

# Productivity REPORTS

www.productivityreports.com

Volume 15, Number 4 • Fall 2005

## The Consulting Consortium

- Conover + Co. Communications, Inc. (866) 411-7321
- Foley & Lardner, LLP (617) 342-4000
- LeDuc • Sikowitz • Austin LLP (617) 523-2250
- Management Strategies Group (617) 964-1020
- Partners for Creative Solutions, Inc. (508) 845-1546
- Vibrance Technology Corporation (866) 842-7262

## What's the Use? The State Takes a Closer Look at Interstate Commerce

By Sandra LeDuc, CPA, CVA  
LeDuc • Sikowitz • Austin LLP

Who hasn't considered going to New Hampshire to purchase goods in order to avoid the sales tax? Massachusetts frowns on this practice and intends to collect its due on such transactions. When items are purchased or leased by a Massachusetts resident in states (or in other countries) that charge no sales tax or a lower tax rate than Massachusetts, the purchaser will owe a 5 percent tax (or the incremental difference) to the Commonwealth as Use Tax.

In 2004 the state began to look into such purchases as a more prominent piece of their revenue stream. Massachusetts has concentrated on businesses, required to file periodic Use Tax returns. The Sales and Use Tax auditors have been increasingly more active.

Now tax collectors are focused on individuals. As the consumer base becomes empowered to expand their purchasing reach (i.e. internet, mail order, etc.), the Commonwealth sees the need to track such everyday

*Continued on page 2*

## How Incentives Can Shape Culture

by John A. Haas, Ph.D.  
Management Strategies Group

Organizational "culture" is a construct that defies precise definition and measurement, yet constantly impacts your business. Executives who ignore culture or decide it's not important miss a great opportunity to strengthen adherence to their core values.

### Some Realities

- Every organization has an operating culture; a set of perceived values, norms, accepted "ways of doing things."
- Whether clearly or vaguely defined, culture governs all employees' behavior.
- Culture affects both external relationships (customers, vendors, strategic partners) and internal ones (communications, teamwork, "turf" conflicts).
- Operating norms may differ in different parts of the organization, creating potentially damaging "disconnects."
- Actual behaviors are determined by what employees perceive is expected, which may differ from what senior managers intends.

### Creating Strategic Incentives

Involving employees in the process of developing (or improving) and implementing incentives, in itself helps shape culture. For example:

**Seek employee input** about their current compensation, key performance measures and how they would like incentives to work. This helps them realize the importance of their efforts and shows their ideas are important and valued.

**Communicate reasons for incentives**, including: translating organizational goals to participants' "line of sight;" identifying performance targets that define a "good job;" making results "matter;" aligning participants' interests with the organization's; and sharing success with those who helped achieve it.

**Ask participants to propose their own incentive elements.** Seeking their ideas about important goal areas for the next period, the relative importance of each, and especially ideas about appropriate target performance levels forces them to think through job responsibilities and how they can best contribute to organizational success. Final goals are set through discussion.

**Encourage teamwork** by assigning each team member certain common goals upon which individual compensation depends. They will determine how to coordinate and integrate their efforts so that all succeed.

**Communicate about individual and team goals**, to assure they are simultaneously achievable and mutually consistent.

Following these suggestions strengthens employee engagement and commitment, and helps assure that organizational goals are met and likely exceeded.

## Also in this issue...

**2** Are Your Messages on Message?  
By Heather C. Conover

**3** Improve Efficiency with a Personal Work Analysis  
By Tom McBride

**3** Windows: Vista  
By Rich Eichacke

**4** Planning for Business Transition  
By David R. Sullivan, Esq.

## Are Your Messages on Message?

By Heather C. Conover  
Conover + Company Communications, Inc.

Whether you are selling a product or a service, messages that articulate your brand and market position are vital. Stakeholders – whether potential customers, new and prospective employees, abutters to a development, volunteers, or others – need to understand why they should choose to buy from you, work for you, or endorse your project. They also need to trust that you can and will deliver on your promises.

Early in the message development process you should identify your target audiences. List all the

audiences that need to know about your organization, your products, and services. In thinking about these audiences, include all those internal and external audiences that make decisions that will have an impact on your future progress, success, or failure in achieving your organization's goals. Once you've identified these target audiences, describe the actions or decisions you want them each to take or make, respectively.

These steps are critical to developing core and key messages. Core

messages are broad messages that convey your company's overall mission and business objectives. These messages should be consistent, repeated over and over again, and utilized in all marketing and communications to your stakeholders. Your conversations, speeches, correspondence, brochures, web site, and employee newsletters should all contain your core messages. You will also have other key messages customized and targeted to individual stakeholder groups. These messages should be developed based on what you want each of these audiences to know and understand about your company or organization, your product, your people, etc.

In developing your key messages keep them relevant to your audiences. Develop messages for the audiences that you need to keep, as well as those you need to win over or sell in some way. By learning as much as you can about your audiences, you can craft effective messages that speak directly to their needs, pain points, and desires.

Learning about your target audiences also enables you to select the appropriate communication vehicles with which to reach them. Knowing where they get their information, the sources they most trust, their attitudes and beliefs, past experiences with your competitors and you, and more – all provide you with the ability to develop messages that relate to them.

When developing your messages, change your point of view and ask yourself why your audience cares about what you have to say. If you can't clearly articulate why a message is important to your audience, you don't have a good message. Stress benefits and results, not features. Features talk about your offerings – what you're promoting or selling. Benefits speak to your audiences' needs – what's in it for them. Results take benefits a step further and show your target audiences how your product or service will improve their lives or their situation.

## What's the Use? The State Takes a Closer Look at Interstate Commerce

*Continued from page 1*

purchases and assess them as a consistent piece of their revenue.

In an unusual twist, the legislature is willing to rely on something other than detailed records. The "safe harbor" amount of Use Tax may be self-assessed based on a table that ties to the taxpayer's adjusted gross income. There is an exception to this application of the tax table. "Safe harbor" amounts are only permitted for out-of-state purchases that do not, individually, exceed one-thousand dollars.

Rightfully so, the taxpayer may resent having to go to the safe harbor method of reporting if he or she is given to complicated recordkeeping. While many of us might like to be more exact, the recordkeeping must be stacked up against the tax table assessment. Consider that a taxpayer with adjusted gross income of \$100,000 will be assessed \$45 of Use Tax for all individual purchases under \$1,000 in the course of the year. To this amount the actual Use Tax for individual purchases over \$1,000 would be added.

Some still remain skeptical regarding the necessity of documenting such purchases since in prior years the state took little notice of such consumer activity. In response to these individuals, the State provided for this reasonable estimation to alleviate further burden to the taxpayer. They've also provided for penalties for willful evasion in cases of negligence.

The Commonwealth has access to information regarding purchases from some government agencies. Imported goods will be reported through a reciprocal reporting agreement with the US Customs Bureau. They began matching reported amounts on the 2003 returns.

This is one more example of taxing authorities increasing enforcement of existing tax laws as technology makes enforcement possible and budgetary constraints make increasing revenue imperative.

# Improve Efficiency with a Personal Work Analysis

By Tom McBride, Partners for Creative Solutions, Inc.

Productivity • R E P O R T S

Have you felt pressure to get more done at work? Are you working harder, using more and better technology, but still working long hours? This article describes an approach that may help reduce your pain. It is called the *Personal Work Analysis*. Here is how you do it.

1. List activities that make up a typical work day, including your primary job tasks, distractions, and interruptions.
2. Categorize each item as:  
**Value added** – Work having a direct positive impact on the production of products or services, including efforts to improve efficiency, quality, or effectiveness in your area.  
**Necessary** – Non value-added tasks that you are required to perform. Performance reviews, expense reports, staff meetings, and some reports are good examples.  
**Unnecessary** – Wasteful activities

that reduce efficiency and effectiveness. Rework to fix errors, expediting, fire-fighting, searching for tools, complaining (or listening to it), and some meetings are examples.

- Not working** – Waiting (for anything), personal activities, arriving late, and socializing are examples that absorb time but produce no output.
3. Create a score card on which to record data about your daily activities. Use the tasks as column headers, grouping them by the categories noted in step #2 above. Consolidate tasks if necessary to conserve space on the form. Create 15-20 rows for recording data points, and allow one row for recording totals. Use grid lines to create data boxes. For a visual example see this article at [www.productivityreports.com](http://www.productivityreports.com).
4. Collect data about your work habits using one score card per

day for about two weeks. Record data while at work, traveling for work, working at home, etc. Use a device such as a wristwatch with countdown timer to generate a signal at random or irregular time intervals. A vibrating signal is less disruptive. At each signal simply mark your activity on the score card. Be brutally honest about your activity and its value. Total the columns daily and at the conclusion of your study.

5. Analyze results – Look for high scores in the “unnecessary” or “not working” categories. What changes can you make to reduce this wasted time? Next, what can you do to increase your efficiency in high-value categories?

Once the low hanging fruit has been harvested, repeat the process to find ways to improve your efficiency at the higher value tasks.

## Windows: Vista

By Rich Eichacker, Vibrance Technology Corporation

The PC world is a buzz with news of Microsoft's latest version of Windows: Vista. Formerly named Longhorn, Vista is now in beta testing and should be available by winter 2006. A server version of Vista will be released six to nine months later.

As usual, the hype around this newest release is being tempered by the reality of 1) Microsoft's slipping release date and 2) the removal of so many promised features that some have equated this to a third service pack of Windows XP instead of the revolutionary new version it was supposed to be. This is reinforced by the fact that many of Vista's features will be available as add-ons to Windows XP.

### What's New

Vista is written using code from Windows Server 2003 SP1, Microsoft's most stable and secure operating system yet.

32 and 64-bit versions. 64-bit computing will provide a more stable environment with improved

performance even with 32-bit apps. A 64-bit version of Windows XP will also be available.

Internet Explorer 7 with improved security, tabbed browsing (like FireFox) and RSS support.

User Account Protection. The logged-in user will not have administrator privileges and will not be able to install programs without the administrator password. This will make it less likely that a malicious program will crash or corrupt Windows.

“Aero” and “Avalon” which make up the user interface and graphics system. “Glass” windows, animated icons, and icons that display file previews are among the features.

Improved search capabilities, allowing advanced searches throughout the entire file system.

IPv6, the next generation internet protocol.

A hard disk encryption scheme called Secure Startup Volume Encryption. Using special hardware, SSVE encrypts

the entire hard drive making files completely unreadable without a password.

### What didn't make the cut

WinFS, an advanced file system built using a SQL Server database. WinFS will be released after Vista as an add-on.

Monad, a powerful scripting language that would have been useful to developers and IT staff.

NGSCB (Next-Generation Secure Computing Base), a secure computing environment of which SSVE (above) was one part.

### The death of 16-bit?

The introduction of a 64-bit version of Windows may finally ring the death knell on 16-bit applications. I've read that, flat out, this newest platform will not support 16-bit applications and device drivers. Most 16-bit apps, written prior to Windows 95, have been replaced by newer, 32-bit versions, but there are 16-bit legacy applications out there that will have to be re-written. The time to do this is now, before 64-bit starts to dominate.

## Planning for Business Transition

By David R. Sullivan, Esq.  
Foley & Lardner, LLP

Succession planning is a term that most business owners associate with estate planning, and consequently pay little attention to it on an ongoing basis. As a result, when the owner of a closely held business leaves the business, whether by choice or because of unfortunate circumstances, there is often no plan, or an inadequate plan, in place to transition the business to new management and the business suffers economically or possibly even fails during the transition period.

For a great many owners of small businesses the value of the business represents a substantial portion of their wealth and is intended to become a source of post retirement income. These goals can only be achieved if the business continues to prosper after the founders have moved on. This is true for any business, regardless of its size or

current success that is operated by a limited number of people.

Take the classic case, the owner of a family business may just assume that his spouse or children will take over his position or that he will be able to step back and receive an ongoing income stream while his Managers run the business. That owner is likely to find out that her spouse and children either are unable, incapable or simply do not want to run that business. Further, the owner's existing executives or partners may not want to continue working with or for a new owner/partner and may feel that they have been deprived of an opportunity. Even in those instances where there is a buy/sell agreement in place, to the extent that the business must fund costs, the remaining owners typically bear all of

the risk of keeping the business going.

The business owner needs to consider his or her options early on. Partners or co-owners should have an understanding of the options and burdens involved in the different ways that they may each leave the business, and should address these agreements when they are all hypothetical. Just as importantly the agreements will need to be monitored to address valuation and funding issues regularly and to assess any changing business circumstances or personal goals or issues of the owners. Finally, whether they be relations or not, who controls the business in the eventuality of a disaster must be clearly spelled out and should be conveyed to all of the parties affected beforehand.

**Guest Column**

### Contributors:

**Heather C. Conover**, founder and CEO of **Conover + Company Communications**, has over 20 years of strategic marketing communications and public relations experience and has worked with a wide array of firms ranging from start-ups to Fortune 500 companies. Through the development and implementation of marketing communications and public relations strategies, she helps companies achieve their corporate goals and reach and motivate their target audiences.

182 Turnpike Road, Suite 250, Westborough, MA 01581 (866) 411-7321 F: (866) 533-9885 hconover@conoverandcompany.com  
www.conoverandcompany.com

**Rich Eichacker** is president of **Vibrance Technology Corporation**, a software consulting firm specializing in the development of custom software applications. Vibrance creates software from the ground up, using the client's ideas and requirements to provide a solution that meets their unique needs. Vibrance has successfully implemented solutions for a wide variety of businesses and functional areas.

P.O. Box 1424, Warren, MA 01083-1424 (866) 842-7262 rich@vibrancetech.com

**John A. Haas, Ph.D.** founded **Management Strategies Group** in 1987, building on many years of consulting experience, mostly with The Hay Group. At MSG, he works primarily with small and mid-sized companies and non-profits toward improving organizational effectiveness. Working closely with entrepreneurs and key staff, he helps develop and implement creative, practical approaches to organization design and development, team building, shaping corporate culture, employee empowerment and performance-based management and sales incentive compensation.

23 Auburndale Avenue, West Newton, MA 02465-1401 (617) 964-1020 F: (617) 964-3233 jhaas@managementstrategiesgroup.com  
www.managementstrategiesgroup.com

**Sandy LeDuc, CPA, CVA** is managing partner of **LeDuc • Sikowitz • Austin LLP**, a local CPA firm working with small to medium sized, closely-held businesses in the areas of accounting, auditing, tax planning and compliance, and business consulting.

100 State Street, Boston, MA 02109 (617) 523-2250 F: (617) 523-6220 sandy@lsacpa.com

**Tom McBride** is president of **Partners for Creative Solutions, Inc.** a consulting firm that assists businesses in improving performance and productivity, either in the office or in the factory. After helping clients discover their most significant improvement opportunities, PCS facilitates the design and implementation of customized solutions involving lean manufacturing, kaizen events, or other waste-elimination techniques.

P.O. Box 551, Shrewsbury, MA 01545 (508) 845-1546 F: (508) 845-8757 tmcbride@pcs-info.com www.pcs-info.com

**David R. Sullivan, Esq.** is a tax and corporate partner of **Foley & Lardner, LLP** in Boston, Massachusetts, concentrating in the areas of business, tax and estate planning for closely held business and their owners, including the formulation of financing, transition and exit strategies.

111 Huntington Avenue, Boston, MA 02199, (617) 342-4000. E-mail dsullivan@foley.com