

# THE MONTHLY CEO ADVISORY

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Dear Friends,

I am pleased to provide you with the inaugural issue of ***The Monthly CEO Advisory***.

For many years I wrote a weekly column, and now I have downsized to a single monthly column for the local business journal.

For a long time I was challenged with how to stay in touch on a regular basis with my network of clients, prospects, referral sources and networking connections.

In addition to my own article, I have worked with others to provide continuing education for business clients, prospects and suppliers / partners / associates.

Running a business is the most challenging task someone could every take on, and as you know, it is all consuming. Which means that you likely have little time to learn about all the topics you should.

To make it easier each article is short (only one page) and was written with you in mind. Please feel free to pass along this document to others in your network who might benefit.

Over the course of the next several months I expect to add additional contributors on topics and if there is a topic you want to learn more about, please email me.

In the meantime, enjoy these terrific articles and thank you for allowing us to be part of your continued business education and success.

Sincerely,



Ken Keller  
CEO

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The Monthly CEO Advisory is a publication for business leaders. Please enjoy the articles, send us any suggestions of topics you would like to see covered and pass this on to others so that they might benefit. Thank you. Ken Keller

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# BUSINESS GROWTH & PROFITS

## ARE YOU THE OBSTACLE TO GROWTH?

In speaking with the owner of a profitable local company, I learned that she was interested in addressing some key issues so she could return her time and attention to *growing the business*.

When I asked about the challenges and opportunities she was facing, she sighed and said "It never ends, the constant interruptions and crises; I fight fires all day long. By the time I get to the strategic stuff, the day is over. And I am tired, so it really never gets done."

The owner asked for input. I said, candidly but diplomatically, that until she had several trustworthy people as direct reports to her, she was going to be stuck.

I went on to say that she was going to have to learn how to effectively delegate so that she could off load tasks to others so she could focus on implementing strategy. If she didn't have anyone inside the company she was going to have to bring in experienced leaders from the outside to help her.

Growing your business and taking it to the next level means making some

very significant changes from how you currently do things. Some of these changes will be decisions that are difficult to make; some changes will be hard to implement and whatever you do, there will be resistance. Some of your employees may even quit.

Here's the advice I give my clients:

### YOU SET THE TONE

Why does everyone line up at your door? At some point, you made it clear that employees are not empowered. This is because you don't trust them to make the same decision you would make and spend the company's money or resources as you would.

As long as you are the sole decision-maker, things won't get better and may get worse. Until you make that significant leap of trusting others, you won't get past the day to day.

### TRUST, BUT VERIFY

You probably have some employees that are trustworthy. Give thought as to how you can retain the controls needed to complete tasks on time, on budget and to your desired quality standard. The most important part of the assignment is not harping on

the spending but sharing what your specific expectations are. Explain your concerns clearly and then monitor the work being along the way, adjusting as necessary. You have to inspect what you expect.

### IT'S GOOD TO REORGANIZE

Many companies I work with have long tenured employees in key roles. The issue is that while the company has grown, and the world outside the building has changed, often these employees have done neither.

"What got you here won't get you there" is true. Identify those holding your company back and change the reporting structure so they now report to a new manager, hired from the outside. Make it clear that these tenured employees are not being demoted and their pay is not being cut; they are being re-assigned to a new manager able to teach and mentor with the goal of a stronger contribution being made.

### PEANUTS ARE FOR MONKEYS

Be prepared to pay the price in dollars for the best people to come to work for your company. While you may undergo sticker shock when you learn how much the best candidates are asking for these days, keep in mind that a single "A" player on your team should be able to do the work of three, and possibly more, employees.

None of this advice may be easy to swallow: getting to the next level is not for every owner. Dreaming and talking about expanding is one thing; actually making it happen is another.

If you want to grow your company, don't be the person standing in the way.



### Ken Keller

I work with Business Owners, CEOs and Presidents leading companies with 20 or more employees, providing advice to increase revenue, decrease costs and improve profitability.

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# COMMERCIAL REAL ESTATE

## WHAT ARE TENANT ESTOPPELS AND WHY SHOULD TENANTS BE CONCERNED?

Prior to the transfer of ownership of a building, tenants will be presented with an Estoppel Agreement for signature by their landlord. There is a limited time frame to return the signed Estoppel Agreement and pressure to do so from the landlord. Tenants will be wise to study the Estoppel Agreement in detail, confirming its accuracy instead of blindly signing the paperwork submitted.

### WHAT IT IS

According to Black's Law Dictionary, an estoppel certificate is a "signed statement by a party (such as a tenant or mortgagee) certifying for another's benefit that certain facts are correct, as that a lease exists, that there are no defaults, and that a specific rent amount is paid to a certain date. A party's delivery of this statement estops that party from later claiming a different state of facts."

A Tenant Estoppel Agreement is a certified statement by a tenant that verifies the terms and conditions and current status of their lease. Commercial leases require a tenant to provide a signed Estoppel Agreement upon request. This is a critical step during the due diligence phase of an acquisition of a property and during the underwriting of a commercial real estate loan. Landlords view Estoppel Agreements as very serious business, as a sale cannot be completed without the agreement. Tenants should likewise take the Estoppel Agreement process seriously.

### WHAT IT DOES

The Tenant Estoppel certificate contains crucial elements such as the lease start and expiration dates, rent due and payable over the course of the lease, Options To Renew, information on lease extensions, and notification of both parties' rights and responsibilities according to the lease agreement.

The Estoppel Agreement provides proof of rent paid, which is cash flow. Cash flow provides the value of an asset. A buyer of a property will require perfect clarity regarding the cash flow generated from a lease and how long that cash flow will exist.

### TENANT BEWARE

The Estoppel Agreement is the "guiding" light if there is a discrepancy between the Estoppel Agreement and the lease. The most recent document will often prevail, which is the Estoppel Agreement.

It is surprising, given the importance of the Estoppel Agreement, that the preparation of the agreement often falls on the least experienced individual in an organization, providing a platform for inaccurate statements. Tenants' rights that have been negotiated may be overlooked, such as a First Right Of Refusal, an Option to Renew, or concessions regarding the tax impact from a sale to a tenant.

Tenants must review any presented Estoppel Agreement in detail to confirm its accuracy to ensure the protections provided in their leases are reflected in the Estoppel.



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### A FEW STATEMENTS FROM THE COURTS;

"The contents of an estoppel certificate are conclusively presumed to be true and bind both the Landlord and Tenant, even if they are erroneous."

Plaza Freeway Ltd. P'ship v. First Mountain Bank (2000) 81 Cal.App.4th 616, 628.

"Where an ambiguity exists between the estoppel certificate and the Lease, courts will read the lease and estoppel together to rectify the ambiguity."

Miner v. Tustin Ave. Inv'rs, LLC (2004) 116 Cal. App.4th 264, 271; California Evidence Code Section 622.

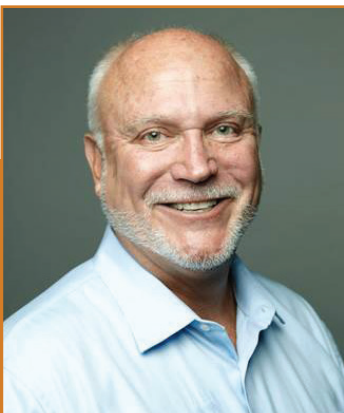
Mazirow Commercial negotiates leases to protect and save tenants rent dollars. Mazirow Commercial also provides Lease Administration and Management Services to insure Landlords administer leases accurately and Tenants rights are upheld pursuant to the negotiated lease.

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# COMMERCIAL INSURANCE

## THE CHANGING ROLE OF A COMMERCIAL INSURANCE BROKER

As we are poised to move into the third decade of the 21st Century, it occurred to me that my role as a Commercial Insurance broker has changed dramatically over the past twenty years. Back in 1999, most insurance buyers didn't expect more from their broker than a low price, and the assurance that they would be covered in the event of a loss. In turn, many brokers didn't do much more for their clients than gather underwriting information at renewal time each year, maybe put together some updated loss runs, snail-mail the "submission" out to several insurance carriers and wait for quotes to come in. The broker might have discussions with the underwriters to reduce the price, and depending on the size of the account and the personal relationship they had with the insurance buyer (golfing partner, drinking buddy or just another client), the broker might even drive out and deliver the proposal in-person.



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Today, the scope of my involvement in a Commercial Insurance risk can be far reaching. Insurance buyers now ask me to play the role of Risk Manager, trainer, educator, and Claims Liaison between them and their insurance carrier. I help them understand and project their Workers Compensation Experience Modification Factor and manage their open claims to completion. My clients have an expectation that I have the knowledge and expertise to review leases and contracts with them before they are signed, and that I will provide them with the information, services and resources they need to comply with the ever-expanding list of state and federal laws.

Not so long ago, claims for things like Sexual Harassment or Wrongful Termination didn't exist. Now, I am having regular discussions with clients about their HR practices, and I have developed a deep understanding of Employment Practices Liability (EPL) coverage - an insurance product that didn't exist 20 years ago. Baby Boomers and other employees have now been sitting at computerized workstations for two decades, and as

the workforce ages, I often find myself helping my clients establish Ergonomics programs for their companies, to control the number of Cumulative Trauma (CT) claims that might be filed. And, I also provide employers with assistance as they navigate through the often-confusing administrative rules of the Affordable Care Act.

Like other top brokers, I have evolved and elevated my game, in order to meet the needs and expectations of my clients. Unlike 20 years ago, I now see myself as more than just an insurance professional who understands policy language and sells insurance. Today, I seek to become a trusted and valuable member of my client's inter-circle of professional advisors. I pride myself on maintaining strong relationships and strategic alliances with other talented and vetted professional service providers, who are always available to stop what they are doing and help my clients address any challenge they have outside of Commercial Insurance and Employee Benefits. I remain engaged with all my clients throughout the entire year, not only at renewal time. I stay informed about the rapidly changing insurance environment, and I'm always aware of the broad array of risks to financial loss my clients face, from new exposures like Cyber Crime and Wire Transfer Fraud.

Yes, looking back, my role as a Commercial Insurance broker has differently changed since 1999, as I'm sure it will over the next twenty years, and I look forward to meeting that challenge for my clients every day.

# HUMAN RESOURCES COMPLIANCE

## IT'S TIME TO RETHINK YOUR TIME OFF POLICIES

All you want is an organization full talented people who work hard and are in it for the long haul. Is that too much to ask? Not if you're taking care of them.

Your employees can't be "on" all the time. And there's this little thing called life that demands their attention on a regular basis. Giving your employees what they need to be successful includes giving them enough time off to manage the demands of work and life.

You have sick leave, vacation or PTO



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policies. Are they equitable, reasonable, or sensible? Just because a policy exists doesn't mean it's good.

How much vacation do you give your employees? Do you start them off with a set amount or make them work an entire year before banking their first five paid days? Expecting someone to happily and effectively work for a year without vacation may seem reasonable but ask any employee how they feel about that and you're bound to get an earful.

Do you increase available vacation time the longer people stay or do you give everyone their two weeks when they start and continue that until the end of time?

Is your sick time super generous or merely the legally required minimum? But healthy, reliable employees shouldn't feel like they are being penalized for always showing up. Knowing you have chunks of paid time off sitting around that you can't actually use feels a bit punitive.

### IT MATTERS NOW, MORE THAN EVER

You may think paid time off is a small thing, an extra that your employees should be grateful to have at all.

But life is very different now when unemployment rates are at 3%.

- Many families are dual income, which means there isn't anyone at home to just "take care of things" as they come up.
- Working adults are often responsible for aging parents as well as young children.
- With the cost of living continually rising, many people can't afford to take unpaid time off.
- With the employment rate so high, your business needs to be able to compete with other companies in order to attract talent.
- Prospective employees have the opportunity to be choosy and you don't want to fall on the 'not chosen' end of the job market.

If your paid time off policy doesn't give your staff the time they need to take care of business and themselves, they will become less satisfied, less productive, and less inclined to stay.

The bottom line here is this: recognize your employees have human lives, support them appropriately, and they'll feel recognized, appreciated, and supported. Which leads to happier, more engaged and more loyal employees.

### IT YOU TAKE CARE OF YOUR EMPLOYEES, THEY WILL TAKE CARE OF YOUR BUSINESS!

# MANUFACTURING EXCELLENCE

With a rising minimum wage, historically low unemployment and the continual escalation in the cost of housing, how can I retain and engage my employees in a productive and profitable work environment? Is there any greater challenge today as a California employer?

Studies conducted by the Gallup Organization (<https://www.gallup.com/workplace/236924/don-pamper-employees-engage.aspx>) demonstrate that a workforce that is positively engaged in their work takes less time off, is more productive, and is far less likely to leave. Further, Gallup has found it's not about gimmicks, but "what workers truly want is an intrinsic connection to their work and their company."

As small to mid-size companies, we have a unique advantage in this area. We do have the opportunity to form an intrinsic connection with our employees. And that connection starts with you. But it's not about you. It is all about the employee.

A good place to start is by listening. As owners, we are accustomed to speaking; to deciding, guiding and instructing. That's our job, right? Well, yes, but am I willing to take the time to genuinely listen and to ask meaningful questions?

So what does "engaged" look like for this employee? Notice I did not ask what "engaged" looks like for employees. No; specifically, what does it look like for this one employee. Engagement looks and is different for every employee. There will never be one-size-fits-all.

What are his dreams? What are his goals in life and what role does work play in achieving those goals?

Our employee's personal lives matter. We may want to say "leave your personal problems at the door," but that doesn't happen. It is not our job to solve our employee's personal challenges, but how we engage our employees (or don't) can determine whether work is viewed as part of the solution, or as part of the problem.

Every employee's goals, dreams and sense of meaning is derived from very different places. A properly structured company has compensation plans, incentives, training and career development programs, etc., but these are not the essence of engagement. As Gallup has expressed it, "...employees may appreciate the perks ... but [they] don't make workers feel engaged."

Engagement is not a "what." It is a "who." And who has the greatest power to generate the maximum en-

gagement with the company? You do. If you choose to embrace who you are and the role you play in the life of the employee.

The employee recognizes the power imbalance themselves and the owner. The owner is not going anywhere. He/she is a fixed reality. The employee, on the other hand, recognizes that at the end of the day, he serves at the pleasure of the owner. This makes the owner's view of the employee of utmost importance. How does the owner view my work performance, my capabilities, my potential, my attendance? Am I on the team, on the way up, or on the way out?

There is only one way for the employee to know these things. It is not through the pay check or an incentive program. The employee is not going to know these things by a pleasant greeting in the morning or better yet, a courteous nod in his direction, or, if you make a comment to a Supervisor or Manager about what a good job an employee did.

The power of engagement comes from you – directly. Indirect acknowledgement or communication is a very weak substitute for the impact of direct, one-on-one communication from the owner.

The employee has the need to hear the specific words that clarify his importance to the success of the organization and how his contributions are valued. He desires to be heard by those who matter and to have his opinions and insights pursued and valued; he wants to see his ideas implemented.

This is the highest form of engagement, which is why it is your most important task.



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# INFORMATION TECHNOLOGY

## WHAT YOU SHOULD EXPECT TO PAY FOR IT SERVICES

One of the challenges many businesses face these days is how to address their technology needs. More specifically, how do you make sure your IT is up and running, stable, secure, and helping you to achieve your businesses goals and in a way that fits within your budget? On the surface, this seems like a pretty straight-ahead task. Although, I would ask - Do you have a budget? What should your budget be? How much should you spend on IT?

Unfortunately, all too often the approach we see taken is more like "if it ain't broke, don't fix it." And truth be told, this is actually a more costly way of dealing with your IT – ultimately negatively impacting your profitability. And this approach really doesn't become front and center as the wrong approach until it's too late – either because of a work stoppage (usually at the most inopportune time) or some other critical event bringing to light "there must be a better way."

The underlying issue we've found is that, unfortunately, most businesses look at IT as a necessary evil – a cost center rather than as a profit source. I.e: "let's keep the costs down" rather than looking at IT as an investment in how they can optimize the performance, and ultimately the profitability, of their business. Look no further than the evidence from a recent report that [businesses who value IT outperform those who don't](#) to see that this is a shortsighted view.

So, why is it so difficult for business owners to see things this way and end up going down the wrong road? Personally, I think a lot has to do with having a better understanding of what's "reasonable" to spend on your technology and why. When you don't know what something should cost and why, there's no underlying value to the service. This leads to a race to the lowest cost. Which drives a reactive mindset around IT - rather than a healthy, proactive, and productive one.

Which comes back to the question, "what should I expect to pay for IT services?" Herein lies the rub. My answer would be - well, it depends...

- What is the size of your business? ie: how many users, how many locations, how many different use cases are there?
- How complex is your technology? How many servers? What's in the cloud and what's not? How many applications and what are they? What is the level of integrations?
- How costly is downtime to your business?
- Is your business growing or shrinking?
- Are you in a regulated industry? Are there specific cybersecurity issues that you need to be protected from?
- Is there a certain level of industry specific expertise your business would benefit from?
- What is the scope of services provided?
- What is the scope of services your business should need?



### Craig Pollack

#### FOUNDER & CEO

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And these are only the start of the "it depends."

But the heart of this discussion is, it really comes down to the value provided, not the cost. And this goes to the approach that the IT Service Provider has when running IT for their clients. Are they providing an end to end solution? What does their "all in" look like compared to the what you're getting now or what you should be getting? Are they truly "owning" everything about your technology? Or are they a couple of "break-fix" guys trying to call themselves a Managed Service Provider? All of this impacts your cost – but, more importantly, it impacts the value you should expect to receive.

More to come in next month's column. But in the meantime, something to keep in mind as you're planning for 2020.

# COMPANY BENEFITS

## ARE YOU READY FOR THE NEW CA LABOR LAWS?

The new year brings 870 new laws in CA signed by Governor Newsom of which 12 directly affect employers. Are you ready to comply with the new laws?

Here is a list of the new laws that employers must comply with:

- AB 5 Independent Contractors
- SB 778 Sexual Harassment Prevention Training
- SB 142 Lactation Accommodation
- SB 188 CROWN Act
- SB 83 Paid Family Leave
- AB 51 Arbitration Agreements Limitations
- AB 1223 Organ Donor Leave Expanded
- AB 1804 Cal/OSHA Reporting
- SB 30 Domestic Partnerships
- AB 749 Prohibition of Rehire Restrictions
- AB 203 Valley Fever
- AB 1554 Flexible Spending Account (FSA) Notice to Employers

In addition, there are new minimum wage requirements in CA, LA, Malibu, Santa Monica, San Diego and 19 cities in Northern CA.

### WAIT, THERE'S MORE!

In CA when you hire an employee there are 11 notices, brochures or pamphlets you have to give them, and best practices are to provide

them to all employees each year and have them sign off and acknowledge receipt.

Here are the updated notices for 2020.

- DFEH Discrimination & Harassment Notice
- Transgender Rights in the Workplace Notice
- Pregnancy Disability Leave Notice
- CFRA Notice: Family & Medical Leave & Pregnancy Disability Notice
- Cal/OSHA Notice dated 8/19

Here are the updated brochures and pamphlets:

- Paid Family Leave pamphlet
- Unemployment Insurance pamphlet
- Sexual Harassment pamphlet
- State Disability Insurance pamphlet

There is also a new W-4 form for all new employees and employees changing tax deductions.

Here are a few questions to think about:

- How does a business owner keep up with all these changes?
- What process do you have in place to review new laws, determine their applicability to your company and develop effective procedures to comply with them?

- How are you sure you are compliant with all of the requirements of the Affordable Care Act?
- Is your company and all the employees compliant with HIPAA privacy laws?
- Has your employee handbook been updated to include the new requirements and comply with federal, state, county and city laws?

If your answers to the last five questions are a bit uncertain perhaps it's time to conduct an HR Assessment.



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# CFO *Insights*

## WHY BENCHMARK YOUR COMPANY

Is benchmarking an integral part of your strategic planning process? If not, you may want to consider adding a review of your industry's key financial metrics to your next planning session, because what you do not know can really hurt your business when operating at a competitive disadvantage. For example, what if your industry average accounts receivables turnover is 25% faster than your collection metric? What is your

competition doing with their excess cash? What could you do with the additional cash flow generated via a 10% improvement in collections? How about 20%?

## HOW TO BENCHMARK YOUR COMPANY

To get started, summarize your company data, by quarter, for the past two to three of years. With historical financial data, you will also be able to identify trends in key metrics, such as revenue growth. Financial benchmarks/metrics break down into two broad categories: 1) profitability metrics from the P&L; and 2) efficiency/effectiveness metrics mostly from the balance sheet. Profitability metrics include gross margin, operating margin and return on sales. Efficiency/effectiveness metrics include days sales receivables (DSR), days inventory on hand (DIOH), current ratio, debt-to-equity ratio, return on assets employed (ROAE), and so on.

The next step is locating relevant benchmarks for comparison. The best place to start is with trade associations for your industry. Trade association metrics may also include industry-specific metrics, such as sales as a percent of revenue, or average revenue dollars per employee, which can be very helpful.

Another good source of industry-based benchmark metrics includes public companies in your industry on

the SEC's EDGAR website. Though these are public companies, their financial data is referenced in both 10K and 10Q filings that can be used as a source of benchmark data. Finally, you can refer to the Almanac of Business and Industrial Financial Ratios (ABIFR), from CCH, which you can find in most libraries. The ABIFR data is sourced from IRS filings for both public and private companies and is summarized by company revenue size.

## WHAT TO DO WITH THE IDENTIFIED GAPS

Now that you have completed the benchmarking exercise for all your key metrics, more than likely you will have identified gaps, which are your targets for future improvement. Remember that the gaps you have identified are against industry averages and do not represent a comparison to "best practices" within your industry. Regardless, your benchmarking gaps need to be addressed as part of an annual financial planning process that assigns initiatives addressing those gaps to members of your leadership team. With progress toward your industry averages, you can subsequently focus on pursuing "best practices." If you need help starting your benchmarking effort, please give us call. We have the tools you need to overcome barriers to achieving your goals.



## Chase Morrison

I provide CFO services to manufacturing and distribution companies with revenues ranging from \$5M to \$40M in revenue, with a focus on helping clients better utilize their ERP/accounting systems to overcome barriers to growth and profitability.

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# ALTERNATIVE FINANCING

Are you one of the millions of small businesses who cannot qualify for funding with their bank? There are alternative options available. Let's answer some FAQ's:

## WHAT IS ALTERNATIVE FINANCING?

Alternative financing is a broad term used to describe the wide range of loan options available to business owners outside of traditional bank financing. These alternative options are most commonly used when a business cannot obtain a traditional bank loan for any number of reasons. Sometimes businesses will also opt for alternative loans because they are usually covenant-lite (covenants are clauses in the loan agreement that requires the borrower to do or refrain from doing certain things).

## WHAT ARE BANK APPROVAL RATES?

According to Biz2Credit's most recent report, the approval percentage for small business loan applications at big banks increased to 28.1% in November of 2019. They cite interest rate cuts by the Federal Reserve and an overall strong economy for the increase. Their analysis is based on loan requests ranging from \$25,000-\$3 million from companies in business more than 2 years with an average credit score of more than 680. So, even in this economy, if your business has been around more than 2 years and you have a good credit score, you still only have less than a 30% chance of getting approved with the bank. That's why alternative lenders remain an important source of capital for businesses.

## WHY DO YOU SEE THE BANKS TURNING DOWN BUSINESSES?

Bank rates are very low so they really cannot afford to make mistakes. They will refer businesses to me that meet some of the following criteria:

- Less than 3 years in business
- Limited collateral
- Not profitable
- Weak personal credit
- High risk industry (i.e. construction)
- Past Bankruptcy/Foreclosure
- Weak cash flow

In my experience, even some otherwise "healthy" businesses growing at a rate of more than about 15% per year can also be considered too risky for conventional financing. As a consequence, business owners have sought out alter-

natives and there has been a significant rise in alternative financing options.

## ALTERNATIVE FUNDING OPTIONS FOR BUSINESSES

Heritage Commercial Funding Corp. represents a network of the top funding sources in the alternative lending market. Our job is to connect businesses with the right lender to increase their cash flow and improve their bottom line. Some options include:

- Lines of Credit
- Term Loans
- Merchant Cash Advances
- Personal Loans
- Business Credit Cards
- Microloans
- SBA loans
- Invoice Factoring
- Purchase Order Financing
- Asset Based Lines of Credit
- Equipment Financing

## WHAT DO WE NEED TO QUALIFY?

Each alternative lending program has a different set of qualification standards. We can usually let you know quickly which one you may qualify for.

## IS IT WORTH IT?

Lenders price to the risk. Alternative lending rates will always be more expensive than bank rates. Even within the alternative lending space, your rate will vary based on your creditworthiness, size, etc. So, is it worth it? Well it's best to just keep it simple.

## DOES THE BENEFIT OUTWEIGH THE COST?

- What are your profit margins?
- Are you turning away business because you are worried about cash flow?
- Do your suppliers offer any quick pay or volume discounts?

For the right business, alternative lending can be an invaluable tool to help get you to the next level. So, weigh your options but don't lose sight of the forest for the trees. These rates are still a lot cheaper than equity pricing for the same amount of capital.



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A long time client of mine was looking for a CFO. His current finance leader was retiring and the search had gone on for months without any luck. Many interviews but no one seemed to make the fit.

Three more candidates were brought in to be interviewed. I agreed to participate under the stipulation that each had to take the DISC assessment. The total investment was \$375.

In reviewing the assessments, I quickly eliminated two candidates from further consideration because the results indicated that they were both too independent; wanted limited to no supervision (!) and were not comfortable working with other members of management as a team.

The third candidate had the right temperament without red flags and when I completed the two page evaluation form on this individual, I simply wrote "Hire him before someone else does."

The CEO made the hire and has not looked back. The new CFO was the leader the company needed to get the privately held company to the next level of success.

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One of the biggest mistakes a Business Owner or CEO makes is hiring the wrong person to join the company. It happens all the time.

Using a reasonably priced assessment for hires at every level simply makes good business sense.

It's an insurance policy that quickly pays dividends.

If you're ready to improve your hiring, please call me and let's discuss what cost effective assessment would work best for your situation.



## RECOGNIZING DISC STYLES

C COMPLIANCE	D DOMINANCE
<p><b>The C is looking for: FACTS</b></p> <p><b>Quick Observations:</b> Slower paced, task-oriented</p> <p><b>Communication:</b> Direct</p> <p><b>Overextension:</b> Critical</p> <p><b>Organization:</b> Everything in its place. Perfectly organized.</p> <p><b>Body Language:</b>  <b>Stance</b> - Arms folded, one hand on chin  <b>Walks</b> - Straight line  <b>Gestures</b> - Very reserved, little or no gestures</p> <p><b>Communication Clue:</b> Asks detailed questions</p>	<p><b>The D is looking for: RESULTS</b></p> <p><b>Quick Observations:</b> Faster paced, task-oriented</p> <p><b>Communication:</b> Direct</p> <p><b>Overextension:</b> Impatient</p> <p><b>Organization:</b> Efficient, not neat.</p> <p><b>Body Language:</b>  <b>Stance</b> - Forward leaning, hand in pocket  <b>Walks</b> - Fast, always going somewhere  <b>Gestures</b> - A lot of hand movement when talking, big gestures</p> <p><b>Communication Clue:</b> Doesn't want others' opinions, only facts</p>
S STEADINESS	I INFLUENCE
<p><b>The S is looking for: STABILITY</b></p> <p><b>Quick Observations:</b> Slower paced, people-oriented</p> <p><b>Communication:</b> Indirect</p> <p><b>Overextension:</b> Possessiveness</p> <p><b>Organization:</b> Usually some type of system. A little on the sloppy side.</p> <p><b>Body Language:</b>  <b>Stance</b> - Leaning back, hand in pocket  <b>Walks</b> - Steady, easy pace  <b>Gestures</b> - Will gesture with hands</p> <p><b>Communication Clue:</b> Has a "poker" face</p>	<p><b>The I is looking for: INTERACTION</b></p> <p><b>Quick Observations:</b> Faster paced, people-oriented</p> <p><b>Communication:</b> Indirect</p> <p><b>Overextension:</b> Disorganized</p> <p><b>Organization:</b> Disorganized. A lot of piles.</p> <p><b>Body Language:</b>  <b>Stance</b> - Feet spread, two hands in pockets  <b>Walks</b> - Weaves, people focused, may run into things  <b>Gestures</b> - A lot of big gestures and facial expressions when talking</p> <p><b>Communication Clue:</b> Talks with hands</p>



## **A Laser Beam-Focused Workshop to Uncover Obstacles to Growth**

### **10 Reasons to Get an X-Ray for Your Company Today**

**ONE:** Walk away with a winning short-term and long-term view of your company's strengths and weaknesses and turn them into action steps.

**TWO:** Target what and where your key issues are: People, Process or Profit and gain insight on how to address them in order of priority.

**THREE:** Get your company focused on the right path to improving performance.

**FOUR:** Remove the hidden barriers that are causing performance to slump, people to disengage and profits to dwindle.

**FIVE:** Lock onto your five greatest challenges and take them on one by one until performance begins to improve.

**SIX:** Uncover the Rules of the Road for your stage of growth. Take a hard look at how well you have completed each Rule for your stage of growth. Based on our research not getting these done at the right time is a huge 'performance drainer' for all companies.

**SEVEN:** Learn the secret behind your builder / protector ratio (this is your 'confidence / caution quotient'). Find out why your employees are so uncomfortable with change. Figure out how to create an atmosphere of confidence with just the right amount of caution.

**EIGHT:** Create a "language of growth" that will resonate with every single employee, helping them to understand how they impact a company's profitability.

**NINE:** Learn how to maximize your company's ability to stay focused on the right things at the right time.

**TEN:** Determine if you are "running ahead of your headlights" and what that means to your business performance in the next 6 to 12 months.

**For a free consultation on this workshop, please contact Ken Keller.  
[Ken.Keller@StrategicAdvisoryBoards.com](mailto:Ken.Keller@StrategicAdvisoryBoards.com) or call 661.645.7086**

# Zeroing in on Your Company's Profit Zone™

## Identifying how every person on your payroll impacts your bottom line.

**Myth #1:** Employees have little interest in how their company makes money.

**Myth #2:** The concept of profitability can't be taught to employees who don't understand a financial statement.

**Myth: #3:** If employees knew how much money a company made they would demand more money.

This program is designed to:

- ✓ Explode these three myths and many more.
- ✓ Improve your bottom line.
- ✓ Help each employee understand the value they bring to an enterprise.
- ✓ Educate each employee as to how they impact profitability of your company.

## What is Your Profit Zone?

The Profit Zone is the relentless, precise and intense staff mindset to make and keep money for your company. Your Profit Zone is responsible for maintaining and improving:

- ✓ Revenue generation
- ✓ Strategic and tactical focus of the company
- ✓ Gross and net profit margins
- ✓ Cash flow
- ✓ Cost structure
- ✓ Customer satisfaction
- ✓ Staff voltage
- ✓ Product/service quality
- ✓ Company innovation

Less than 10 percent of most company's staff understands how a company makes and keeps money. Employees choose to be employees and not entrepreneurs because they want the certainty of a paycheck. Ironically, most employees don't understand their direct role in making sure those paychecks happen. They just assume the boss will make sure there is enough money to pay them. The staff is rarely connected to the reality of how they directly affect the company's ability to make payroll.

The goal is to bubble up the growth of an enterprise. In order to make this a reality and not just theory, there must be real work involved in educating the staff and building this knowledge into the DNA of the company.

How strong or weak a company's Profit Zone is, determines the health of the enterprise. When a company is sloppy or ineffective with any of the Profit Zone activities, it makes and keeps less profit.

If it underperforms on too many of these items, it goes out of business. The Profit Zone is the Strike Zone, the profit sweet spot so necessary that the company's very survival and success depends upon it. When every employee knows how his or her job responsibilities directly impact the Profit Zone, you are another step closer to bubble up growth.

## What are the Company's Profit Sequences?

The Profit Sequences are the three-step combinations that result in profitability. Any activity an employee or staff member is involved in should not be any more than three zones away from the Profit Zone. It is a way for the entire staff to 'mind the generation of profit' is in the business.

**Zone 3:** the employee's activity supports the processes of maintaining and improving one or more of the nine activities of the Profit Zone.

**Zone 2:** the employee's activity supports the people who are maintaining and improving one or more of the nine activities of the Profit Zone.

**Zone 1:** the employee is actually the person who is making it happen. They are directly maintaining and improving one or more of the nine activities of the Profit Zone.

If you would like to learn more about how your company can be more profitable and how you can get your employees engaged in making money for your business, please contact:

Ken Keller

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