

# Your Business Matters

September 2019

## ELEVATIONS AND VALUATIONS

### *The Wild World of Appraisals*

As I sit down to write this newsletter, I'm in the middle of packing for a weeklong excursion up to Balsam Mountain in North Carolina. There you'll find one of the last old-growth forests on the East Coast, which dates all the way back to the last ice age. As fun as it would be to mail this out last minute to share the experience with you, I probably wouldn't be able to find a post office in the middle of the Great Smoky Mountains. So, this month, let's talk about something equally fun: business valuation!

I'm only half kidding. Recently, I've taken the two courses I needed to become a Certified Business Intermediary (CBI). Earning this prestigious designation meant finely honing my skills as a business lawyer and deepening my knowledge in fields that overlap my own. For example, these last two courses really strengthened my ability to represent clients who wish to buy or sell a business.

These courses revolved around valuing businesses, which may not be as exciting as exploring the woods of ancient North America, but they were enlightening. When representing either side of such a major transaction, a lawyer needs to be able to think like an appraiser. I want to be there to check the math and raise red flags intelligently. Plenty of appraisers will try to take you for a ride — being a CBI

lets me shut them down before any agreements are signed. It's just one more way I can protect your interests from greedy or incompetent parties.

It's this kind of advantageous knowledge that makes these seminars so worthwhile for me. As much as one can discover in the Appalachian wilderness, you won't find the secrets to a fair valuation hidden amongst the dogwood flowers. I learned plenty from my journey into the nitty-gritty of valuations, but here's a lesson you can apply to your own business: There is such a thing as being too aggressive when it comes to tax management.

Before you accuse me of blasphemy, let me explain. A lot of the techniques businesses use to pay the absolute minimum to the IRS also end up negatively affecting their own valuation. For example, if you've been understating your cash flow for years, your company won't look very profitable when it's time to sell. You'll get a much lower offer from the buyer, and most banks will refuse to lend on the transaction. Thus, many business owners wind up in this double bind where they have to finance their own sale, often at a lower sale price than they'd like.

"But Ed," says the devil's advocate, "I have years before I'm going to be ready to sell my business. Why pay more in taxes right now?" To those who



make this argument, I can only say that I envy your ability to see the future. If 25 years in this industry has taught me anything, it's that few business owners sell when they thought they would. Unforeseen circumstances happen all the time that push business owners to sell sooner than expected.

Writing that last sentence reminded me to pack my first-aid kit for my camping trip. Yes, it's extra weight I'll have to lug around, and I probably won't need it. But much like a good presale strategy, if I find myself in an emergency, it will be well worth the hassle.

Happy trails,

*-Ed Alexander*



# INTELLECTUAL PROPERTY AND YOUR BUSINESS

## *How to Effectively Protect Your Intellectual Property*

Intellectual property is defined by Merriam-Webster as “property (such as an idea, invention, or process) that derives from the work of the mind or intellect.” As you can no doubt glean from this definition, intellectual property can be a lot of things, so it’s important to identify and protect you and your business’s intellectual property. Here are the main categories and protections for your company’s creations.

### TRADE SECRETS

A trade secret is any useful piece of information that the public doesn’t know about and the owner has taken steps to protect. If you have taken the steps necessary to protect your own trade practices, you may have a case if you ever discover your trade secret has been leaked. Having your employees sign a nondisclosure agreement (NDA) is a great way to initially establish your unique business practices as trade secrets.

### TRADEMARKS

The name of your business, product, or service — anything a customer uses to identify a product — generally requires a trademark. This may include your company’s name, product name, etc. Think of the distinctive Nike “Swoosh” and the familiar ending sound of Dell’s commercials. To properly protect your trademark, file a trademark application to have it registered.

### COPYRIGHTS

Most people seek protection under copyright law for a variety of things related to their product or business, like images, specific words on packaging, labeling, the actual product, and the business webpage. The best thing about copyright registration is that it’s inexpensive. Plus, the law allows you to demand attorney fees from those who infringe on your copyright.

### PATENTS

Patents are a fantastic way to protect your designs, and companies have utilized patents to maintain their competitive advantage. A great example of this strategy is when Sony Pictures patented their animation style for “Spider-Man: Into the Spider Verse” which grossed over \$375,502,565. There are two types of patents: one for utility (function) and one for design (aesthetic). To apply for a patent, register with the United States Patent Office.

Regardless of the type of intellectual property you have, it’s important you identify what type it is and which type of protection is most appropriate. Even a small amount of intellectual property is worth protecting, so start the process now to safeguard it.

## BUILD A MILLIONAIRE’S LIBRARY

*Book Recommendations From the Ultra Successful*

What does every successful person have in common? They read. Avid reading is a key characteristic of the ultra successful because, through great ideas, you can learn how to achieve your full potential. If you want to be more successful in business and in life, you should definitely add these great books to your reading list.

### **‘Business Adventures: Twelve Classic Tales From the World of Wall Street’ by John Brooks**

*Who read it?* Bill Gates, founder of Microsoft

Famously loaned to Bill Gates by Warren Buffett himself, “Business Adventures” was written and originally published shortly after the stock market crash of 1962. In this book, John Brooks recorded the successes and failures of 12 major companies of the era, including Ford, Xerox, and General Electric.

### **‘Letters to a Young Poet’ by Rainer Maria Rilke**

*Who read it?* Jen Rubio, co-founder and president of Away

From 1903–1908, renowned German poet Rainer Maria Rilke wrote letters to a young, aspiring poet. These candid thoughts from one of the greatest artistic minds offer insights on life, love, and how to fully experience the world we live in. Each letter is a valuable reminder that we should never underestimate our own artistic spirit.

### **‘It’s Not About the Coffee: Leadership Principles From a Life at Starbucks’ by Howard Behar**

*Who read it?* Katrina Lake, founder and CEO of Stitch Fix

Starbucks is known for its quick coffee and seasonally controversial cups, but that’s not what turned the company into a world-conquering success. In “It’s Not About the Coffee,” Howard Behar highlights the importance of company culture and the role business leaders play in helping their team members reach their full potential.

### **‘Creativity, Inc.: Overcoming the Unseen Forces That Stand in the Way of True Inspiration’ by Ed Catmull With Amy Wallace**

*Who read it?* Mark Zuckerberg, co-founder and CEO of Facebook

Ed Catmull, co-founder of Pixar, is responsible for some of the most successful animated movies in the history of cinema. “Creativity, Inc.” explores the creative process behind such films and how this process can be replicated in any industry. Forbes has suggested that Catmull’s book “just might be the best business book ever written.”



# Recognition, Flexibility, and Purpose

## 3 Tips for Attracting Millennial Employees

You might have heard people call millennials lazy, entitled, and afraid of long-term commitments, but that trend is starting to shift. Today, businesses can't afford to write off millennials because they actually make up a major percentage of the workforce. According to the Pew Research Center, there were 56 million millennials either working or looking for work in 2017, making up 35% of the labor force. When so much of the country's available labor is part of one demographic, you must ask yourself this question: How do I get millennials to work for me?

### CATER TO THE INDIVIDUAL

Millennials don't want to be just another cog in the machine. They want to work somewhere that values their unique skills and lets them use those skills effectively. When seeking millennial talent for your company, highly specific job listings will attract exceptional employees. Once they're on board, be sure to nurture their skill set. Give them a chance to grow with your company, and they'll be sure to stick around.

### DITCH THE 9-TO-5 STANDARD

Offering more flexible work hours is a start, but if you really want to attract millennials, then your entire work environment should embrace modernity. Have the latest tech and tools for day-to-day operations, offer frequent opportunities for promotions and raises, avoid micromanagement, and give your young employees room to learn and grow.

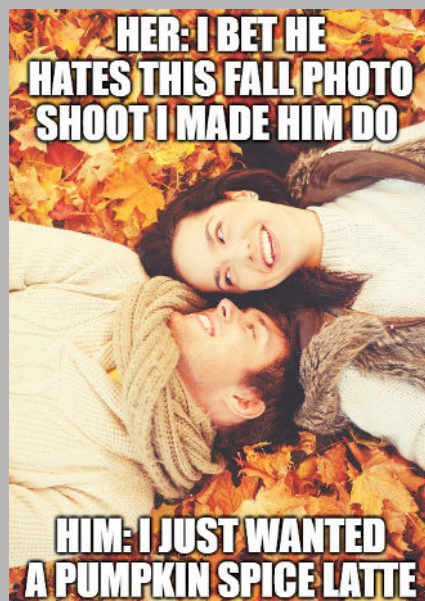
### CREATE A SENSE OF PURPOSE

More than anything, millennials are looking for some level of personal fulfillment — not just a paycheck. Create a brand story and work culture that expresses a greater purpose for prospective employees to get behind. Set high standards for the culture you want to create and maintain those standards. If you do this right, the talent you're looking for will come to you.

Just because millennials want more flexible work schedules and individual recognition doesn't mean they aren't willing to work hard. In fact, the opposite is true. By adapting your company culture to suit their lifestyle preferences, you can make sure your younger employees take an interest in your business and stick around.



## HAVE A *Laugh*

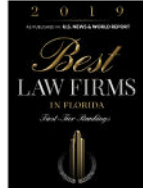


## PUZZLE

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5	1	4	2	8	7	9	3	6
4	3	1	9	7	2	5	6	8
8	5	2	1	6	4	3	7	9
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# Let the Robots Do It

## *Automation Has Come to Small Business*

Running a small business means wearing many hats. More often than not, CEOs find themselves moonlighting as marketers, customer service specialists, human resources representatives, project managers, and just about any other job that needs doing. That's why more and more entrepreneurs are exploring automation to free up their time and focus on growing their business rather than just keeping it afloat.

### **AUTOMATION ON YOUR LEVEL**

In the past, automated systems were solely within the purview of big businesses. Applications for organization were either too expensive or too wide in scope to fit the needs of smaller companies, but those days are over. Plenty of tools have been developed to help you and your team reduce workloads and run more efficiently, no matter your company's size.

### **REDUCING THE CHAOS**

Unless your business is large enough for several project managers, chances are that every employee is responsible for their own organization. This quickly leads to miscommunication, conflicting schedules, and roadblocked projects. Thankfully, many basic functions of a project

manager have been automated thanks to applications like Apptivo. With features to track tasks and submit timesheets, this scalable tool allows everyone to stay up to date on the logistics of business and make coordination a breeze.

### **RESPONSE TIME IS EVERYTHING**

Many small businesses hesitate to bring "bots" into customer-facing operations because they don't want to lose their human touch. But humans are busy, and an unanswered request for a quote or a delayed response to a question will quickly give current and potential customers a bad impression. That's why software like Keap exists. Keap allows you to send automated email responses at the first point of contact. This message can be as simple as an acknowledgement that their message was received and will be answered soon. The important part is that your customers are reassured that they are being heard.

Far from making your business more robotic, automated tools allow your team to focus on what they do best. That means more time for thoughtful customer service emails, personalized interactions with customers, and well-executed projects. That's something you and your clients will appreciate.

