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May 2008

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Criser, Gough, & Parrish

Small Business Alert

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Seven Ways to Weather an Economic Downturn

Reactivate Your Leads

While you might wait for customers to come to the door, consider contacting your existing leads with tailored product suggestions. A study by the Thomas Publishing Company found that 80 percent of sales to businesses were made after 5 sales calls, but only 10 percent of salespeople called prospects more than 3 times. Be persistent.

Strengthen Existing Relationships

Harvard Business School research found that a 5% increase in customer loyalty can lead to 40% to 90% increases in the lifetime value of that customer relationship. You need to earn your customer's loyalty, so during tough times consider offering discounts and easing payment schedules. Also consider bundling inexpensive features into your product line, adding value and potentially adding revenue.

Consider an Acquisition

With customer traffic slowing, consider improving your market position by acquiring a competitor. An economic slowdown affects everyone, so evaluate not only your business's situation but those of your competitors as well. With sufficient resources, you may be able to acquire a competitor and improve your market position.

Protect the Core Business

Staff cuts may be necessary to keep your business running, so don't set people up for disappointment. Communicate realities clearly and objectively, and

keep people informed. During severe trauma, a human body will divert blood to vital organs as a priority; similarly, a business needs to keep its core functions working.

Fix Your Systems

It is your responsibility to keep your processes running efficiently. Inspect your production cycles for ways to increase efficiency and value, and scrutinize your supplier and production costs. Understand your price points relative to your cost of production, and also estimate those price points for your competition.

Make Strategic Plans

Slow times can present opportunities to work on strategic plans for marketing, product design, website updates, staff training, equipment repair and building repairs. A slow period could also be a good time to improve your management skills.

Stay Upbeat

A positive attitude can make a difference. Prospects will sense a positive outlook and are more likely to do business with positive contacts. Business goes through cyclic ups-and-downs; keep your outlook on the upside.

(From E-Myth Worldwide)

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Top Ten Estate and Business Planning Mistakes

1. Forgetting to name successor agents, proxies, executors, and trustees in estate planning documents.
2. Neglecting to properly structure a business venture to protect personal assets from business creditors. In addition, estate planning needs to be integrated with asset protection planning, including the transfer of interests to heirs.
3. A married couple not taking advantage of both estate tax exemption amounts (\$2 million in 2008) that are available to them, due to inadequate wills and assets owned the wrong way.
4. For businesses owned by more than one individual, neglecting to have an owners' agreement and a binding buy-sell arrangement (with funding).
5. Having inadequate beneficiary designations for retirement plans and IRAs that do not coordinate with the rest of the estate plan.
6. Neglecting to hold regular shareholder/member/partner and board of director meetings for a business entity, failing to prepare written minutes based on each meeting to include in the entity's records, and ignoring other formalities to assure that the entity is respected for all purposes. The courts can hold the business owner personally liable for failure to conduct the business properly.
7. Failing to properly plan for family business succession.
8. Failing to consider the income tax ramifications of each personal, investment, or business decision; and failing to take advantage of all available deductions, credits, and opportunities.
9. Failing to incorporate trusts adequately for asset protection purposes (i.e., inability, disability, creditors, and predators of beneficiaries) in the estate plan.
10. Failing to consider the options available to finance long-term care needs.

(Excerpted from *Federal Taxes Weekly Alert*, 4/17/08)

Pursuant to federal regulations imposed on practitioners who render tax advice ("Circular 230"), we are required to advise you that any tax advice contained herein is not intended or written to be used for the purpose of avoiding tax penalties that may be imposed by the IRS.

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