



AHLBECK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Business Survival Handbook

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How to use this Handbook

Although a tough economy triggered this “Survival Handbook,” the concepts are something every business should be reviewing at all times.

Think Of Us As A “Trusted Mentor”

We work with clients to move the accounting process forward and challenge traditional thinking. This approach focuses on key indicators that impact profitability and cash flow.

The Survival Handbook addresses:

- Profit Enhancement Plan
- Financial Statements
- Revenue Strategies
- Tax Compliance
- Tax Planning
- Expense Management
- Technology & Capital Equipment
- Personnel
- Making It Happen



“A bad economy
can be a good
opportunity.”

We want you to be
successful.

You need someone who can “step up”, look at the pieces and help you make informed decisions. We can provide guidance and insight to help you through this process.

Unlock Your Profit Potential

When in survival mode...

Companies need to operate differently. They will need to re-examine actions they had previously taken for granted.

- Increase sales - new and existing customers
- Protect your margins
- Reduce costs
- Collectability of each sale may be more vital
- Inventories may need to be liquidated
- Understand the risk of discounting

Find the mathematical solution – then do it!

Yes

No

Are you using a cash flow forecast?

Do you use “formulas” with variables that are adjusted as your business changes?

Do you know your break-even point?

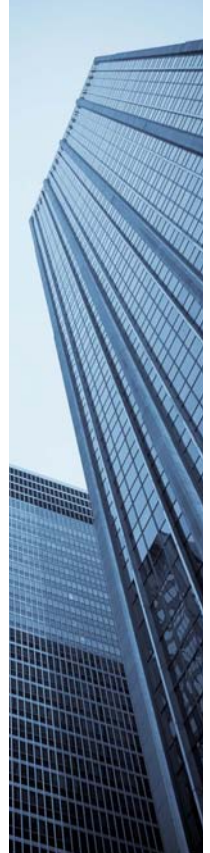
Do you know the profit margins?

Are you marketing to your existing customers?

Do you have selling, marketing and accounting working well together?

Are your internal systems experiencing breakdowns which affect business?

All of your business systems (accounting, marketing and management) need to be working together to maximize profitability.



Financial Statements



Your financial reports tell stories. They can reflect success and forecast potential problems. The key is to develop reports that satisfy banks and investors and help you interpret the business. These reports should focus on your benchmarks with indicators telling you how far “up or down” you are on key performance items.

- | Yes | No | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Are your financial statements timely and accurate? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you thoroughly understand your income statement and balance sheet? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are you “controlling” your key balance sheet accounts? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you know how to analyze your income statement? |
| <input type="checkbox"/> | <input type="checkbox"/> | Does your cash flow statement meet your needs? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are you using ratios or other indicators to measure business performance? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you document your financial results? |

Notes

Additional revenue can cure many problems. Getting back to basics and a “no excuses” attitude need to be the standard for driving sales.

Yes No

- Do you know what differentiates your product or service?
- Do you understand the price-volume relationship?
- Are you using a price-volume matrix to maximize revenue?
- Is technology being used to increase your sales presence?
- Do you maintain and regularly monitor a “leads pipeline”?
- Does your sales strategy address the needs of your existing customers?
- Are your discounts maximizing profitability?



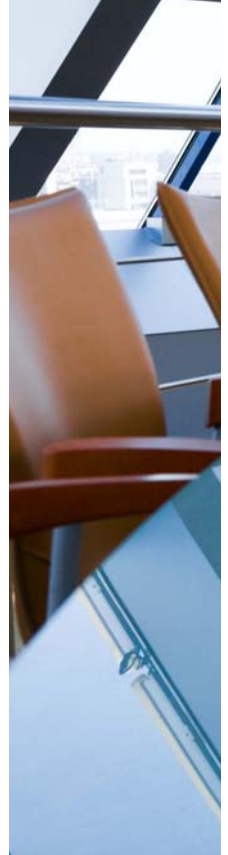
Notes

Tax Compliance

The first part of tax management is compliance to ensure taxes are properly reported and paid on time. Business owners must understand the tax issues to avoid potential exposure. Calculation of an accurate tax liability is important and business owners should understand the underlying concept. Tax penalties can be costly and should always be avoided.

Yes No

- Are you collecting and charging sales taxes on all items properly?
- Are you doing business in other states or countries?
- Are you meeting all of your federal and state payroll tax requirements?
- Do you know how balance sheet control affects your taxes?
- Does your reporting system capture all "gross" income?
- Have you reviewed the reconciliation between book and tax income?
- Can all of your business expenses be properly substantiated?
- Are your benefit plans in compliance with the Department of Labor?



Notes



The second aspect of tax management is planning. Given the complexities, it is important to understand which incentives and credits are applicable to reduce a company's tax burden. The primary goal is to maximize profitability while minimizing tax liability. Some tax issues to review include:

- *Type of entity* – Is S corporation or LLC status right for you?
- *Accumulated earnings* – Are you subject to dividend payout?
- *Section 263(a) costs* – Are gross receipts over \$10 million?
- *Domestic production activities deduction* – Do you qualify?
- *R & D tax credit* – More businesses than ever can qualify!
- *Accrued bonuses* – Is your deduction supported?
- *Cash basis accounting* – Do you meet the requirements?
- *Meals & entertainment expenses* – Know the rules!
- *Pension contributions* – Understand timing and deductibility.
- *Depreciation* – Does your method match your objective?
- *Net operating losses* – Does your tax planning cover this?

Annual review of these issues and other tax complexities is crucial. With professional expertise and years of experience, we can help you avoid common pitfalls.

Notes

Expense Management



Accountants like to cut costs since it results in a dollar-for-dollar return. It is also important to look beyond “traditional” cost cutting and review internal processes to identify additional expense reduction opportunities. Re-evaluating job duties and procedures can identify duplication of effort, inefficient activities and tasks that no longer add value, resulting in major cost savings.

Items to consider include:

- | Yes | No | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Are you aggressively reviewing all expenses for cost reduction opportunities? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do employees understand management’s cost-cutting objectives? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you reviewed your internal processes and procedures for inefficiencies or duplication of effort? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do your employees utilize technology to most efficiently perform their duties? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do any of your employees require additional training to improve job performance? |

Notes

Technology & Capital Equipment

Planning and utilization are important in evaluating technology and equipment upgrades or replacements. Businesses need to efficiently “do more with less.” Capital expenditures require very careful consideration and analysis in times of limited resources.

Yes No

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Do you have a technology plan for computer hardware and software upgrades or replacements? |
| <input type="checkbox"/> | <input type="checkbox"/> | Is the firewall security and virus protection adequate for your computer system? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you use and regularly change computer passwords? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are all of your software applications still vendor-supported? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you checked to see if your system back-ups actually work? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are your corporate bank accounts protected against cyber-crime? |
| <input type="checkbox"/> | <input type="checkbox"/> | Are you continually evaluating equipment repairs vs. replacement? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you considered alternative uses for capital equipment and facilities? |



Notes

Personnel

Employees and management need to work together as a team. When business is down, stress is at an all-time high reducing the productivity and morale of the workforce. Strong leadership is required to move the company forward. Management needs to set the tone. *Everyone* must rise to meet the challenge.

Yes No

- Are employees positioned to really drive your business?
- Do employees understand and meet management's expectations?
- Are the goals of your employees aligned with your corporate objectives?
- Can employee goals be achieved through manageable action steps within an established time frame?
- Are you actively listening to your employees for ideas and suggestions?
- Are you providing constructive feedback to allow your employees to better perform their jobs?
- Are you working to create a positive company environment?



Notes



This plan will energize your business to provide the direction you need to succeed in even the most difficult of times.

What makes your business tick? The success of your business, especially in difficult economic times, requires you to fully understand where you are at, where you want to go and what “drives” your business. Our “war room” approach helps business owners diagnose and evaluate their current business situation to move forward to the next level.

This intensive process fosters a dialogue which allows us to “dig in” to the company’s operations and finances in order to develop an appropriate business plan. The goal is to provide a working plan with defined action steps to allow your business to move forward and succeed.

Our approach addresses:

- *Assessment of Financial Results*
Review financial statements and tax returns to establish historical trending and projected results.
- *Cash Flow Analysis*
Prepare a “rolling” forecast to compare to actual and historical results with adjustment made to variables as needed.
- *Strategic Formula*
Determine the “right” formula and appropriate mix of variables to use in moving the business forward.
- *Key Performance Indicators*
Identify primary “must watch” benchmarks to monitor and measure progress.
- *Obstacle Identification*
Discuss activities to pinpoint existing problems and barriers, identify potential concerns and anticipate problems that may occur with related suggestions for issue resolution.
- *Marketing to Existing and New Customers*
Better serve or expand services to current customers as well as develop new business with measurable results.
- *Team Effort and Leadership*
Implement and monitor actionable steps to engage everyone in the process of improving the company’s performance.



Helping Businesses
Create A Successful Future!

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