

# the LEADING edge

PUBLISHED BY **Pannell Kerr Forster of Texas, P.C.**

*Advice and information to help  
you manage your business*

## No department is an **Island**

Align your business'  
internal strategy to  
exceed customers'  
expectations

VOLUME 6 ■ ISSUE 2 ■ WINTER 2006

**PLUS:**

Top 10 misconceptions of doing  
business in the United States

Manufacturers survive  
through innovation



## Dear Friends and Colleagues:

It's been several months since our last issue of *The Leading Edge*, and as you know, much has happened in and around the Houston area with regard to the significant impact of Hurricanes Katrina and Rita. While Houston was in the midst of Rita, PKF Texas was very fortunate that no one in our office was affected by what could have been tremendous devastation.

Today, I am writing this message in the first week of the new year and I wish you all the best in 2006 and hope that you and yours remained well and safe from harm in 2005.

Natural and man-made disasters are neither invited nor welcome, but they are a fact of life we must deal with—and sometimes at a moment's notice. Business owners who believe they have adequate plans in place in the event of disaster may find that even though a lot of thought was put into the process, they may have missed some of the finer details. To present a perspective on business continuity planning, we asked several of our clients to offer first-person accounts on how they were prepared—and what they wish they had accomplished—prior to Hurricane Rita. I think you'll find their comments fascinating and very thought-provoking.

You are receiving this issue after the holidays and we are now in the throes of tax season. If you have a home-based business or were thinking about starting one, you'll want to read Victoria Garcia's primer on the ins and outs of working and establishing a home-based business. It offers a simple question-and-answer section to assess whether working from home is right for you and your lifestyle, as well as important tax and forms of business information.

Our third story, written by Karen Love, focuses on "culture," not only at PKF Texas, but in several of Houston's "Best Places to Work" as well. We strongly believe that a strong culture is the backbone of a successful business. As a result, our own firm's culture was recently honored with several industry awards. To build on this environment and offer additional ideas, Karen turned to several owners for their own views on what makes their organizations great places to work.

I hope 2006 brings you continued success and growth in all of your personal and professional endeavors.



Kenneth J. Guidry, CPA  
President



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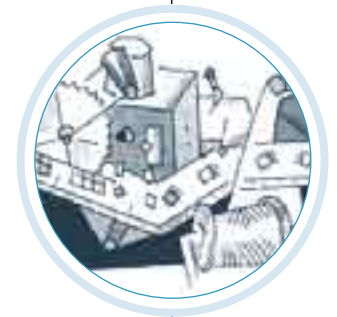
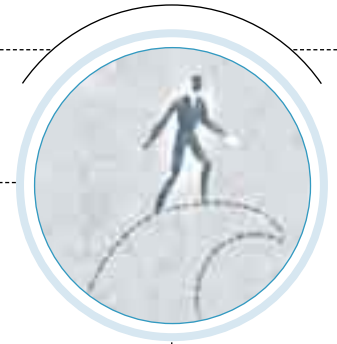
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# NO DEPARTMENT IS AN ISLAND

ALLY BUSINESS' INTERNAL STRATEGY  
TO EXCEED CUSTOMERS' EXPECTATIONS

BY ANN M. GYNN / ILLUSTRATION BY BRIAN WILLSE

**T**hree desperately ill people enter the hospital emergency room. Fourteen hours later, each has traveled a mile to have tests, complete the necessary forms, etc. Only one patient has been admitted to a bed after all that time. Now, even more exhausted and sick from the experience itself, the other two continue to wait in the emergency room.

"It's literally taking numbers like at Baskin Robbins," says Ken Somers, senior vice president of Human Capital Associates, a Colorado-based consulting firm hired to review the hospital's procedures and suggest improvements.

Instead of satisfied customers, the patients feel more like herded animals. "(The staff) are all very busy doing incredibly unnecessary steps.

"They're very busy shooting themselves in the foot."

Discharge is no better—200 steps to follow when only seven are truly needed, Somers says.

That painful strategy, though, is not unique to the medical profession. Cumbersome, non-responsive processes are followed daily by many companies—and, perhaps more importantly, are encountered by many clients and customers who can be turned off by the troubles.

What course must your clients travel? Do your employees work together to make the experience as easy, effortless and most helpful for your customers? Does your company's bottom line feel the effects?

Imagine an organization where employees in one department know what their co-workers in another department are doing. Instead of operating like separate islands, they cross the invisible bridges back and forth—talking and sharing information when (and sometimes before) the need arises. As a result, the connected internal map focuses on the company's value streams—enabling customers to find better service, products or assistance at your business. The company is committed to its own strategic *INTERNAL* alliances.



“It’s how business ought to be done,” Somers says. “Why don’t we all do it?”

### **Client satisfaction as your ultimate goal**

Businesses often forget who the customer is. Typically, the bigger and more traditional the corporate structures, the more likely they are to forget. As they operate, they ignore the end game—to make and keep customers happy, Somers explains.

“When you lose sight of the ultimate goal, you’re more self-serving,” he says. “You build structures and systems. Workflow is difficult and bureaucracy is worthless.”

Allan Steinmetz, founder and CEO of Inward Strategic Consulting, says more effort should be exerted to create and encourage strategic internal alliances.

A concerted effort, though, can be difficult, he explains. Existing internal structures, corporate culture, in-house politics, jealousy among employees or departments and an overall lack of a comprehensive corporate strategy are just some of the hurdles, Steinmetz says.

Many companies, for example, still follow the 1950s and ’60s militaristic structure where decisions come from the top and are implemented by the lower ranks without question, Steinmetz says.

“People are not working as allies—they are adversaries within the business,” Somers says. “People work hard at not looking bad.”

Those insular approaches and views cannot work for internal alliances (and ultimately the company) to be as successful as possible—a collaborative environment is more beneficial.

“Unless strategic alliances are treated as a process and you work hard at them, they fail,” Steinmetz says.

So how do you make the process worthwhile? Somers says you should ask these questions:

- Who are the customers?
- What are all the steps we do to create value for them?
- How do we align our steps to make value for our customers?

All three focus on the ultimate customers who will decide whether to continue working (or start in the case of prospects) with your company—yet answering them also makes the process easier for the whole “production” line.

Consider Somers’ questions in this example. A financial department of a midsize auto parts manufacturer each month creates reports that are sent to the C-level executives. Years ago, the reports were used by upper management to make decisions about how to staff various product lines. But with automated systems, staffing decisions are now made long before

these monthly financial reports are ever created. However, no one bothered to tell the finance department to stop taking the time to build and send the reports.

After asking the three questions detailed by Somers, the company discovers that invoices are being sent to customers with mistakes—requiring the frustrated customer to request a corrected invoice. What if the company opted to refocus the finance department staff's energy—eliminating the time spent building those useless monthly reports and spending it to review invoices carefully for accuracy before they are sent? Sending a correct invoice the first time could have a great impact on keeping clients more satisfied and collections current.

When you ask, "who is the customer," Somers says, continue the questioning. Don't settle for the one-word answer. Ask related questions: What do they have to do to work with us? What are our roles? Help staff understand that simple, convoluted responses are not as helpful.

When questioning what steps can be taken to add value for the customer, Somers says consider cross-functionality. For example, how hard does the sales department have to work to obtain data from finance to include in their client proposals? Is it like pulling teeth to have the finance department share that data? How long does it take to get the information? Can the sales staff respond quickly to prospects' inquiries? How accurate are the data received?

After asking these questions, the company realizes that the finance and sales departments aren't operating together strategically. The company realigns the process and designates finance

staff to put together the financial sections of any client proposal. That cross-functional approach enables the proposals to include the most up-to-date financial data and decreases the confusion possibly created when the salesperson worked alone to translate the financial information. In turn, the client receives a well-thought, well-researched proposal that accurately details the company's position.

Conduct an ongoing or planned periodic review of all processes to ensure they are as lean and focused as necessary in the current climate, Somers advises. As businesses grow and evolve, processes too often remain the same. "You'll suddenly become comically inefficient," he says. Tweaks or dramatic alterations may be needed. And when constraints arise, implement work-arounds—consider changing the normal way of doing business.

### Successful leaders buck traditional structure

Senior management must be the instigators in implementing strategic internal alliances, experts say. However, they cannot "order" them to be created.

"Somebody has to go first," Somers says. The executive team often is that "somebody." These leaders may create and join the new "team" because they know the company is not getting the results it should and they recognize the need to do something.

However, creating and embracing a collaborative system can be difficult. After all, these leaders got where they are today by following the old structure and system.

"The most important single thing is for senior leaders to recognize they need to change the way they operate. Their leadership behavior has to change. They have to be willing to work as a team," Somers says.

He has seen what happens when leadership is not ready to work. Years ago, a pharmaceutical client was experiencing significant delays in product development. Upon Somers' investigation, he found a bottleneck created at the central lab as a key contributor to the delays. He suggested the company break up the central lab into smaller, more functional labs designed to deliver analysis more efficiently and be located closer to their respective manufacturing facilities.

Perhaps perceiving a threat to his role, the manager who oversaw the central lab threatened to quit if the new system was put into place. The CEO backed down and never made the change, allowing the delays to continue and product development to lag.

"The mindset we have as leaders are our greatest barrier to change," Somers says. Before implementing any change, leaders first must look inward and ask, "Am I willing to ...

- change my territorial boundaries?
- work across function to improve value?
- work across function to improve delivery?
- look at customer and value stream from customer's perspective?
- commit the resources, attention and benefits necessary?
- organize the company not by department but by value stream?
- align expertise to offer customers the greatest efficiency?"

A new strategic direction often requires a change in thinking about the company itself, Steinmetz says. Take IBM—once a darling of Wall Street, the computer giant's favor fell over the years. After several mergers and acquisitions, IBM shifted its strategic direction—its mental model. No longer would customers think of it as a computing company. Instead, the modern IBM is a global services company. The new model is marketed as a single entity, not as individual silos with separate divisions or products, Steinmetz explains. Operating and marketing as a full-service business, IBM suddenly became a boom darling again, he says.

V. Balasubramanian has served Reuters America, a leading multi-media news service,

## START WITH STRATEGY FIRST

Founder and CEO of Inward Strategic Consulting Allan Steinmetz says one of the biggest mistakes executives make is thinking tactically instead of strategically when implementing a collaborative alliance approach.

"All the process is the same, whether big or small," he says of strategy development.

So forget tactics at first—don't talk about implementation such as how you will communicate the new approach to employees and debate whether corporate-wide e-mails, newsletters or voice mails are sufficient. Think about what you are communicating.

"It's a strategic imperative," he says. "Delegate the work to a strategic planner, not a tactician."

as its vice president of partners and global alliances, for the last two years. He says Reuters first asks whether a particular product or service is best to operate as part of an independent company or within the Reuters parent company structure.

Balasubramanian says if the product is very strategic, Reuters is more likely to keep and make it independently. But if it has broad capability, such as a graphic product, Reuters might choose to fully integrate it. "It's the uniqueness of each situation and (which is) the right framework for the situation," he says.

When fully integrating a new product, Reuters asks whether there is a need to coordinate its internal expertise and if so, determines what better collaborative ways exist to develop, market and sell this product.

Balasubramanian says companies should ask themselves several questions—what do we want to achieve, what do we need to achieve, and what will it take to get the right people together to make it work?

"Incentivize them to work together," he says, adding that a goal-oriented process is essential as is creating an ecosystem or infrastructure that supports ongoing collaborative efforts.

## Employees — the real face of a company

Steinmetz agrees that whether the changes are happening at IBM, Reuters or a small local company, they require a reshaping of internal thinking before customers become involved. He says a well-planned implementation is essential for success and notes four processes to change behaviors in support of the strategic process. They include:

1. Inform employees what the company is trying to do—detail the common purpose for which the company is working together.
2. Create an understanding—explain why to employees so they understand why things are changing and can communicate that to customers as well.
3. Get a commitment to change the existing behaviors—consider offering incentives to encourage employees' participation.
4. Reinforce and recognize employees' roles and contributions to the collaborative internal approach.

Executives, Steinmetz says, are not the only

ones who have fears about change. Other employees also can see this new or altered approach as a way for them to lose control or authority over their particular areas.

If they lack information from the company, the employees won't sign on because they won't understand the "why"—the benefits for them, the understanding of how these changes will help the business make money. "When I've been doing something all my life one way, I will ignore implementing changes unless I know why," Steinmetz says.

Employees also may take a wait-and-see approach. They can be skeptics who have seen the flavor-of-the-month changes that management has suggested in the past. "They're fed up and tired. They have change fatigue," Steinmetz says.

Yet, true collaborative change cannot depend on a few individuals. "You can't have the Herculean person to make it work," Steinmetz says.

That's why senior management's commitment is so essential, he explains. "Senior management must treat it as something you have to do, not that's nice to do," Steinmetz says.

He advises that companies implementing internal alliances be proactive about their commitment—create accountability, deadlines and measurements. "Unless you put it down on paper, it won't get done," he says. But successful alliances also involve a lot of verbal attention—communicating its importance throughout all your interactions. "People say they don't have time for that," he says. "It's all about politics, silos and people not getting along."

Southwest Airlines was created to remove silos of operations that were separate from each other, Somers says. The no-frills airline promises its customers prompt service and pledges to turn around planes in 20 minutes—all Southwest employees have that goal in mind, and are willing to do what's necessary to ensure that happens. Pilots have even been known to pick up trash inside the passenger compartments to help the airlines meet the promised turnaround time. Today, Southwest is making money in an industry plagued by financial trouble.

Steinmetz has his own tale of flying and strategic alliances. On a United Airlines flight from Boston to Chicago, the consultant spent his time listening to the flight attendant complain

## LEARN MORE ABOUT STRATEGIC ALLIANCES

The field of strategic alliance experts is a growing one. In 1999, the Association of Strategic Alliance Professionals ([strategic-alliances.org](http://strategic-alliances.org)) was founded as the first non-profit professional organization dedicated to the subject. In 2005, Reuters' V. Balasubramanian helped found the New York City chapter, which has met with standing-room-only-type success.

"Partnering is not one that naturally comes to most businesses. They tend to want win-win situations," Balasubramanian says. "We try to change to win-win-win. It's conceptually easy but tactically difficult to succeed."

Among his advice: Identify the best practices on how to engage and create. Know what it takes beforehand. Do groundwork up front—approach from customer-integrated approach."

Expert Allan Steinmetz cites *Motivation Strategies* magazine and some of Dale Press' columns in *Business Week* as excellent resource sources as well.

about the airline—how it was cutting back the number of napkins and amount of ice, eliminating peanuts, etc. After disembarking, Steinmetz was greeted by an ironic advertisement. "Fly the Friendly Skies," the United poster called out.

"They spent millions in public advertisement," he says. "There was a lack of alignment between the public face and the internal face. The internal face is more important." **e**

# bits & pieces



## TINY Y2K-TYPE HICCUP WITH EXTENDED DST

Could the expansion of daylight-saving time create a mini-Y2K tech glitch? Beginning in 2007, daylight saving will consume four more weeks of the year—starting the second Sunday in March and ending the first Sunday in November.

So what happens to gadgets that operate with an internal or external clock? Michael Gartenberg of JupiterResearch tells *eWeek* that most applications (such as computers) have internal clocks and read the current time off a network or have software written to update necessary changes automatically.

However, hard-wired devices will be problematic, Gartenberg says. Software, such as Windows, could be patched. And for those devices that cannot be updated, you will have to manually set times twice a year.

By increasing daylight-saving time by four weeks through the Energy Policy Act of 2005, Congress expects to reduce energy consumption by the equivalent of 100,000 barrels of oil each day. It also says studies related to the time change proposal showed the move would lower crime and traffic fatalities and allow for more recreation time and increased economic activity.

Americans in 48 states observe daylight-saving time (Arizona and Hawaii do not).

## BOOST FOR SMALL BUSINESS CONSIDERED IN OSHA FINE CHALLENGES



Small businesses faced with Occupational Safety & Health Administration fines may find some help in challenging them.

The U.S. Senate is considering a bill passed by the House that would allow companies with fewer than 100 employees and a net worth of less than \$7 million to recoup their attorneys' fees if their appeals of OSHA fines are successful.

Additional changes would grant leniency to a business that can reasonably explain failures to meet the 15-day appeal deadline, speed up the review process, and support a more independent review by the appeals commission.

The U.S. Department of Labor reports 90 percent of small companies faced with OSHA fines settled or paid them without contest in 2004. Some do so because the cost is actually less than it would be to hire an attorney to challenge them. Yet, the cost of doing business with OSHA violations also increases—insurance rates, prospects who want to know your safety record, etc.

## 2006 SALARY TRENDS CENTER ON EMPLOYEE RETENTION

An expected stronger economy this year means “more” is the hot word in salary and compensation trends, according to Salary.com, compensation experts.

Salary.com based its 2006 list on extensive input from more than 1,500 clients and expert analysis by certified compensation professionals. The top 10 hot button trends (in order of importance) include:

- More movement toward pay for performance (more emphasis on incentives)
- More scrutiny of executive pay programs
- Slower use of stock options
- More flexibility to allow work-from-home programs for employees to accommodate family situations and higher gas prices
- Moderate use of signing bonuses

- More pay for jobs with increased visibility and demand
- More creative ways to attract and keep older workers
- More on-the-spot bonuses to encourage key contributors with immediate positive feedback
- More opportunities to address the challenges of retraining
- Earlier bonus payments and salary increases

## DO YOU HAVE THE AVERAGE DAY?



On an “average day,” individuals in the United States ages 15 and older sleep 8.6 hours, do leisure and sports activities for 5.2 hours, work for 3.7 hours and perform household activities for 1.8 hours. The remaining 4.7 hours were spent doing a variety of activities, including eating, drinking, attending school and shopping.

That's what the U.S. Bureau of Labor Statistics found in its most recent American Time Use Survey.

For people employed full-time who worked on weekdays, the average day involved 9.2 hours of working, 7.5 hours of sleep, 3 hours of doing leisure and sports activities and 0.9 hours of performing household activities. The remaining 3.4 hours were spent on other activities such as eating, drinking, shopping, etc.

Want to know even more about how Americans use their time? See the demographic breakdowns related to employment, household chores, care of children, leisure activities and more in the full report at: [www.bls.gov/news.release/pdf/atus.pdf](http://www.bls.gov/news.release/pdf/atus.pdf). ■



# Pannell Kerr Forster of Texas, P.C.

*Certified Public Accountants & Professional Advisors*

## Business continuity in the face of disaster

Any event that disrupts the normal flow of business is a challenge, and natural disasters such as flooding, hail, high winds or major storms can strike with little or no warning. Early in the 2005 hurricane season, the Gulf Coast was hit by Katrina and Rita, two storms that disrupted, and even displaced, many companies in Texas, Louisiana, Mississippi and other Gulf states. Natural disasters are not avoidable, but with planning, the effects can be mitigated and business recovery can begin immediately.

Flooding is the most common natural disaster, but any event can have a devastating and widespread impact on affected businesses. Disasters aren't limited to acts of nature. In fact, business can be disrupted by a computer virus, a flooded basement from a broken pipe or even a hazardous materials spill, according to Diana McClure, assistant vice president for business protection at the Institute for Business & Home Safety, a national nonprofit supported by the property casualty insurance industry.

"A disaster is whatever interrupts a particular business so it can no longer meet the expectations of its customers or clients," says McClure. She adds planning for disaster recovery is essential, "The important thing is that businesses integrate planning for business interruption no matter what the cause of the interruption—either human or natural causes—because

what you do in order to recover from that interruption is going to pretty much be the same."

McClure offers a five-point checklist to begin creating a disaster recovery plan:

1. Protect people.
2. Protect property.
3. Plan for resuming business operations.
4. Review insurance coverage.
5. Work with the community.

Because one of the missions of PKF Texas is to support its clients through their businesses and endeavors, it was discovered that several of the firm's clients were directly affected by the hurricanes. For example, The Hurt Company, a Houston-based petroleum firm, was not physically impacted by Rita, but its business operations were disrupted. Hurt's planning helped minimize the effect on its business, and with the petroleum industry as its source of support, those operations are vital to the community.

"After a hurricane, fuel is one of the most important things because power is lost—and power is restored, at least temporarily, through diesel and gasoline powered generators," says Jay Hurt, vice president. "Our first priority in hurricane preparedness is to make sure our people get safely evacuated, but as soon as the hurricane passes through, we need to make sure we've got drivers, equipment and fuel that was pre-positioned to be able to then deliver to hospitals,

blood centers and various emergency operations that are necessary to get up and running."

Another client, Calabrian Corporation in Houston, faced the wrath of Rita, yet did not miss a single order because of its disaster planning and preparation, according to Vice President Helene Oppermann.

"The hurricane hit in Port Arthur, which is fairly close to our plant," she says. "Our plant is located in Port Neches, just miles away from where it came in to the Gulf. The production units were essentially left intact, but we did take a lot of wind damage, primarily to one of the warehouses and part of our office building."

*continued on page 12*



## Starting a home-based business

By Victoria Garcia, CPA

**T**hink you have a great idea? Are you a self-starter? Are you good at making decisions? Are you a good planner? Are you motivated and determined to succeed? Are you tired of commuting to and from an office?

If you answered yes to some or all of these questions, then you've probably thought about starting your own home-based business at one point or another; and for the right person, a home-based business could be a great option.

You could be your own boss, reap the benefits of your labors, work when you want to and how you want to. You could even work in your pajamas from the comfort of your own home.

Sound appealing? According to IDC, this \$427 billion a year industry grew at a 7.4 percent annual growth rate between 1999 and 2004 for households with income-generating home offices—almost seven times greater than the 1.1 percent growth rate forecast for all households.

Before jumping into this, however, ask yourself three questions.

### Question 1:

**Is the business you are in suitable for a home business?**

Take a look at your business. Will you be storing inventory? Will customers be coming to your place of business? Not all businesses are best suited to be run from the home.

If you do not have the proper space or storage facilities, then a business in which inventory or products are involved may not be the best option to run from the home. Have low curb appeal? If customers will be coming to your place of business, then you want to take an honest look at how customers will perceive the front of your house, the door or area they

walk through, or any other part of your personal home that may be visible. If customers are able to see your unmade bed or socks on the floor, this environment may not create a very inviting sensation for them.

Also keep in mind how long you will be running business from your home. If you plan on growing your staff, then you will more than likely eventually outgrow your home.

Good options for home-based businesses include any professional services, consulting, telemarketing, bookkeeping or product brokering (being the middleman).

### Question 2:

**Do you have the proper mindset to work from home?**

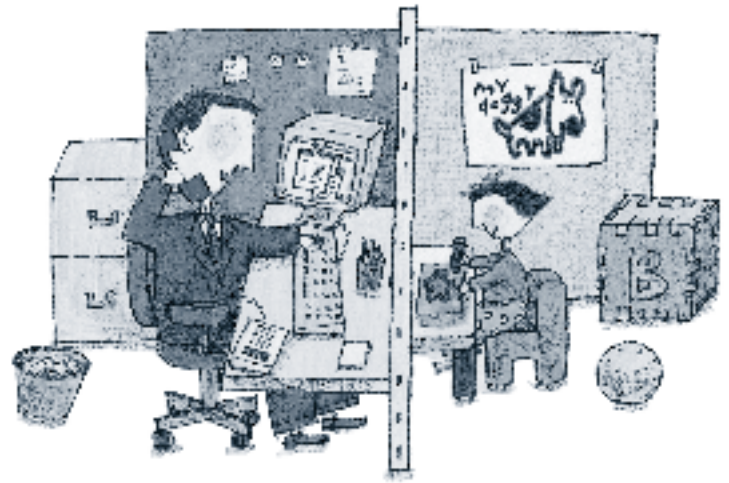
Working in your pajamas sounds like a great scenario, but the ultimate freedom can also be the ultimate detriment to your bottom line. If you plan on running your business from home, you must have the mindset that you are actually “going to work”—just as if you had to drive to another location and go to work for an employer. Being able to turn on the TV, talk on the phone at will and stepping out of your “office” leads to many distractions, unless you are very motivated and strict with yourself.

You must think of your workday just as any other. How will you account for your eight-hour (or more) workday? What are the tasks you will complete during each day? Being your own boss has unlimited upside, if you can effectively manage your time and work without any supervision.

### Question 3:

**Do you have a plan?**

Starting a home-based business is just like any other business, so having a business plan is essential.



Selecting the proper legal entity before beginning operations is key. Keep in mind if you are in a high-risk business, you will want to select an entity that will shelter your personal assets from the business.

Preparing a budget and monitoring actual results compared to budget are critical pieces of any business. A home business is no different. Keep in mind that the regulatory agencies see no difference between a home-based business and a traditional business. You will be required to file on a timely basis all sales tax, franchise and payroll documentation to the proper authorities.

### Things to keep in mind

Now that you've determined you are suitable to run your home-based business, here are some key tips to keep in mind:

#### Keep good records

- Detailed business mileage and meals and entertainment should be documented very well and very clearly.
- Select the correct accounting software to accurately track all facets of your business.
- Determine how and where you will keep non-financial information, such as vendor and customer data.

#### Home office deduction

One of the nicest advantages of conducting business from your home is the home office deduction. While this does not give you a carte blanche to furnish your home with expensive furniture and art, what it does provide is a means for legally deducting a portion of

the utility bills, mortgage interest, repairs and depreciation as the overall home office deduction as defined by the IRS.

A common misconception in claiming the deduction is that you must conduct all your business activities from home. In reality, you only need to use part of your home, part of the time in the course of conducting business to claim some part of the deduction. If you store records, inventory or perform your bookkeeping in your home, you may still be able to claim a tax deduction for some of your expenses of maintaining your home.

Also keep in mind that if you do not qualify for the overall home office deduction, you may still have some other deductions available. For example, you may still depreciate computer equipment and office furniture, regardless whether they qualify for the deduction. Home mortgage interest, real estate taxes and qualified business expenditures are still deductible on Schedule A of the tax return.

#### Weigh your options

Starting a home-based business can be a very beneficial and convenient option when starting your own business. However, careful examination of the type of business you are in, having the right-mindset to be your own boss and having a good plan in place are essential to the success of your home-based business. **e**

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## Positive employee/customer philosophies dominate great places to work

By Karen Love

What makes a company a good place to work? Pay and benefits, job satisfaction, a sense of accomplishment, and a positive work environment are answers often given, but some companies go beyond good to becoming truly great places to work.

The starting point is corporate culture.

When professional services providers—particularly accounting firms—suffered reputation and trust in light of Enron and Andersen's problems, PKF Texas decided it was vital to create a "culture that works," an environment that positively affects our employees, clients, prospects and friends of the firm. An early result of this initiative was our renowned PKF University that introduced the lifelong learning concept and emphasized three areas: interpersonal development, technical development and professional development.

With the program in place, PKF Texas submitted a profile in 2001 for consideration in Houston's inaugural Best Places to Work (BPTW) survey. The firm was recognized three years running, and in 2004 became a sponsor of BPTW. PKF Texas also founded, along with Burnett Staffing, the Summit Awards for companies with three or more consecutive BPTW awards, and in October 2005, the Leading Edge Alliance—our national network of CPA firms—announced the winners of the 2005 Edge Awards. PKF Texas won for cultural and human resources innovation.

The award was given in recognition of the five-year plan to develop a culture that works, along with the success of the initiative. In six years, PKF Texas jumped from the 17th largest accounting firm in

Houston to number seven – and we are on the road to another record-setting year for 2005.

PKF Texas has taken a strong stand on creating a positive corporate culture and making the company a "great place to work." Now, as a sponsor of BPTW, the firm isn't eligible for the yearly award, but since PKF Texas found a winning formula for its workplace, what makes other Best Places to Work winners "great places to work?" Here are a few examples of companies in and around Houston.

### Walter P. Moore

This engineering consultancy was awarded BPTW each of the last five years, and in 2005 was listed at the number one "Best Places to Work" by Structural Engineer magazine, up from number two in 2004. Lee Slade, senior principal at Walter P. Moore, gave five reasons why the company is a great place to work: exciting projects, clear communication, an industry leading staff development program, emphasis on team success, and a commitment to working hard at having fun.

Slade cited exciting and important building projects as the number one reason the company is able to attract and keep top talent. "We specialize in solving big, high profile challenges," he says. "That turns our staff on and keeps them personally engaged and satisfied."

Clear, repeated, honest and first-hand communication is also important. "We try very hard to keep our staff on the same page regarding strategy and outcomes," says Slade, who comments on the fact that communication moves both ways at the firm. "We also try to include staff when develop-

ing solutions and making decisions that affect everyone, such as health insurance and office space."

### VT2 Studios

"I believe that VT2 is a great place to work due to our ability to generate award-winning, successful creative work, says Larry A. Atherton, president and CFO of VT2 Studios, a media, design and communications firm. "In a supportive culture where 'success breeds success,' VT2 has created energy that can be felt when you walk through our front door."

VT2 gives its employees freedom in projects and business development.

"This may sound easy and cliché, but to really have creative people excel, you must first allow them the room to express their ideas, both good and bad, in an environment that is not judgmental of any creative thoughts, but inspiring to each other," he says. "This begins with developing a team approach to projects, not only within the creative process, but within the business development process as well."

Atherton also mentions that the management team at VT2 truly respects its employees. "We really do care about our people, our clients and our work. Being a small company and knowing that the CEO and his management team have a genuine interest in your personal well-being means a lot to people who work long, hard hours."

### FKP Architects

John S. Crane, president of FKP Architects, offers five reasons why the company is a great place to work, with each reason closely tied to

treating employees fairly and with respect. The company maintains a family culture and atmosphere that recognizes there is life other than work and, as a result, the organization makes allowances for family situations.

"Many of our staff have had to deal with hardships such as those created by the recent hurricanes, and we try to be an assist, not be a barrier," says Crane.

FKP Architects maintain human resource policies that treat each employee as an individual, and the company does not hire and fire in response to business cycles. Because the workloads at service companies fluctuate significantly, Crane says the firm hires when it sees sustainable growth, not for short-term activity peaks. At the same time, staff isn't released for economic downtimes. "This gives our staff the comfort that they are valuable to us and the confidence that they have a long-term career—not just a job."

The company also gives employees the opportunity to work areas they most enjoy, be it management, design, administrative, technical marketing or construction observation. A final attribute is openness with the staff about all company issues, including financial. "We want our staff to be fully informed on the company performance," says Crane. "We have 125 people doing the work, and they deserve to know how we're doing. This makes them feel like they are an integral part of something, not just a bystander." ■

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## Business continuity in the face of disaster

*continued from page 9*

Officials at Calabrian tracked the storm the entire week before Rita made landfall on Saturday. Preparations began that Tuesday in the form of securing any items that might move in high winds, including bottled gasses and chemical drums. The company also decided to shut down the sulfur dioxide plant “due to our raw material suppliers’ pre-announced shutdowns, but it was decided to keep two other units running which would not be impacted,” says Oppenheim. “The hurricane, at that point, was tracking further down the coast toward Galveston.”

The early preparations paid off on Thursday morning. Rita veered toward the north and Jefferson County announced a mandatory evacuation. Within four hours of the announcement, Calabrian had the entire facility secured and all personnel aside from the plant manager were evacuated.

The following Monday, in the

aftermath of the storm, officials found that the main corporate address was damaged, and power and water utilities were lost. “We put a plan of action into effect to move all critical administration people to the Kingwood offices, which are the executive offices for the company,” explains Oppermann. “We secured generators (at the plant location) and we were running by Wednesday.”

The toughest obstacle the company faced in preparing for Rita was the short notice from the government for mandatory evacuation. The company was given less than 12 hours to completely evacuate, and if preparations had not begun two days earlier, the company might have faced problems. Oppermann said a lot of the companies that sustained damage did not have the time to completely secure their sites.

Oppermann also offers one change in Calabrian’s disaster plan-

ning, “As a result of this, we are planning for additional temporary power.” The company was able to locate generators after the storm, but realized having further power on hand would keep the business running more smoothly.”

Calabrian’s preparations made an easy transfer of business operations to a new facility, and agreements with suppliers and carriers kept the company from missing any orders. However, according to McClure, recovery is often an overlooked aspect of disaster planning. She says most businesses have plans for safety, but not on how to resume business operations.

Recovery and business continuity depends on solid plans that help management understand which employees, vendors and suppliers are critical to the company’s operation. The plans also list contact information for key business contacts.

Keeping customers and clients happy during recovery is important in case the operations are suspended. “If you might be a week or two late on the delivery of whatever it is you’re to deliver to your customer, you can communicate with that customer and explain the circumstances,” says McClure. “That customer might be a lot more patient and not jump ship and go to another business to provide those needs.”

Natural disasters pose a challenge to business, but planning can go a long way toward a seamless recovery ... recovery for a business and its community. McClure sums it up with, “A community doesn’t recover from a disaster unless the economy recovers, and it’s vice versa that the economy doesn’t recover unless the community recovers.” ■

## Planning questions

1. Are you concerned that your normal business operations might be interrupted by a natural or human-caused disaster?
2. Have you determined what parts of your business need to be operational as soon as possible following a disaster, and planned how to resume those operations?
3. Do you and your employees have a disaster response plan in place to help assure your safety and to take care of yourselves until help can arrive?
4. Could you communicate with your employees if a disaster happened during work hours or after work hours?
5. Can your building withstand the impact of a natural disaster, and are your contents and inventory sufficiently protected so they will not be damaged?
6. Are your vital records protected from the harm that could be caused by a disaster?
7. Are you prepared to stay open for business if your suppliers cannot deliver, your markets are inaccessible, or basic needs (e.g. water, sewer, electricity, transportation) are unavailable?
8. Do you have plans to stay open for business, even if you cannot stay in or reach your place of business?
9. Have you worked with your community—public officials and other businesses—to promote disaster preparedness and plan for community recovery?
10. Have you consulted with an insurance professional to determine if your insurance coverage is adequate to help you get back in business following a disaster? ■

Taken with permission from the “Open for Business” toolkit from the Institute of Business & Home Safety ([www.ibhs.org](http://www.ibhs.org)).

## Shifting family ‘office’ responsibilities could reduce stress and add value

**P**aying bills. Evaluating insurance plans. Developing a united plan for your family’s philanthropic efforts.

The list of “office” responsibilities that families must fulfill can be endless, and more families are turning to outsourcing as a way to reduce the frustration and headaches that come from their household office operations.

“For years and years, it’s been the really wealthy,” says Candace Tooke, a CPA with Henry & Horne, a Leading Edge Alliance firm.

However, outsourcing various aspects of the household’s financial responsibilities is no longer reserved for the über wealthy, experts say.

“The most common traditional services are taxes and budgetary bill-paying,” Tooke says, noting those areas are what many expect from their CPAs.

Yet, more families are taking advantage of their financial services firms’ expertise in less-traditional areas. For example, Tooke says, an outside representative can manage the family’s collections such as art on loan, as well as identify the appropriate tax benefits and structure how best to pay for such pieces.

Financial experts also assist families coming together to do philanthropic work. “You can do more as a group than individuals,” Tooke says. One option could include the creation and operation of a family foundation.

Leading Edge Alliance firm, Warren, Averett, Kimbrough and Marino, assists its clients with many varied personal financial services. “Retirement should be relaxing,” the firm notes.

Steven Causey, CPA, and Beverly Virciglio, CPA, say clients are surprised to learn about some of the services they offer, such as helping in the selection of a nursing home or retirement community, paying bills, selling a home or even determining the level of care necessary for family members.

Warren, Averett, Kimbrough and Marino experts can serve as guides to help people figure out the best course to take.

“Selecting an assisted living or nursing home is a very difficult time in an elderly person’s life, both physically and mentally,” Causey explains.

Virciglio says, “Sometimes it’s the elderly client asking for these services so they are not dependent on their children, or they don’t have anyone to handle this for them in their family.

“Children may live out of town so we’re an ‘in-town’ alternative,” she says.

Although they are not and do not act as medical professionals, the Warren, Averett, Kimbrough and Marino personal financial services team also can participate in determining the best level of care for particular family members from a different perspective. “This can be a confusing area with contracts, service options, etc., so we are able to help them feel good about many complicated decisions, particularly if long-term care insurance is involved,” Causey says.

Tooke says Henry & Horne clients often learn about the family office services because they initially sought the firm as a vendor for other services—such as reviewing or preparing their tax returns. But other family office services were being offered elsewhere in the firm (bill-paying for example already was being done by members of the firm acting as conservators)—they just weren’t considered as a category unto themselves. “We brought (the services) together,” Tooke explains.

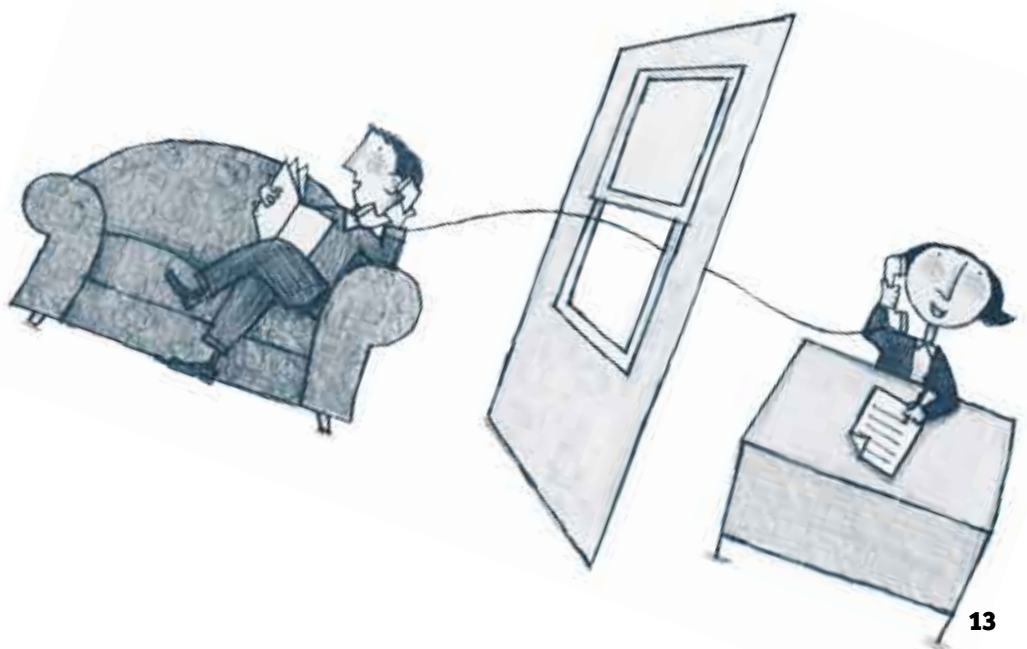
One of the first steps to creating a comprehensive family office plan is for the family to create its mission statement. Tooke says using that as the overall guide, each family member’s responsibilities are determined and agreed to by all involved—services and functions each is expected to provide are outlined as well as which ones will be outsourced. Another important step is to establish procedures and controls to ensure all family members and non-family service providers are fulfilling their responsibilities.

Depending on the family’s mission and expectations, various areas can be considered and evaluated with an outside financial expert. These include:

- ☑ **Cash flow and budget planning**, which can include calculating estimated income and alternative minimum tax as well as analyzing the timing of income, and making multi-year tax projections. In addition, plans for cash management, budgets and a calendar of scheduled transactions are created.
- ☑ **Administrative services**, such as family bill paying and banking, payroll, personal accounting and reporting, consolidated investment tracking, and document and record management.
- ☑ **Recordkeeping and reporting**, including income allocation among family members and oversight of all collectables such as inventory, appraisals, insurance and charitable contributions.
- ☑ **Family asset transfers**, such as succession planning, estate planning (addressing both charitable and marital deduction expectations) and gift planning.

One option families might want to consider is establishing a formal family council, which meets regularly with structured objectives to develop and implement the family’s short- and long-term objectives. An outside professional can administer the council’s meetings and related functions.

“Family councils offer a healthy structure for family meetings,” Tooke says. **e**



# U.S. MANUFACTURERS SURVIVE WITH INNOVATION

U.S. manufacturers do not face impending doom. They no longer operate, though, like they did 100, 50 or even 20 years ago.

The days when a manufacturing revolution meant one car model sold only in black are gone. But the days of cutting-edge ideas, like those of the Model T inventor Henry Ford, are still here.

Innovation meant success for Ford, who developed the “horseless carriage” in 1896, used the profits to improve the product and eventually launched the Model T in 1908. Although he sold more than 15 million Model Ts over the next 19 years, he never stopped thinking of new ways to operate. He revolutionized Ford Motor Co., and manufacturing in general, by always looking for ways to improve the process—creating the assembly line, shortening the typical shift by an hour so he could have three shifts operate around the clock, and paying higher wages to attract the best employees.

Today’s successful U.S. manufacturers continue to create modern innovations, still realizing the importance of rethinking processes and strategies—lessons that can benefit almost any business no matter the industry.

## What is manufacturing?

The U.S. Census Bureau defines the sector as establishments engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products. The assembling of component parts for products also is considered manufacturing.

When talking about manufacturing, visions of factories, plants and mills may come to mind—where workers use machines to create products. But that’s only part of the story—any place that transforms materials or substances into new products by hand are considered manufacturers.

These establishments may include bakeries, candy stores and even custom tailors.

For example, making mass-produced steel in the United States is no longer as profitable as it once was. But some steel manufacturers remain in the country, opting for a profitable venture—specialty steel that serves a niche market.

“There has to be a need,” says Joel M. Rosenthal, CPA, accounting and auditing shareholder at Leading Edge Alliance firm, Alpern Rosenthal.

The story of manufacturing’s challenges is not a new one. In the last 10 years, manufacturing itself has been revolutionized—proactively and reactively.

“Manufacturers all are aware of what’s going on,” Rosenthal notes.

Russell Warrant, president of the TransActionGroup, agrees. “People in business have had time to adjust, or at least be aware, of what we need to do to be competitive,” he says.

What is going on for U.S. manufacturers is the need to compete in a global market. No longer is the sector a stronghold of the United States. “It’s competing head to head with growing world powers,” says economist Kathryn Kobe of Economic Consulting Services Inc. She assisted in the development of the BNA Wage Trend Indicator, which helps identify turning points in private-sector wages.

In the last 10 years, China and India are two countries that have rapidly expanded their ability to support a manufacturing sector, Kobe says.

Kobe says being a thriving manufacturer in the United States requires looking for the higher value—and maintaining a mindset of developing innovative products in a smart and agile manner. U.S. manufacturers focus on what they do best, she adds. For example, textile manufacturing is a labor-intensive process, thus it may be more profitable to send that work overseas where labor is less expensive. Instead, U.S. operations could focus on custom textile products, which require more technically savvy, trained employees.

## Why manufacturing?

Manufacturing employs 62 percent of the goods-producing sectors, but accounts for only 28 percent of goods-producing establishments, according to the U.S. Bureau of Labor Statistics.

The National Association of Manufacturers reports that manufacturers contribute to the country’s productivity at twice the rate of the economy as a whole. The sector also has the largest multiplier effect, which means its existence provides the need for the most businesses and jobs to support its operations.

Workers in the manufacturing sector earn nearly 20 percent more than employees in other industry sectors, the association reports.

Rosenthal echoes that sentiment—validating that higher U.S. labor costs is important. “You can do things in the United States that you can’t do overseas,” he says.

A U.S. manufacturer that uses special knowledge to make its products might not want that knowledge leaving the country, where it could become more susceptible to replication by competitors, Rosenthal says.

He explains that China is a country where products can be replicated very quickly—sending proprietary production information to a factory there might not be a wise move.

However, if the company mass produces a common product, China might be the better location.

“I think to compete in the world market, you just have to pick and choose,” Rosenthal says.

Warrant says selling a commodity product on price does not work well in the United States. “It’s an extremely difficult road,” he says, explaining that a U.S. automaker pays an average \$60 an hour in wages and benefits, far more than a non-U.S. plant would have to pay.



“Innovation, intellectual property strategies work well for U.S. manufacturers,” Warrant says.

Ford sold 15.5 million Model Ts in a 19-year run—but he didn’t stop the production evolution when the first one sold in 1908. He constantly revamped his operations—striving for a more efficient production line that would operate longer hours. The first-produced Model Ts took 728 minutes to build. Just six years later, the car was built in 93 minutes, and by its final year of production in 1927, a new Model T was built every 24 seconds. As production time dropped so did the price, opening up new markets for the auto manufacturer.

Kobe says manufacturing always has supported research and development in the United States.

Innovation continues today. For example, one company hired a vice president whose primary job is to reconfigure the production process to create sufficient savings to cover the cost of inflation for the product’s price, Warrant says.

Offering customization is one step. In some industries, customers are used to having a selection and are not willing to buy if only one type is available. Warrant points to Dell Inc., which allows customers to essentially build their own computer by selecting each aspect of the system they want. After the order is placed, the company creates the customized computer and ships directly to the customer.

Warrant says another option for some manufacturers is to constantly redefine their product. “Make your old one obsolete,” he says.

Reverse engineering—deconstructing a product to figure out how it was created—is one more option. “There are a lot of ways to go at that,” he says.

Warrant says a company should consider all its options—both in and outside the United States—from designing and assembling to sourcing products, all in an effort to create a globally sustainable, competitive product.

Rosenthal says manufacturers now think about others’ ability to help their production processes. “In the old days, it was (manufacturers) against their vendors. Now we’re opening up the supply chain and working together,” he says.

Warrant says manufacturing is similar to poker—where bigger risk has the potential for bigger rewards. “If you want to stay in the game, ante up,” he says. However, realize that the money won’t last as long as it used to. A million-dollar investment that could last five or six years in the previous manufacturing environment today might only last a year, two at most today.

That investment may be needed to create a lean manufacturing environment—cutting away as much fat from product as possible—or a just-in-time production process—creating the products as customers place their orders.

Both those paths often require production and suppliers who are in the United States. If a product is made overseas, it can’t be shipped, clear customs and arrive as quickly as the customer may need, Warrant says.

Rosenthal says successful U.S. manufacturers should keep up on the best practices for their industry. Six Sigma and theory of constraints are two models to consider as well, he notes.

Companies that follow Six Sigma use a data approach to remove defects from any process. It is named for the six standard deviations between the mean and the nearest specification limit. To achieve Six Sigma, the process must

## Income tax breaks for manufacturing

The Internal Revenue Code includes various tax benefits for manufacturers, such as the research and development credit, domestic production activities deduction, various worker opportunity credits and accelerated depreciation write-offs. Contact your accounting advisors for more details.

not produce more than 3.4 defects per million opportunities.

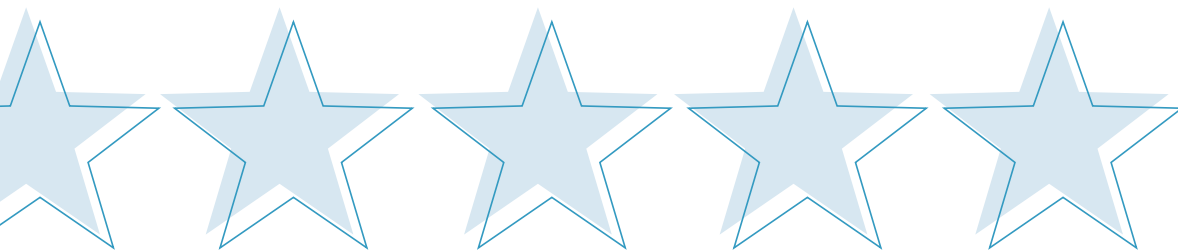
Theory of constraints is used by companies that view their businesses as systems, which have at least one constraint. They operate under the premise that the organization can operate more simply and effectively if managers focus on a few specific areas to improve the constraints.

No matter the particular theory or process, Rosenthal says, examining the manufacturing process is about improving knowledge and understanding so you have the tools to find out what would work best for your company.

“U.S. manufacturers are just going to have to keep getting better at what they do,” he says. **e**

## How have things changed?

The top three manufacturing industries (as a percent of GDP) in 1950 were food, primary metals, and motor vehicles and equipment. Fifty years later, the top industries were chemicals, industrial machinery and equipment, and electronics/electronic equipment, according to the U.S. Department of Commerce as reported by the National Association of Manufacturers.



*In a global economy, businesspeople encounter many challenges. In an effort to better understand the world, Leading Edge Magazine is providing an ongoing series of articles to clear up misconceptions about doing business in a certain country.*

## Working Globally: Top 10 misconceptions of doing business in ... the United States

by Rafael Carsalade

**10** **Investing in U.S. property is always a safe, simple and cheap option for foreigners.**

**The United States is one of the few countries, if not the only country, that imposes estate taxes on nonresidents.** All U.S. property (real estate and shares of U.S. corporations, for example), passed on to resident and nonresident heirs is subject to U.S. taxation on its market value, and only \$60,000 can be exempted by nonresident heirs.

**9** **Corporations and general partnerships are the only two forms of business entities available.**

In addition to widely known corporations and general partnerships, **U.S. state and tax laws also allow for the formation of limited liability companies (LLC), limited partnerships (LP), sole proprietorships and S-corporations.** Each entity has its unique legal liability and taxation characteristics; the best option depends on factors such as liability protection, owner flexibility and business plan.

**8** **Profits from foreign subsidiaries of U.S. companies will not be taxed in the United States.**

**The United States applies worldwide taxation to the profits of its companies as opposed to the most commonly used territorial system.** This means that U.S. profits received by U.S. companies from subsidiaries operating abroad will be taxed in the United States when those profits repatriate in the form of dividends, and in some cases even earlier due to anti-deferral rules under Subpart F of the tax code. The competitive disadvantage to U.S.-based companies

caused by such a system led to U.S. companies relocating abroad in past years (corporate inversions).

**7** **Creating a legal business entity (i.e., corporation) is complicated and takes a long time to complete.**

**The legal procedures to open up a U.S. entity can be done in less than a week with the assistance of any U.S. resident.** Unlike many other jurisdictions, the paperwork and procedures can be accomplished fairly quickly with little additional cost.

**6** **The federal government is the only level of government with the authority to tax income.**

**Income taxes in the U.S. can be charged not only by the federal government, but also by state and local authorities.** However, not all states and local governments tax income. For example, a corporation set up in Philadelphia will file income tax returns and pay taxes to the federal government, the state of Pennsylvania and the city of Philadelphia. A holding corporation set up in Delaware or certain other states, on the other hand, may only pay income tax to the federal government. Proper planning is essential.

**5** **An annual audit of financial reports is required for all legal entities doing business in the United States.**

**Audits are required only for publicly traded companies, and optional for all other entities.** Banks, creditors and investors may require

audited financial statements as conditions for loans and investment capital, but audits of financial reports are not required otherwise. Audits of public companies must follow the provisions of the Sarbanes-Oxley Act while audits of private entities generally are not required to follow provisions of that Act (except under certain circumstances.)

**4 Residency for tax purposes is determined by legal immigration status.**

**U.S. tax residency for individuals is based primarily on physical presence in the country.** Nonresidents who spend more than 183 days in the country are automatically considered tax residents and taxed in the same manner as U.S. citizens. Citizens and permanent residents (green card holders) are automatically considered tax residents and taxed on worldwide income.

**3 The Sarbanes-Oxley Act created new U.S. accounting standards.**

Sarbanes-Oxley Act was enacted to improve the reliability and credibility of audits and audited financial statements as a response to major accounting scandals, as well as ensure trust and reliability. **Accounting standards—U.S. GAAP—are set by the Financial Accounting Standards Board (FASB) and not by legislation enacted by Congress.**

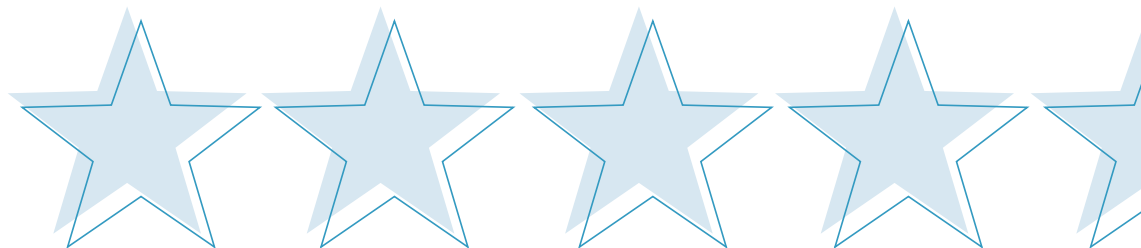
**2 Corporate profits will be taxed only one time.**

**Corporate profits in the United States are taxed twice**, first at the corporate level at effective tax rates of generally 34 percent, and second as income taxes paid by shareholders on dividends received at generally 15 percent. Profits from partnerships are taxed only once because those are considered conduit entities; income is passed on to partners who are personally responsible for declaring and paying taxes.

**1 100 percent of foreign taxes paid can be used to reduce U.S. taxes.**

Although the United States allows individuals and corporations a tax credit for foreign taxes paid on foreign-source income, **the fundamentals of the calculation usually cause less than 100 percent of foreign taxes paid to be used as a credit against U.S. taxes in the same year.** The remainder of the foreign tax credit can be used in future years only if foreign-source income is available in those years. Income tax treaties and proper planning can significantly reduce the risks of income being taxed both by the United States and the foreign country. **e**

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## Worklife: answers in a nutshell by Chris De Santis

**Q: Our performance review time is coming up. We do not have formal process, preferring a more casual setting where we meet with employees individually to discuss their work over the last 12 months. Our company has downsized and some employees have taken on new responsibilities. How should we proceed if someone asks for a raise?**

A: First off, your employees should be pleased that they still have a job. If your company has recently downsized, it could be difficult to entertain the idea of employees asking for a raise. But, having said that, remember such requests generally come from the employee perspective.



If an employee remains on the payroll and is assuming more responsibilities, it appears that you need this person. The questions to ask are: how badly do you need him and how willing are you to see this person leave if not given what he wants? Not knowing the nature of the job position, I will assume other people in the marketplace have the skills but what they lack is your employee's knowledge of the organization. Also, hiring a new employee does have costs attached. So, if asked for more money, you will have to decide if it is worth the headache of replacing the employee. Is it?

As for the discussion, even if you don't have a formal review process, start with an overview of what the employee has done over the course

of the year, explain how you appreciated the employee's willingness to step up after the downsizing. Perhaps the employee will come prepared and explain how what he or she has done contributed to your company's bottom line and detail the new responsibilities he or she had to assume. The employee may already have figured out in his or her mind as to the value of the additional work.

If the employee asks for a monetary raise—whether he or she mentions a specific dollar value—respond honestly and appreciatively. If you believe the employee deserves additional compensation, tell him or her so. Explain how you know the employee understands that the organization is going through a tough time and you know that he or she has been sharing in the help needed to get through this difficult period.

(Here's where the negotiation comes in.) Tell the employee you are unable to award any raises at this point due to the circumstance. Explain how long this temporary period could last and how you expect to provide an eventual bump in salary to compensate for the additional responsibilities. Let the employee react. Then detail your best guess as to when the company will be able to accommodate the employee's request.

Vague, noncommittal answers from you could result in your employee sending out his or her resume that same day. If you detail everything about the envisioned turnaround, the timeline for it, the costs you are currently incurring, and promise to compensate the employee as soon as the climate permits, you still have not guaranteed that this employee will not seek work elsewhere. But, having an employer who is open and honest should give the employee some pause to consider delaying re-entry into the job market. A reasonable response from you would be to say: "We will check back with you in say X weeks or months and update you on how the company is progressing, if it's improving, we can reopen this discussion about your additional responsibilities and what the right salary is for it. How's that sound?"

Remember, your employees are performing a service that requires reasonable compensation. Determine what you believe is fair given

their performance, responsibilities and corresponding market. That process will create an environment where employees will be happy to go to a workplace that they see as fair, one that provides open and honest communication, and where they want to remain even through tough times. **e**

*We spend most of our waking hours at work. What do you need or want to know to make it a better place? If you have any questions or concerns about working, your workplace, co-workers, or career, drop me a line at DeSantisCP@aol.com and I'll give you my two cents as to what I think should be done. I look forward to hearing from you.*

*Chris De Santis' uses his 20 years experience in training and development as an independent consultant. He specializes in the design and delivery of management and organization development interventions. A presenter at Leading Edge Alliance seminars, De Santis focuses his work on assisting individuals or groups in identifying obstacles to effectiveness and subsequently works with them to create user friendly solutions aligned with the company's strategic initiatives. He earned his undergraduate degree from the University of Notre Dame, an MBA from the University of Denver and an MA in organization development from Loyola University.*





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