

THE MONTHLY CEO ADVISORY™

revenue

A close-up photograph of a person's hand in a white dress shirt, holding a white marker and drawing a thick red arrow that curves upwards and to the right. The background is a blurred office setting.

FEBRUARY 2022

VOLUME 3, ISSUE 2

Dear Friends,

I trust your 2022 is off to a great start.

My article this month is about “letting go” which does not mean you stop being the CEO. It means that you need to start building a management team so that you are no longer the bottleneck in your own company. Why? So you can continue to grow your company!

Leading a business is the single most challenging task someone could ever take on, and as you know, it is all consuming. This means that you have little time to learn about all the subjects you should. To make it easier for you, each of our articles are short (only one page) and are written with you specifically in mind, covering the following categories:

- Growth & Profits
- Tax News
- Human Resources Compliance
- Commercial Insurance
- Manufacturing Excellence
- Information Technology
- CFO Insights
- We Can Do Better
- Social Media
- Insolvency Advising
- Estate Planning
- Mergers & Acquisitions
- Business Law
- Intellectual Property
- The Future Explained
- Leading Powerfully

Please feel free to pass along ***The Monthly CEO Advisory*** to others in your network who might benefit from learning something that could positively impact their business.

Please enjoy all the articles in this issue and thank you for allowing us to be part of your continuing business education, growth and success. Stay safe. May 2022 be better for all mankind.

Sincerely,

Ken Keller

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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

TIME TO START LETTING GO

Hang on to your sanity, your world just shifted.

The dynamic that occurs when your company moves into Stage 3 (20 – 34 employees) is unlike anything you've been through. Up to this point in the company's history, it's been CEO-centric: your passion, your vision, your blood, sweat, toil and tears have successfully carried the company to this point.

With the addition of employee #20, a strange phenomenon occurs. I liken it to when your preteen, who use to think you walked on water, now thinks you're dumb and dumber.

You've felt the subtle change – your employees are a bit harder to manage, they push back more often, their attitude hits you in the face when you least expect it – you may seem to be at odds with them on a daily basis.

Here's some advice: Don't look at them; look at yourself. Your company just hit a wall in how you manage it, and you are the one who has to make some changes.

A couple of critical forces are hitting at the same time. In startup and

ramping up, (Stage 1 and Stage 2), a company is CEO-centric. Moving into Stage 3, it becomes Enterprise-centric.

It's too big for you to continue to "wear all the hats". It's time to start "passing those hats" around to the incredibly talented people you have hired.

You have also just come through what I call a Wind Tunnel; a chaos zone that requires you to let go of methodologies that no longer work and adapt new ones that do.

This is a lot for any CEO to deal with.

This stage of growth has the highest incident of CEO-burnout and it's not difficult to understand. Suddenly you must start managing, delegating and team building like there was no tomorrow. I've identified the top five challenges likely staring you in the face:

1. Staff buy-in
2. Leadership/staff gap
3. Weak business design
4. Unclear core values
5. Staff is resistant to change

Four out of five of these centers on people issues. If I've heard it once, I've

heard it a thousand times from CEOs: the lament starts with "If I just didn't have to deal with employees".

It's no wonder that as a company moves into this critical stage of growth that many CEOs lose some of the enthusiasm, the passion that was their "lifeline" up to now. You could always call on your own "lifeline" to get you through those tough times.

Now you must start relying on your people – relying on is a bit soft. You must start "trusting, believing, managing, training, teaching, coaching, rewarding, caring and communicating" with every person in your company. And you must do it every single day.

Want to know how to avoid a "staff revolt?" One word: Communication.

Lots of it: right now. Today! Tomorrow! Next week! Every week! And don't stop.

I've counseled CEOs should meet with their direct reports once a week for at least 30 minutes. One CEO quickly did the math for their 9 reports: "You want me to spend 4 1/2 hours a week talking to my employees? Who has that kind of time?"

You'd better make time.

Visit StrategicAdvisoryBoards.com today to learn about nationwide peer groups on Zoom or call Ken Keller at 661.645.7085.

Learn about Strategic Advisory Boards by watching <https://youtu.be/cYTOZmVjaAM>



Ken Keller

We bring CEOs together in Strategic Advisory Boards for education, accountability, and association to improve their businesses and their lives, growing revenue, reducing costs, and improving profits. We provide tools, resources and coaching for already successful leaders to become even better.

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TAX NEWS

PITFALLS OF ESTIMATED TAX PAYMENTS



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believe that if they do not make these payments the IRS will come knocking down their doors looking for these payments each quarter. This is not the case. However, I would answer that they are definitely required and the effect of not paying them timely is that the taxpayer would be subject to the penalties mentioned above when they go to file their tax returns come April 15th.

If the taxpayer is an employee but happens to be under withheld, we would suggest that withholdings are increased in order to cover this shortfall. A lot of times being under withheld is caused by a two-earner household. This is due to the fact that each spouse reports their withholding amounts to their employer's based on their withholdings but when combined with their spouses on their year end tax return the tax rate is higher due to the combination of their incomes. This difference is exacerbated the more each spouse makes.

When it comes to estimated tax payments, there are problems you will want to avoid. In fact, there are three potential penalties that can rear their ugly heads with the filing of your tax returns and failing to adhere to the rules associated with estimates, payments and filings. These include 1) **Failure to file**, 2) **failure to pay**, and 3) **underpayment of estimated tax penalties**. This article will discuss the underpayment of estimated tax penalty.

We normally prepare estimated tax payments where required for clients, We also will often receive the question "do we have to pay these estimates?" If the client is not used to seeing these estimated tax vouchers with their tax returns they are normally confused or surprised.

If a taxpayer owes more than \$1,000 with the filing of their tax return, they more than likely should have paid estimated tax payments on a quarterly basis, and if they did not, they might be subject to the underpayment of estimated tax penalties. This penalty is calculated like interest at the stated underpayment interest rate that is adjusted by the IRS at regular intervals. The theory here is that you had the use of the monies during the year, rather than the Internal Revenue Service.

There are two methods whereby a taxpayer can figure his or her estimated tax payments. There is a "safe harbor" method whereby the taxpayer can pay 100% (110% if their income is over a certain level) of his or her amounts as shown on their previous year's tax return. If they pay in these amounts they would not be subject to penalties no matter how high their current year income ends up being.

An alternative method is that they could figure and pay in 90% of their projected current year liability. The challenge with this method is the work projected. Normally most taxpayers do not have a handle on how much their current year income is, and/or it is quite burdensome to calculate.

The first method is most beneficial for taxpayer's whose income is greater in the current year over their prior year liability. This method allows them to keep more money in their pockets during the year. The downfall with this method is that the taxpayer might have a rather large "balloon" payment due come April 15th. The second method is best for clients that have decreased incomes in the current year over the prior year. This would allow less amounts to be remitted due to decreased incomes.

A lot of taxpayers ask if these estimates are really "required". They

COMMERCIAL INSURANCE

BREAK OUT THE CRYSTAL BALL

I started last year by reading the tea leaves and making some projections about commercial insurance rates in 2021. This year, I thought I would use the old crystal ball.

PROPERTY

Domestically and globally 2021 was another tough year for property losses. In the US, natural disasters hit a ten-year high, and loss estimates for December's tornado damages are over \$3 billion. Inflation and supply chain disruptions are also driving reconstruction costs up, increasing the cost of claims.

Businesses with safer risk characteristics should experience flat to minor increases. Tougher classes, and businesses located in insurance industry designated fire zones (which are much broader than standard fire zones) will see significant increases and have difficulty finding coverage.

GENERAL LIABILITY

Like property insurance, last year was a difficult one for General Liability carriers. Claims costs continue to rise, and judgments are getting larger every year.

To offset this trend, carriers have tried to increase General Liability rates wherever they could. That trend should slow slightly but continue in 2022. Additionally, due to tightening underwriting appetites, some businesses previously insured by standard carriers may find themselves pushed into the non-standard marketplace this year.

AUTOMOBILE

The number of carriers willing to write stand-alone Auto coverage continues to decline, and even before Covid, the supply chain

crisis, and labor shortages, Commercial Automobile rates had been climbing rapidly for several years. The cost to repair or replaced vehicles spiked last year and should continue to increase until these challenges are solved. Businesses should expect auto rate increases again in 2022.

WORKERS COMPENSATION

The one bright spot for businesses continues to be Workers Compensation. Aggregate and individual claim costs are down, and the diminished workforce resulted in fewer claims in 2021. There is also healthy competition between numerous carriers. Expect to see flat or even decreased premiums across most classes of business.

PROFESSIONAL LIABILITY

Directors & Officers (D&O) rates should continue to rise, but only slightly, with multi-line policies including D&O, EPL, and Fiduciary Liability on a single policy, continuing to increase in use.

Cyber Crime premium increases from 50% to 100% should be expected again in 2022. Ransomware attacks, social engineering, and privacy breaches, continue to increase, and despite significant price increases, Cyber carriers are not seeing increased profitability. Cyber carriers pushed their insured businesses hard to increase cyber security controls last year, and this may help results in 2023.

Employment Practices Liability Insurance (EPLI) is another problem area for carriers. Losses are expected to increase as employees return to work, new state and Federal mandates come online, people are re-hired and then laid off, and the courts re-open. Many carriers are responding with higher Self-Insured Retentions.

Commercial insurance buyers will pay slightly more in 2022

for most policies, with significant Cyber Crime and EPLI increases looming. Buyers can temper these increases by fortifying their Cyber safety and Human Resources policies and procedures, then working closely with their broker to communicate those efforts to their carriers.



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HUMAN RESOURCES COMPLIANCE

DO YOU HAVE A COVID PREVENTION PLAN AND HAS IT BEEN UPDATED FOR 2022?

In June I wrote an article for CEO Monthly about having a COVID Prevention Plan (CPP). It is that time again because Cal/OSHA just voted to “re-adopt” the COVID-19 Emergency Temporary Standards (ETS) for a second time – but this latest move introduces some significant changes for California employers. The new ETS will be in effect from January 14, 2022, through the middle of April and is expected to be extended for the rest of the year.

WHAT ARE THE TOP THINGS CALIFORNIA EMPLOYERS NEED TO KNOW ABOUT THE NEW ETS?

1. Revised Definitions: Cal/OSHA has changed a number of relevant definitions including:



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- Covid-19 Tests
- Face coverings
- Fully vaccinated
- Worksite

2. Covid Prevention Plan: Employers must have a Written COVID-19 Prevention Program that includes policies for identifying and evaluating COVID-19 hazards in the workplace

3. Screening: If the employer conducts screening indoors at the workplace, face coverings must now be worn by both screeners and employees, regardless of vaccination status.

4. Post Exposure Notification: Employers are required to provide notice of a potential COVID-19 exposure to all employees. The re-adoption clarified that this notice must be provided to “all employees who were on the premises at the same worksite as the COVID-19 case during the high-risk exposure period.

5. Post-Exposure Testing: Post-exposure testing must be made available to asymptomatic fully vaccinated employees. Previously, employers were not required to provide testing for fully vaccinated employees unless they experienced COVID-19 symptoms.

6. Exclusion of COVID-19 Cases and Close Contacts: One of the biggest changes in the re-adoption is the exclusion of COVID-19 cases and close contacts. Employers have raised concerns that maintaining and enforcing social distancing and face covering requirements on an individual employee-by-employee basis is not practical. You could be faced with some employees who are required to social distance while others are not, changing on an almost-daily basis, however, employers must do their best to comply with this requirement.

7. Return to Work Following Close Contacts: The new guidance applies to all employees and has shortened the isolation/quarantine

period with a negative test and new rules for employees who test positive.

8. Multiple COVID-19 Infections and COVID-19 Outbreaks: An outbreak is defined as three or more employees COVID-19 cases within the exposed group and a major outbreak is 20 or more employees. Previously, employers did not have to make testing available to fully vaccinated employees if they did not exhibit symptoms. Now, if a company faces multiple COVID-19 infections or a COVID-19 outbreak, the employer must make testing available to employees in the exposed group, even if they are fully vaccinated and asymptomatic.

WHAT SHOULD YOU DO?

In the meantime, employers should adopt the following steps to ensure compliance with these changes:

- Review the changes to the ETS carefully with your HR consultants or employment law counsel.
- Add booster information to the vaccine information you collect.
- Review your Written Plan COVID Prevention Program, notices and other policies that need to be modified.

All employers in CA, no matter how many employees you have, must have a written CPP with the appropriate 11 notices. The CPP and notices must be current and reviewed monthly if there are any changes from CA, the Federal government and local jurisdictions.

If you do not currently have a CPP or have one that has not been updated JorgensenHR can assist you with becoming compliant and limiting the possibility of lawsuits from your employees or fines and penalties from government regulatory agencies.

MANUFACTURING EXCELLENCE

OMICRON RESPONSE: WE MUST GET BACK TO WORK

The impact on employee attendance from Omicron has been significant. The ongoing pandemic has employees very cautious about coming to work with even minor symptoms.

So what is the outlook for the future? Will we return to the pre-pandemic routine of pushing through minor illnesses and showing up for work even when we don't feel up to par? I suspect not. It seems far more likely that the high absenteeism experienced during the pandemic will continue for the foreseeable future.

For manufacturers, this is especially challenging. It becomes very difficult to plan daily and weekly production schedules, make sustainable commitments to customers and to keep highly capitalized equipment running.

As a result, productivity has taken a major hit with the downstream impacts on cash flow and profitability. Without the support of PPP funds, can manufacturers find a way to navigate these uncharted waters in 2022?

Let's consider a small to mid-size manufacturer of 50 employees.

Value is generated when manufacturing activities are converting the materials at hand into the end product. We have to realize that while administrative, sales, marketing and engineering activities are necessary, they are not engaged in the actual creation of the end product. Customer value is only being generated when the product is being acted upon. These activities include machining, processing, assembly, etc.

In our hypothetical 50 employee manufacturer, it is likely that 60% of the staff are actively engaged in value added activities. The other 40% are involved in non-value added support activities. But even for the 60%, a surprising amount of time is spent waiting for setups, tooling, housekeeping and other non-value added activities. For the purposes of this exercise, let's discount the 60% to 50% of employee activity being directed toward value added activities.

This leaves 25 employees generating 100% of value, or 4.0% per employee.

In the context of Omicron, I am seeing companies experiencing 5-15 absentees a day. Using the mid-point, our hypothetical company is experiencing 10 absentees per day compared to a pre-pandemic rate of 2-3 absentees per day. This suggests there are an additional 7 daily absences due to Omicron.

Consequently, the value added workforce of 25 is effectively reduced to 18. These remaining 18 employees must now generate 100% of company value, or 5.5% per employee. This compares to the earlier value of 4%. Each remaining employee must generate an additional 38% of value each day (1.5% divided by 4%).

For even with the most optimistic efficiency experts, a 15-20% productivity improvement is possible. Even if that were achieved, a significant gap remains.

This illustrates the magnitude of the problem faced by our small to mid-size manufacturers. It is clear that the government is not going to step-in to provide additional support.

There is only one solution: we need to get back to work. We need to learn to live with COVID. It is encouraging to see more reasonable guidance coming from government agencies, but more needs to be done.



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INFORMATION TECHNOLOGY

ARE WE SAFE? CYBERSECURITY QUESTIONS THAT ALL CEOS NEED TO ASK

1. DO WE KEEP A LIVE INVENTORY OF ASSETS?

Maintaining an accurate inventory of both physical and virtual assets, including all devices, licenses, and policies, is critical to knowing the scope of the "What" that needs to be secured to address potential vulnerabilities and drive your overall cybersecurity posture.

2. ARE OUR EMPLOYEES PROPERLY TRAINED ABOUT CYBERSECURITY?

How do we measure their knowledge/preparedness? It's not enough to just train employees once and assume they're good to go. It's critical to implement both a training as well as a recurring testing program to keep them vigilant.

3. DOES OUR CYBERSECURITY STRATEGY ADDRESS BUSINESS RISK?

How? Many employees don't fully understand the business impact of a major cyber incident, whether intentional or accidental, until they are in the fog of war. It's critically important to be aware of the cascading impacts of a potential incident.

4. WHAT WOULD AN ATTACK ON US LOOK LIKE?

Answers to this question can be very enlightening. It's rare that technology leaders don't know the weaknesses within their environment that could be leveraged to harm the organization. Knowing what your technology team thinks is a critical factor in understanding your risk.

5. IF WE WERE HIT BY AN ATTACK, HOW CONFIDENT ARE WE THAT WE CAN RECOVER QUICKLY?

Many organizations don't plan for recovering from a major attack quickly. Key issues such as reducing downtime, preventing, or minimizing revenue loss, addressing customers' experiences during a recovery, and minimizing recovery costs must be addressed and planned for before an incident occurs. The absence of such a plan could create chaos when responding to an incident.

6. WHAT PREVENTATIVE MEASURES HAVE WE IMPLEMENTED TO PROTECT OUR COMPANY?

In order to properly evaluate an organization's cybersecurity program, it's critical for leadership to understand the current protection in place. In particular, the tools deployed to prevent or reduce these cyber threats from impacting the organization. These systems should be verified, documented, and tested frequently with detailed reporting output.

7. HOW DO YOU MEASURE AND MANAGE OUR CYBERSECURITY PROGRAM?

In order to maintain an ever-evolving, ever-maturing security program, it's paramount that your organization leverage clear objectives and metrics wherever possible.

8. HOW DO YOU DETERMINE THE APPROPRIATE BUDGET FOR TECHNOLOGY RISK MANAGEMENT?

As threats increase, aligning appropriate budget with technology risk manage-



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FOUNDER & CEO

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ment should be a top priority. Cybersecurity spend is like having insurance. It may be hard to measure, but it's required to reduce risk. Experts advise that 10% to 15% of an organization's IT budget be allocated for protection against data breaches and cybersecurity attacks.

9. WHAT TYPES OF RISKS ARE CURRENTLY THREATENING OUR NETWORK/SYSTEMS?

How do we know we have full visibility of those threats? Do we have visibility across all systems or just critical infrastructure? What steps (if any) have we done to reduce them? Managing risk and ensuring continuity takes an organizational commitment.

BOTTOM LINE

As an IT security service provider with over 30 years of experience, we've seen a lot of things over the years. And more and more of what we're seeing these days as it relates to security hacks, breaches, and threats is, unfortunately, the result of too many businesses NOT taking cybersecurity seriously enough.

WE CAN DO BETTER

I WASN'T AWARE THAT YOU'RE A PERSON OF COLOR



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This was the headline of the article my friend sent me recently.

"I wasn't aware that you're a person of color, woman demands refund after finding out business owner is Black."

The client who sent the email then went on to say,

"I would also suggest you put something that discloses you're a person of color."

The client continued to write in her email,

"Can you please cancel my order? Unfortunately, I wasn't aware that you're a person of color and I just don't like to support small business[es] that do not [align] with my version of support."

Then, according to the email, she followed up her request with racist stereotypes.

"Before you start and go on a race tyrant, please be aware it [is] called my preference [...] Because we are all aware of how you people like to act when things do not go your way," the client wrote.

So, then the business owner who is black responded, "What do you mean by 'you people'? How do we like to act? How do you expect someone to act when it's 2022 and you're still giving this type of energy?"

The client, in the email, said the owner should make it clear on her site that she is a Black woman, despite the site having an "About the Owner" page, that clearly shows the owner is black. She also demanded she receive a refund by the next day and ended the email by alluding to Martin Luther King Jr. Day.

"Also, happy holiday isn't it your people's holiday today?" she wrote.

In the video she shared, the business owner expresses

her disappointment in the client's prejudice, but she blocked out the client's name and did refund her for her order. She said she could have just asked for a refund, and she would have given it to her.

The owner said, "I'm just disturbed by the fact that you thought this was OK. You could have just asked for a refund. I don't ask questions on why people want refunds [...] This is not OK. We need to do better in 2022," she says. This owner showed a lot of class when the trend is to out people that show this kind of hatred.

This is the essence of the title of our newsletter each month, "We can do better." I have heard this before about me being a mixed-race person with light skin. "I didn't know Paul was black, he is so articulate." This was done a few years ago but for someone in 2022 to feel this way, it just means we have a lot of work to do. There is so much pain and violence on our streets and in our world. Is it a product of all this hatred and trauma we continue to heap on one another? I will still work to heal our divide even though incidents like this hurt, they just hurt. So, I will lean into Proverbs "Hatred stirs up strife, but love covers all transgressions." Like Dr. Martin Luther King, I choose love, hate is too great a burden to bear.

CFO Insights

NEGOTIATING THE LETTER OF INTENT – PART 1

Selling Your Business. A series of articles providing information to business owners who are starting to think about exiting their business.

The investment banker has successfully marketed your business and has received letters of intent (“LOI”) from three prospective buyers. So, what is an LOI? It is the written offer to buy your business. It includes the purchase price, transaction structure, seller financing requirements, seller employment, various terms, etc. It is preferable that the final agreed to LOI is as detailed as possible and will become the

foundation for, hopefully, the purchase / sale agreement.

The seller, with assistance from **The Success Team™**, will need to evaluate each LOI to determine which best achieves the objectives of the business owner. Naturally, the financial terms will be a significant part of the evaluation. However, the business owner may have other objectives that are important that will need evaluation. These may include expectations of continued seller employment, buyer’s intent to retain employees, are the cultures of the buyer and seller complimentary, etc. A business owner may be unwilling to sell to a buyer that intends to layoff all employees.

Evaluating the likelihood of the transaction closing with a particular buyer will be considered. Does the buyer have a strong financial position and available resources to complete the purchase? Has the buyer been preapproved for financing? Does the buyer have a reputation for successfully closing purchases? Does the buyer have a reputation for generous LOIs, but demands renegotiation of terms during due diligence?

At this stage, with multiple prospective buyers, negotiation strength is with the seller. Once the LOI is accepted and signed, negotiation strength shifts to the buyer. You should thoughtfully negotiate with each of the prospective buyers to obtain the best offer available that most closely matches your objectives. However, do so carefully. You do not want prospective buyers to

walk away because they feel either your demands or your negotiating style will not lead to a successful purchase. Remember, you have made a significant investment in preparing your business for sale. Be as flexible as you reasonably can to bring the sale to closure.

To help guide your negotiations, you, and **The Success Team™** should model each of the offers to understand how and when you are getting paid. You will want to understand what portion of the purchase price is guaranteed and what is contingent. You will also want to understand expectations related to seller financing and the associated risks. Finally, the tax implication of the various offers needs to be evaluated. Variations in deal structure can result in significant differences in how the transaction will be taxed. I will discuss in more detail in the March 2022 edition the various components of an offer addressing these areas.

A point of caution. **You have not sold your business with an executed LOI.** There continues to be an arduous process that needs to occur to get to a closed business sale. **Focus on running your business and let The Success Team™** guide you along the remaining path.

Are you ready to sell your business? Would you like to learn more about how much your business is worth? If you are ready to start planning your exit now or would just like to know more about what exit planning is all about, please call me.



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SOCIAL MEDIA

HOW TO GET YOUR BUSINESS PAGE VERIFIED ON FACEBOOK

Since its founding, [Facebook](#), which was recently rebranded under the larger parent company “Meta”, has maintained a massive amount of consumer attention. Customers flock to Facebook to engage digitally with all aspects of everyday life, and the way they spend their time on the social network is of great interest to you and your business. The [verified Facebook page](#), signified by the little blue checkmark on your profile, has become the new business “welcome” sign, a testament to hard-earned trust between customer and creator. So how exactly do you become verified on Facebook?

THE IMPORTANCE OF BECOMING VERIFIED

Would-be consumers have more access to information than ever before, but the nature of that information can be questionable. If you don't present proof of business authentication clearly and concisely, even the most loyal consumer is disincentivized from purchasing your product.

By obtaining a Facebook verified badge, you're giving your customers a clear indication that your business is authentic. That peace of mind will directly translate to higher sales and positive feedback, jumpstarting an extremely beneficial cycle of company growth.

Moreover, once Facebook verifies a business, it's much more likely to recommend that business in search results. With a verified badge, you're not only improving your relationship with your clientele, but you're also improving your

relationship with the tech giant to end all tech giants.

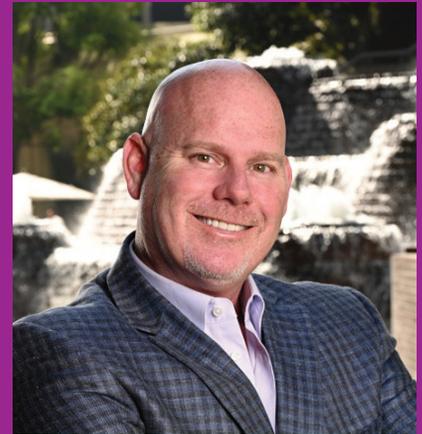
THE STEPS TO BECOME VERIFIED

Facebook specifies four distinct criteria a business page needs to be granted a [verified badge](#). Verified pages need to be:

- **Authentic** - the page must represent a real person, business, or entity.
- **Notable** - the page must already appear in other search results and be featured in multiple news sources online.
- **Complete** - the page must feature an about section, a profile photo, and recent activity (including at least one post.)
- **Unique** - the page must be the only one of its kind. Facebook doesn't verify multiple pages for any organization.

There are other factors that play into Facebook's decision-making process as well. Pages with high-quality photos and videos, frequent posts, and positive user engagement are much more likely to receive verification than pages without. Also, note that the verification process is intended for pages that have already existed for some time.

Facebook offers an [online form](#) to businesses seeking verification. To complete the form, business owners first acknowledge they represent a business page and are authentically linked to that page by providing documentation— ei-



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ther a driver's license, passport, tax bill, or other official articles. Next, they must categorize their business, including their industry, location, and audience. Finally, business owners input any links to [outside pages](#) that verify their business serves the public interest.

If Facebook denies your verification request, you may submit the verification form again every 30 days, and that time can be used to flesh out your page, accounting for any weak spots. Most verification processes fail because pages lack notability, which can be easily solved with the right social media marketing campaign.

While highly rewarding, the path to Facebook verification can seem like a massive undertaking. Wherever you may be on the path to digital optimization, give Social Spice Media a call at (805) 482-8312 or send an email at info@socialspicemedia.com and we'll be happy to level up your business potential.

INSOLVENCY ADVISING

TIMES A CHANGING

Admit that the waters around you
have grown
And accept that soon you'll be
drenched to the bone
For the times, they are a-changin

—Bob Dylan

The song "The Times They Are a-Changin'" is an iconic anthem written and recorded by Bob Dylan in 1963. It was performed for the first time in the historic Carnegie Hall in October of that same year. The early part of the 60's decade was teeming with a recognizable imbalance of economic, social and political equities. Dylan's song captured the angst of the younger generation and identified the mid-point between protesting for change and accepting that some things are just meant to be.

Although the song was written for the 60's generation that was rife with war, assassinations and civil rights abuse. It resonates continuously on newer generations and the challenges of the time. As we enter 2022, the times are a-changin. Covid is now marking a third year of its existence. The latest Omicron variant has wreaked havoc by its indifference to the vaccine and has spread like wildfire keeping workers, teachers and students away while they isolate for the required days in quarantine.

I am hoping that this February begins a new change, and we can see less restrictions related to Covid. This past week, I met a few business owners who had to face the facts and make some hard decisions.

One owned and operated a craft brewery. The concept was novel. Create great tasting beer in small batches and serve it in your own bar and grill and distribute it to select retailers and other eating establishments. The location was in a neighborhood that on a socio-economical basis could support the business. Low interest loans from the SBA gave the owner the wear-with-all to build a state-of-the-art brewery with shiny tanks and modern equipment. The business was making of go of it for the first few years until three more breweries opened up within a one-mile radius.

And then Covid hit. What was a declining business was being exasperated by mandatory shutdowns, social distancing restrictions and supply chain challenges. PPP loans and other government programs provided a lifeline of funds to keep the doors open. But last week, the reality set in that the government programs were no longer providing new funds.

Another business owner called to say that she lost her expected funding and decided to close her business. The company



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sold a health and beauty product that had attracted the interest of Whole Foods and other natural foods stores. Prior to Covid there was growing momentum. That growth was stymied by the fact that many who worked from home during the pandemic ceased some of their daily hygiene routines. Although it was a product that could see an upswing, the effort, risk and financial resources were too daunting to move forward.

This is not an isolated incident. There was a recent bankruptcy filing of a cosmetics company. One of the reasons for filing was that shelter in place and working from home limited the reasons to apply make-up. As a result, revenues dropped by 50%.

The times are a-changin with business owners now facing the hard decisions regarding continuing as a going concern. The options of insolvency are there to help with a business owner's decision to stop and face the music. The appropriate path taken can limit risk, minimize further losses and maximize remaining value.

ESTATE PLANNING

2022 BLACK HISTORY MONTH

We all know that **Black History Month** honors the contributions African Americans have made to the United States. As a white woman, I've questioned whether I should write an article about such a significant and rich part of our culture that doesn't run through the blood of my family. I feel certain that we all must think about and discuss the contributions of African Americans. I also believe that this shouldn't be relegated to February – the shortest month – of the year.

What is an **Ethical Will**? It's not a Trust or a Will but a document written by you addressed to your children where you share your values, experiences and life lessons. Hand write it; it's more meaningful. I have counseled many clients to write these. I have yet to do so, until now. Below is my edited first entry.

As a very young girl, I grew up as the only white kid in my circle of close friends. This was comfortable for me, and I never remember thinking about the color of people's skin. Fast forward to the early 80s in 7th grade when I temporarily moved to a small town in Wisconsin. The black kids at school, all of whom fit around one table in the cafeteria, told me I couldn't sit with them and I shouldn't be friends with

them because the white kids would start fights. My Wisconsin experience was one reason I single-handedly spearheaded an anti-Apartheid school assembly in 9th grade (more on that later).

Fast forward to 2022, I have listened to KPFK around Martin Luther King's birthday for the past two years. They play his speeches for days. I recently felt fascinated and inspired while deeply saddened. What would our world be like today if he lived longer and more generations were viscerally impacted by the brilliance of him, and others like him? Intellectually I understand the reasons we live in such a racist world today and how privileged I am but emotionally I don't get it.

Black Lives Matter became commonplace vernacular at the same time the pandemic forced us to homeschool. At school, my 5-year-old daughter was the only (almost all) white kid (she's ¼ East Indian) in her immediate circle of friends. Funny how life works. When I introduced Black History Month, we studied a few of the legends. One of her favorite books, "Let The Children March" was about kids who marched in the civil rights movement. She asked me about her friends and would the dark-



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est one be treated differently than her. I could see the confusion in her innocent face as I described the reality that still exists today. I know black families have discussed this with their kids for generations and that burden has been completely unfair.

Until it's safer to be in public due to Covid, we will continue to talk about diversity and inclusion and this year add to our end-of-year celebrations starting with Thanksgiving, lots of birthdays, Hanukkah, Christmas and ending with Kwanzaa.

We all have a duty to celebrate the accomplishments of black Americans and empower each other through our communities. We need dig beyond the myths we tell ourselves to seek out and understand Black History.

What does diversity and inclusion look like in your family? Start your Ethical Will today.

BUSINESS MERGERS & ACQUISITIONS

WHAT IS EXIT PLANNING AND WHY IS IT IMPORTANT?

Baby Boomers own two-thirds of U.S. businesses. These owners will be transition out of their businesses over the next decade, whether they are prepared or not. As statistics show that only 20%-30% of businesses that go to market actually sell, this leaves 70-80% of businesses without solid options for owners to transition wealth and secure their legacies. In fact, studies show that business owners spend more time planning vacations than preparing to sell their businesses! Thoughtful business owners, who have taken the time to prepare their businesses AND themselves for sale, significantly increase the odds of a successfully transition.



Kevin Berson

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We are an integrated M&A Advisory and Consulting firm helping owners of companies with revenues between \$5M-\$50M plan and execute the sale of their businesses at the highest possible value.

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If you or your client is interested in learning more about Exit Planning, business valuation, or the M&A process, we would love to have a confidential discussion.

WHAT IS EXIT PLANNING?

Exit planning refers to a broad series of activities to prepare the business for an optimal sale process as well as ensure that business owners are psychologically and financially prepared to exit.

WHY GO THROUGH THE EXIT PLANNING PROCESS?

Objective is to increase probability of success. Additional Seller benefits include:

<p>Attract quality buyers, increase probability of closing and close deals faster</p>	<p>Maximize cash at closing, optimize tax position and reduce escrow amounts/hold-backs</p>	<p>Pre-empt probable Buyer/ Lender questions/ concerns</p>
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WHEN SHOULD A SELLER START TO PREPARE?

Given that most sale processes take 6-9 months, and it's common for sellers to stay involved a few months post-closing, a seller should start the process at **least two years** before the time they would like to fully exit.

WHO IS TYPICALLY INVOLVED?



KEY EXIT PLANNING WORKSTREAMS INCLUDE

Finance / Accounting <ul style="list-style-type: none"> Prepare GAAP financials Perform Audits / Reviewed Financials /Quality of Earnings Substantiate personal/ nonrecurring expenses Ensure monthly/quarterly financial processes in place 	Legal/Operations/HR <ul style="list-style-type: none"> Locate and catalog company agreements Address major deficiencies (e.g. staffing, IT, insurance) Create employee retention/ incentive plans Update job descriptions, training materials and org. chart 	Marketing <ul style="list-style-type: none"> Create marketing strategy Prepare CIM, Teaser and buyer lists Build virtual data room Pre-screen deal with potential lenders
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BUSINESS LAW



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DO YOU HAVE TO MAIL LABOR LAW POSTERS TO YOUR REMOTE EMPLOYEES?

Hopefully, every business owner with employees already knows about their obligation to post the many required federal, state, and local employment posters in a common area and update them regularly. If you fail to provide the required posters, you can be fined thousands of dollars for each poster missing! Skipping your posters, or not taking the time to update them when due, isn't worth a hefty fee. But what are your obligations if your employee works remotely?

Prior to the pandemic, the rule required that every employer send a physical copy of all required posters to any employees who permanently work remotely.

When the pandemic hit and many employees switched to remote work, there was a big question mark about what the posting obligations were. The good news is, California and the federal Department of Labor have finally offered some clarity. The bad news is, the rules are still fuzzy and inconsistent (and a little mind-boggling, in this lawyer's opinion).

Here are the current requirements for 100% remote employees:

FEDERAL

The DOL allows federal posters to be provided in an all-digital format as long as the employee has readily available access to the electronic postings in a location in which the employees customarily receive information from the employer. This means having them available in a commonly-used shared cloud drive or intranet is acceptable. (Probably not acceptable: emailing them once, or posting to a drive that isn't normally used for anything else.) You must inform the employees where and how to access them.

CALIFORNIA

California's new law, SB657, finally allows digital posters but is more strict than the federal law. Employers can now email the posters to remote employees. However, employers are then

required to direct the employee to print out the notices and post them in their homes! Any related expenses incurred must be paid by the employer.

So what's a responsible employer to do among all the gray area and ever-changing rules?

Here are our recommended best practices:

1. If you have a physical office that employees ever come to, you are required to post physical posters in an easy-to-access community space on site.
2. If you have any workers who work remotely, even part of the time, email them all of the required posters, and direct them to print them out and post them in their office space. (The old-school alternative to this is to just mail physical copies to them.)
3. Also keep digital copies of all required posters in a commonly-used online location that all employees have easy and constant access to, such as an internal website, intranet, or cloud drive.
4. And don't forget to update the posters in all locations whenever they change, which can happen multiple times a year!

While the penalties for failing to post can be steep, we'll have to wait and see if any well-meaning employers actually get penalized or sued for not making their employees print out the posters and put them up on their home office wall. But in the meantime, make sure to at least do your due diligence. It's a lot easier -- and less painful -- to prevent penalties than to pay them later!

If you have any questions about labor law posters, new employment laws, or remote employees, book an intake appointment with ABL at <https://abl.as.me/intake>

INTELLECTUAL PROPERTY

TRADEMARK PROTECTION FOR TRADE-DRESS

According to the U.S. Patent & Trademark office, a trade-dress is the distinguishing commercial look and feel of a product or service. Trade-dress can be protected under trademark law if it is both distinctive and nonfunctional.

For example, Christian Louboutin's signature red-soled heels are universally known as the ultimate signs of luxury in the shoe fashion world. However, despite their fame, the question arises of whether Louboutin can trademark his red soles as exclusively his own.

Louboutin has attempted to obtain trademarks in several countries, and the verdicts are varied. In Switzerland, for example, Louboutin was denied trademark protection because the Court ruled that the red sole was not of distinctive character. However, Louboutin has successfully obtained trademarks in the United States, India, Australia, China, and Russia. In Europe, Louboutin was able to register his signature red sole in the Benelux, and the UK. The European Union Intellectual Property Office granted Louboutin's red sole trademark protection, and the trademark was upheld despite opposition from German

shoe producer Roland-Schuhe GmbH & Co. KG.

Louboutin also faced off against Dutch shoe manufacturer Van Haren Schoenen B.V., suing Van Haren for an alleged infringement of Louboutin's Benelux red sole trademark. Van Haren was previously selling blue and black high-heels with a red sole. Louboutin won a preliminary injunction against Van Haren, and the Dutch company had to stop selling the red-soled shoes immediately. Van Haren appealed the decision, claiming that Louboutin's trademark is not valid under European patent law, claiming the law essentially denies trademark protection to characteristics that consist solely of the shape that gives substantial value to a good. The Court decided that the red sole trademark does not seek to protect a functional shape, but instead the application of color to a specific part of the shoe, so the red sole can be offered trademark protection.

Louboutin also battled Yves Saint Laurent which sold a monochrome shoe line including shoes that were red from top to bottom and included a red outsole. A U.S. Court stated a single-color mark in the specific



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context of the fashion industry can be protected if it is used so consistently and prominently by a particular designer that it becomes a symbol, the primary significance of which is to identify the source of the product rather than the product itself. Thus, the red soles were found to be a protectable trademark. The extent of the Louboutin's Red Sole Mark was held to be limited to a red lacquered outsole that contrasts with the color of the adjoining upper.

A protectable trade-dress is both distinctive and nonfunctional which is usually defined as the total image and overall appearance of a product/service, or the totality of the elements, and may include features such as size, shape, color or color combinations, texture, graphics.

THE FUTURE EXPLAINED

WHY WAS BITCOIN CREATED

Once upon a time... Possession...

It is a phenomenon deeply rooted in every human being.

Our ancestors already loved **collecting shells, feathers, teeth, rare stones, and other objects...** for their personal satisfaction, for social status and even for their own identity.

These collectibles have become means of exchange, giving rise to barter. The most precious objects or stones have become means of exchange, or "money".

In the broad sense, money refers to the instrument of payment in force in a given place and at a given time.

The word "money" itself comes to us from the Latin Moneta, the name of the Roman temple dedicated to Juno Moneta, goddess whose functions encompass the distribution of wealth and its pre monetary aspects.

It was in this temple that the first silver coins were minted, using wedges... Wedge translates to "coin" in French. Coins, in one form or another, have therefore gone through the ages, and this since the Paleolithic.

The "monetary authorities" as we know them today have their roots in the Renaissance period, with the creation of European banks (Amsterdam, Sweden, England), the Treasury Office in the United States (1789) of the Banque de France (1800), or

the Bank of Canada (1934).

Most humans on Earth therefore evolve today in a **framework where there are monetary authorities, with centralized power, and governed by States.**

Until Satoshi Nakamoto

Following the financial crisis of 2008, Satoshi Nakamoto wrote a white paper describing the functioning of a **new system of peer-to-peer electronic cash system called bitcoin.** It explains how it works as well as **the need to create a digital currency that will free itself from the power of central banks and other financial authorities over money.**

He notes in particular "that no mechanism exists to make payments over a communications channel without a trusted party". **In other words, it is impossible to make an online payment without using a central authority, also called a trusted authority.**

Its system is based on a peer-to-peer system, using cryptography, in which transactions form blocks that are added to a "blockchain" that records a public history of transactions. The methodology used means that each block becomes tamper-proof. The first Bitcoin transaction took place on January 12, 2009.

We often talk about companies that have "disrupted" existing economic models (Uber, Airbnb, Spotify); **the invention of**



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bitcoin is indeed intended from its origin to disrupt our society. It is based on a model that "puts power into the hands of individuals rather than governments and corporations. The computer can be used as a tool to liberate and protect people, rather than to control them."

Bitcoin is the strongest information system in the world. Thousands of developers around the world are taking over the code of this open-source blockchain and testing new developments and improvements. The network does not belong to anyone. The system introduces digital scarcity, and therefore value. A bitcoin is a digital asset, with a title of ownership.

In September 2021, El Salvador became the first country in the world to adopt Bitcoin as its official currency. It is a country in which 70% of the population does not have a bank account.

LEADING POWERFULLY

4 STEPS TO DEFINE LEADERSHIP

Ongoing growth is essential for professional success, and developing a personal leadership vision is the North Star that can guide you now and into the future. Informed by your past, focused on the future, and relevant in the present, your leadership vision represents who you are and what you stand for --- and helps you put those values into everyday practice.

1) REFLECT ON THE PAST

Think about what you've observed in others. What are the behaviors of the leaders you'd like to emulate? When did people with authority miss the mark--and why?

Next, look at your own past leadership experience. What are your proudest moments? When did things go awry? What feedback have you received--both from those you lead and your peers? Zero in on the specific beliefs and behaviors behind both your successes and stumbling blocks.

2) ENVISION THE FUTURE

Use your reflections to sketch out a picture of the leader you want to be. Consider what drives you--what are your values, and how will they show up in practice?

Be as detailed as possible regarding:

- The behaviors you want to exhibit
- The kinds of relationships you want to have
- How you want others to see you

- The skills -- including soft skills -- you need to perfect

Take 30 minutes of uninterrupted time to write out your personal leadership vision:

- Summarize in 1-2 sentences what being an excellent leader means to you
- List 3-5 core values that drive your leadership
- List 5-7 specific behaviors that will show that leadership in action

3) SEE WHERE YOU STAND

Take a good, hard look at how your leadership in this moment stacks up against the ideal you've captured in your vision. Note where you see alignment in your beliefs, values, and behaviors--and be brutally honest about where you could stand to grow.

Ask yourself:

- Where do you see gaps?
- What skills do you need to develop?
- What behaviors do you need to practice,
- What relationships do you want to build?
- How do you need to shift your perspective to fulfill your vision?

4) PLOT YOUR COURSE FORWARD

Now that you have a clear vision of your ideal leadership-self and sense of where you are now, write down 3-5



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SMART goals (specific, measurable, attainable, relevant, and time-based) that you can work toward over the next six months.

Make a concrete plan for working toward each goal. Some may be actions you can take this very minute, like reaching out to a colleague with whom you need to strengthen your relationship or implementing a simple behavior like giving kudos to others for a job well done. Other goals might call for longer-term planning, like taking a skill-building course or engaging a leadership coach.

Place your leadership vision and goals in a prominent location and refer to them as a daily guide. No matter where you are in this moment, your leadership vision can plot a clear path into the future -- not only for professional achievement, but for a sense of meaningful, values-driven success.



STRATEGIC ADVISORY BOARDS™

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We facilitate a half day meeting once a month that includes:

- Continuing Executive Education
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- A review of each company's status on goal achievement using the Strategic Growth Navigator™
- An opportunity for issues to be addressed in the Roundtable
- A completely confidential and safe environment to share information

Between monthly meetings, executive one on one coaching is available.

Each May we hold an All Hands Meeting where CEOs and their management teams gather for learning and mid-year reflection.

Each October is the Annual Planning Retreat where participants set company and personal goals for the year ahead.

If you are tired of being alone at the top, reach out to us for a conversation on how we can work together for you to have a better company and a better life.