



## Memorandum

To: Clients, Associates & Friends of Pro@ctive CPA  
From: Mark Wyssbrod, Managing Member  
Date: March 8, 2011  
Re: The Right Leadership For Your Business

### Introduction

The economy has roared back to its highest production ever! Yes, that is correct, even after adjusted for inflation the US economy is now producing more goods and services than ever before! Having a hard time believing that? Is it because the unemployment rate is still above 9% vs. under 5% just a few years ago at the prior peak? Is it because your home isn't what it was worth a few years ago (and most houses are the same price as they were in 2001)? Or could it be your retirement account has rollercoastered for over a decade and perhaps it as recovered to its previous height, but only when you added your new contributions to it.

The world has changed in many ways in the past several years and so has our economy. The old saying is true, "the only thing that stays the same is change." How well do you adjust to change? Do you roll with the punches? Do you have a backup plan? Do you have a plan? Do you just get mad and frustrated?

Many small businesses, especially those who depend on other small businesses and consumer discretionary, it will take years for the recover to trickle down. How can your business survive? It must change and change and change some more. Your business must evolve on a continuous basis in order to be efficient in production, service and competition.

Remember to keep your head up; the stock market is keeps its head up! Good news is good and bad news is ignored! What a concept, but isn't that how we got into this mess in the first place? And then we get weird events which the market claps for anyway. For instance, the unemployment dropped to 9% (still high), but did so by not creating one. How did the unemployment rate drop without creating any jobs? The market doesn't seem to care! Perhaps the lesson is not to fight the good news right now.

Thrive and survive,

Mark W.

### Main Topic

The average tenure of Chief Executive Officers (CEOs) of major corporations is 5 to 7 years depending on the study you read (only 3 years for Fortune 500 companies). This is not necessary



a long time (no wonder we are short-term focused!). Additionally, the main and major companies of the 1920s, were not the companies of the 1950s, which were not the companies of the 1970, which are not the companies of today. Does your company have the right leadership and vision to ensure your company's existence and relevance in the future? If you are doing things the same today as you have always done in the past you might be in route to becoming a part of the statistics. What can you do to survive?

- **The Right Leadership:** Determine the right leadership for your organization - you might be a great owner and worker, but you may need a temporary management team to reach and lead you to the next level or survive a transformation
- **The Right Vision:** Work on your vision! - hire a coach or consultant to help you realize, plan and implement the transformation of your business
- **Understand Economic Drivers** - Keep up with business and economic publications; not the newspaper or evening news, but technology and manufacturing publications, economic research and theory papers as well as weekly (unbiased) economic and investing periodicals
- **Best Practices In Your Industry:** It is astounding the number of business owners who do not read their own industry's periodicals and updates. This is one of the best ways to see the leaders in your industry, the current innovations and future industry challenges and opportunities. Take time to introduce yourself to the leaders of your industry, how can you learn from them? How can they share their insights with you?

It's time to invest in your company's future! Please call us if we can help you in this matter.

### **Reminders**

3/1/2011 - Business Personal Property Tax Returns are due (for certain Georgia Counties)

3/15/2011 - Corporate Tax Returns are due (for calendar, 12/31, year ends)

3/15/2011 - First quarter Corporate tax estimates are due (or extension and any taxes for 2010 are due)

3/20/2011 - Georgia sales and use tax returns are due

4/1/2011 -Business Personal Property Tax Returns are due (for certain Georgia Counties)

4/15/2011 - Individual Tax Returns are due (or extension and any tax for 2010 is due)

4/15/2011 - 1st quarter individual tax estimates due



### **Future Signal of Challenge**

An “interest”ing move in interest rates may cause some economic hiccups later this year (perhaps the fall of 2011). Long-term rates have begun rising at a faster pass than short-term rates. This has the potential to disrupt financial markets over time and for a correction to be a volatile move of monies between long-term and short-term money funds.

### **Black Swan Events**

Only white swans existed, until a black swan flew in. Black swan events are events which were unforeseen. Unforeseen events are not taken into consideration in forecasting models. How accurate can models predict if Black Swan events happen on a regular basis? Below please find a list of recent Black Swan events:

December 2010 – Republican Congress and Democratic President compromise on taxes through 2012

January 2011 – Egyptian demonstrations turn revolution. I predict a power vacuum and struggle will leave Egypt is a fragile state for the near-term.

February 2011 – China over runs Japan as the second largest economy – faster than expected! In the 1980’s economist predicted Japan would become the largest economy in the world. The result, 20 years of stagnation.

### **Financial Ratio of the Month - General & Administrative Payroll To Sales**

This ratio can inform you how efficiently your labor is operating. Management can use this ratio for rightsizing their labor force.

#### **G&APR to \$ = General & Administrative Payroll / Sales**

What should your ratio be? It really depends on your industry!

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