream.
- **Donate staff resources.** During government-mandated quarantines, some industries enjoyed burgeoning revenues while others were trying to keep staff employed. Why not offer to help if you have excess labor? For example, businesses selling camping gear and recreational vehicles saw an uptick in consumer demand. A company supporting that industry might offer some of its staff on a temporary basis to help another firm meet customer needs. Such a partnership could provide the added benefit of boosting morale and avoiding layoffs.
- **Leverage locations.** Say you’re a company that raises chick-



ens. You might partner with a firm offering other meat products to share a tent at a farmer’s market. Or two dance studios might join forces to enable patrons to attend similar classes at across-town venues. You could team up with others to organize a business fair. Or you might donate space to help another business sell goods at a common location for centralized pickup and delivery.

- **Share your expertise.** Perhaps you’ve experienced great success with your business website, but other firms are struggling to make inroads in the digital marketplace. You could teach these companies how to connect with customers via social media. Train them to build and market a website. If you have remote workers, share your experience about helping home-based employees stay productive.
- **Cross promotions.** Look for businesses that you can help and that can help you. Then cross-promote each other’s services. Customers of dog groomers need veterinarians and vice versa. Accountants need their hair cut and customers of hair salons need accountants. Vacation rental property owners can offer restaurant deals for their renters and restaurants can offer the rental owners coupons for meals. The ideas are endless, you just need to think creatively.

Before making a commitment to help another business, be sure to weigh the pros and cons. Any potential relationship should benefit both parties. Don’t be afraid to consider companies outside your industry or local market, but look first to businesses with services and products complementing your own.



Make the Most of Your Vehicle Expense Deduction

Tracking your miles whenever you drive somewhere for your business can get pretty tedious, but remember

that properly tracking your vehicle expenses and miles driven can lead to a significant reduction in your taxes.

Here are some tips to make the most of your vehicle expense deduction.

- **Keep track of both mileage and actual expenses.** The IRS generally lets you use one of two different methods to track vehicle expenses — the standard mileage rate method or the actual expense method. One year the mileage method may result in a higher deduction, while the actual expense method may be higher in a subsequent year. But you won't know which method results in a higher deduction unless you track both your mileage and actual expenses.

- **Consider using standard mileage the first year a vehicle is in service.** If you use standard mileage the first year your car is placed in service, you can then choose which expense tracking method to use in subsequent years. If you initially use the actual expense method the first year your car is placed in service, you're locked into using actual expenses for the duration of using that car in your business. For a car you lease, you must use the standard mileage rate method for the entire lease period (including renewals) if you choose the standard mileage rate the first year.

- **Don't forget about depreciation!** Depreciation can significantly increase your deduction if you use the actual expense method. For heavy SUVs, trucks, and vans with a manufacturer's gross vehicle weight rating above 6,000 pounds, 100% bonus depreciation is available through the end of the 2022 tax year if the vehicle is used more than 50% for business purposes. Regular depreciation is available for vehicles under 6,000 pounds with annual limits applied.

- **Don't slack on recordkeeping.** The IRS mandates that you track your vehicle expenses as they happen (this is called contemporaneous recordkeeping). You're not allowed to wait until right before filing your tax return to compile all the necessary information needed to claim a vehicle deduction. Whether it's a physical notebook you stick in your glove compartment or a mobile phone app, pick a method to track your mileage and actual expenses that's most convenient for you.

Please call your tax specialist if you have any questions about maximizing your business' vehicle expense deduction.



DON'T LOSE MONEY TO A CAR REPAIR SCAM

Forty years ago car owners could often grab a wrench, peek under an automobile's hood, and fix minor problems. For most of us, those days are gone. Nowadays, computers operate many of our cars' systems. Skilled technicians with sophisticated diagnostic gear are needed to check an auto's vital signs. When mechanics have finished probing and prodding and repairing, they may hand you a hefty bill for their work.

Although most auto repair shops employ honest and skilled technicians, some shops take advantage of unsuspecting car owners. Less-than-ethical mechanics may jack up prices, provide services that aren't necessary, pad invoices with bogus fees, or install poor-quality parts.

Following are two of the most common auto repair scams and how to avoid them:

- **Bait and switch.** A shop may advertise cheap oil changes or other routine maintenance services to get your car into the repair bay. Once there, myriad problems may begin to surface. Before you know it, a simple oil change has morphed into an expensive transmission repair.

Reputable mechanics will inform you of items requiring attention, but shysters may pad a work order with unnecessary repairs or replacements.

- **Charges for used or damaged parts.** Dishonest repair shops have been known to replace a vehicle's tires with retreads, install another car's castaways, even purposely damage existing car parts and

charge for expensive repairs. Avoid such scams by inspecting tires before and after the work is completed. Examine all parts to ensure that used parts haven't been substituted for new.

If you're unsure about a particular repair shop, check with trusted friends or scan for complaints on the *Better Business Bureau's* website.



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!



Create a Strong Bond With Customers and Employees With This Secret

All companies have beneath-the-surface philosophies that guide its interactions with customers and employees. Without a concerted effort to define these core values, however, a business may struggle to connect with clients or consistently motivate staff.

To create a strong bond with both customers and employees using your business's core values, start by conducting a close examination of what your business hopes to achieve and represent. Think about the why behind all that you do. Look at your best performers and the values they hold.

Next, document these values. Keep each statement short. You want employees to know core values by heart.

Finally, take concrete steps to implement core values in the following areas:

- **Hiring decisions.** A clear understanding of specific values can guide decisions about potential employees. Incorporate these values into job descriptions and new employee training. An interviewee who doesn't share your underlying philosophy may not fit your company's culture.



- **Staff recognition.** Publicly reward those who either exemplify a particular value or show initiative when addressing situations in which values have been violated. Your company's employee recognition platform might explicitly tie rewards to specific values. For example, at a staff meeting you might present a gift card to a receptionist who has gone the extra mile to deliver outstanding customer service.

- **Performance evaluations.** Core values give employees a clear standard on which to base performance, and teams tend to work more efficiently when operating on the basis of shared norms. On the flip side, when it's time to evaluate an employee's performance, a manager can cite core values when

offering constructive criticism or emphasizing the need for improvement.

- **Customer interactions.** Core values are a promise to your customers. In some cases, customers may be drawn to your company because of the ideals you espouse and advertise. So be sure to showcase these standards in web pages, sales brochures, and advertisements.

Make Your Business More Attractive to Job Seekers

Job seekers are in the driver's seat of the post-pandemic job market as many businesses across the U.S. are frantically searching for workers. Demand for labor, especially skilled labor, is outpacing supply. If your business is searching for new workers, here are some suggestions for tipping the scales in your favor with job seekers.

- **Offer flexibility.** In the aftermath of the pandemic, a survey by CHG Healthcare, the nation's largest privately held healthcare staffing company, found that 54% of respondents wanted a hybrid in-office/work-from-home schedule. Only 9% wanted to go back to the office full-time. With this in mind, look for new ways to enhance flexibility.

- **Rethink qualifications.** Consider recruiting at a local high school or community college if you normally only hire workers with four-year college degrees. Identify people with a strong work ethic and capacity for learning, then establish a clear path for



career growth. By providing internal mobility and transitioning current workers into new roles, your company might keep employees from jumping ship when a competitor beckons.

- **Appeal to a worker's altruism.** During the pandemic, many workers discovered that money isn't the driving force of a purposeful life. The *Harvard Business Review* found that nine in 10 workers will take a pay cut in exchange for more meaningful work. Such workers are also more likely to stay with their current employers. Consider positioning your company as a place where your workers can find a sense of purpose while also being dedicated to your company's core values.

- **Articulate your company's vision.** Job seekers are interviewing you just as much as you are interviewing the job seeker. Be prepared to talk about how your business was able to make it through the pandemic and where it's going over the next five years. Find one or two areas of your business that you were able to transform from a weakness into a strength.



Quotes: "Conformity is the jailer of freedom and the enemy of growth." – John F. Kennedy

"Mistakes are the growing pains of wisdom." – William George Jordan

"Success is not final; failure is not fatal: it is the courage to continue that counts." – Winston Churchill





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Disclaimer: Any accounting, business, or tax advice contained in this communication, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties.

EVERYONE FAILS. HERE'S HOW TO PICK YOURSELF BACK UP.

Learning to fail is a skill like any other — which means it takes practice. Learn how to thrive in spite of even your most epic mistakes. Every one of us knows how devastating failure can be — seeing your business go belly up, missing the pass mark that would have gotten you that coveted scholarship, getting fired from your job, not making the cut into the team after training all year, and so on. *Here are seven ways you can get back up after a major failure.*

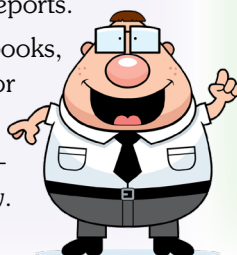
- Dissect the Situation and Understand What Went Wrong.
- Forgive Yourself.
- See What You Can Learn From Your Failure.
- Focus on Your Strengths.
- Get Support and Inspiration From Trusted People.
- Take Action.
- Believe in Yourself and Keep Dreaming Big.

To paraphrase Cardi B — when you're knocked down nine times, you can get up 10.

Avoid These Small Business IRS Audit Mistakes

Businesses that are slowly emerging from the COVID-19 pandemic should now keep their eye on another looming obstacle: IRS audits. In late 2020, the IRS announced that it will increase tax audits of small businesses by 50 percent in 2021. *Here are several mistakes to avoid if you do get audited by Uncle Sam.*

- Missing income.
- Higher than normal business losses.
- Deductions lacking substantiation.
- No expense reports.
- No separate books, bank accounts or statements.
- Treat the auditor as an enemy.



BE SMART ON THE ROAD AND SAVE MONEY

Most Americans are doing what they can to cut their budget and save money. One of the biggest expenditures for individuals and families is gas for vehicles.

Generally speaking, gas costs can be reduced by improving your car's fuel economy, driving more efficiently, and buying less expensive fuel. The following suggestions address all three areas.

- Let your engine breathe.
- Inflate those tires.
- Don't idle.
- Start slowly.
- Slow down.
- Stick to good roads.
- Lighten up.
- Use cruise control.
- Commute wisely.
- Combine trips.