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Do You Have a Great Company?

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

In his fascinating book "Good to Great" best-selling author and researcher Jim Collins describes common factors that differentiate "great" from comparison companies. His definition is from the "outside," using rigorous, primarily financial criteria as screening mechanisms. Surprisingly, only 11 of over 1400 domestic public companies fit the model! I heartily encourage you to read Collins' book.

An Inside Look

Another way to define greatness is looking at what makes an organization a "great place to work?" In my experience I have seen some companies that are great places to work, some that are working toward achieving greatness and some that appear to be unconcerned with how they are perceived by employees.

It seems clear that in a great company employees are happy, which increases their productivity and this enhances company profitability. Sounds ideal! Does your organization fit that description? How can you tell? The answer: ask your employees.

Continued on page 2

Vampire Appliances

By Rich Eichacker, Vibrance Technology Corporation

Have you ever noticed how many lights are on in your darkened office or living room? The cell phone charger, the monitor, the speakers, the phone, the VCR, the cordless phone, the cable box, etc. These "Vampire" appliances suck electricity even when you turn them off.

Vampire appliances cost consumers and businesses up to \$3.5 billion dollars per year in electricity. At 52 billion kilowatt hours per year, they consume an equivalent amount of power equal to 26 power plants! In fact, this drain may add about 10% to your electric bill.

The culprits are devices that either run in stand-by mode when turned off or use AC adapters. Stand-by devices include printers, monitors and VCRs. When shut off, these devices continue to consume power by maintaining electronics such as the clock or the circuitry waiting to receive a signal from a computer or remote control. Even in "sleep" mode, computers continue to use power, waiting for the operator to hit a key and wake them up. AC adapters are the other big culprit and most today are very inefficient. Any device that has a recharger or adapter will continue to consume power even when the target device is not plugged in. For example, when you disconnect your cell phone from the charger but leave it plugged into the wall, it continues to use power. This is true for many of the electronic devices we use today: speakers (adapter), laptops (charger), baby monitors (adapter & charger) and so on.

So take a survey of those glowing lights in your home and office. Chances are you'll find around 20 devices in your home and double or triple that amount in your office.

Here are some suggestions to reduce the electricity being consumed by these vampires:

- Turn off computers when not in use for long periods of time (when you leave the office or on weekends).
- Avoid using the sleep mode on computers and instead put them into hibernation. In hibernation the computer truly shuts off.
- Turn monitors and speakers off when not in use.
- Turn peripherals off when not in use: printers, scanners, external drives, etc.
- Unplug laptop and cell phone chargers from the wall when the device has finished charging.
- Look for an Energy Star label on the product, for which EPA now includes stand-by power limits in its evaluation criteria.

Reducing the power consumed by these devices will save you money, reduce pollution by reducing the power generated by power plants, and help ease (ever so slightly) the growing demand on our electrical grid.

Also in this issue...

2 **Tax Highlights for 2005 Returns**
By Sandra LeDuc

3 **Planning a News Conference**
By Heather Conover

3 **Reduce the Impact of Rising Energy Costs**
By Tom McBride

4 **Are Your Employees Honest?**
By Julie Quink

Tax Highlights for 2005 Returns

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

Let's review some of the changes in the tax law and some old standby planning techniques as the end of the year approaches.

Deferring Taxation

While this doesn't work for every taxpayer in every situation, it is effective for many taxpayers in most years and is worth considering. If it applies to your situation, postponing income or accelerating deductions

can optimize your use of the lowest tax rates and maximize the use of exemptions and itemized deductions which are limited as income increases.

Education Expenses Can Yield Tax Savings

The Code may afford you a few opportunities for deductions and credits for education-related expenses. Tuition and interest on student loans should be tallied as part of your year end tax information. Income limits and specific rules related to the level of education involved apply but where one opportunity doesn't work another may.

Capital Gains and Contributions

You might want to review your capital gains right about now so you can decide whether to take gains or

losses. Consider making contributions of appreciated securities that you've held for longer than one year to 501 (c)(3) organizations—this will qualify as a charitable contribution and you'll forego the tax on the gain.

Family Matters

Shifting income to family members in a lower tax bracket may make sense. Making gifts of income producing property such as investments to family members you support can reduce the tax bite. The annual gift tax exclusion is \$11,000 per donee or \$22,000 per married couple. The lifetime exemption for gifts is \$1,000,000 unlike the inheritance tax exemption that has increased to \$1,500,000 for 2005 and will be \$2,000,000 in 2006.

This will not work for minors under 14 but it will work for many older children or for parents where a taxpayer contributes to support.

Do You Have a Great Company?

Continued from page 1

Here, I will focus on ways I have heard employees in "great" companies describe their employers and their employment context. I thank my thoughtful colleague Jan Kantor for stimulating some of my thinking (www.jankantor.com).

How Employees Describe These Organizations

- High quality product/service offerings
- Customer-focused
- High ethical standards
- Vital, spirited "climate"
- Clear and articulated growth goals
- Visionary, enlightened leadership
- Cross-functional teamwork is encouraged
- Pleasant physical workspace
- Productive horizontal and vertical relationships
- Open communication
- Helpful work tools, technology and systems

What Employees Feel About Their Personal Situations

- Work is challenging, interesting and important

- Valued, respected, trusted
- Fairly compensated
- Rewarded in relation to contributions
- Held accountable for results
- Empowered to act
- Honest mistakes are tolerated; seen as learning experiences
- Contribute to defining performance goals
- Opportunities for professional development
- Work/life balance is valued and accommodated

Moving Toward Great

Sounds pretty good, right? Who wouldn't like to work in the kind of organization described above? If you decide that these characteristics are worth pursuing, how should you proceed?

Again, the answer is: ask employees for suggestions. From ideas generated, identify the most leverageable, practical priorities that advance the desired corporate culture. Then, form volunteer task teams to work on desired changes, including action plans, resource requirements (time and dollars), accountability, success indicators and a monitoring process. Setting this process in motion *in itself* represents a giant step toward creating the "great" culture you're seeking.

Retirement Savings

Savings for retirement is more rewarding each year if you qualify. In 2005 the deductions for retirement vehicles are as follows:

	Under 50	Age 50 and Over
Traditional IRA and Roth	\$4,000	\$4,500
401k, 403(b), 457	\$14,000	\$18,000
SIMPLE	\$10,000	\$12,000
Defined contribution plan contribution limit	\$42,000	\$42,000

The income limit for determining plan contributions is \$210,000 in 2005.

Energy Tax Act and Planning for Future Years

Late this year, three new tax credits were passed for 2006 and 2007: up to \$500 for installing non-business energy property such as insulation or heating systems, up to 2,000 for installing alternative energy equipment in the home, and a new credit of about \$2,000 for clean-fuel energy vehicles.

Planning A News Conference

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

News conferences can be an excellent way for organizations to share information with their target audiences, however they require very careful planning. Here are a few tips:

First, critically analyze the information you want to share to determine if a news conference is appropriate. Is your story an emergency or breaking news? Do you need to reach a broad audience? If you have newsworthy and time sensitive information needing to reach a broad audience, a news conference is probably in order. A news conference allows you to share your story with many media outlets simultaneously and provides reporters an opportunity to hear information first-hand, ask questions, and obtain photos.

Your planning phase should include the selection and preparation of your spokesperson(s). It is best to limit the number of spokespeople at your

news conference to one or two and make sure that they are media trained. In addition, develop talking points and a question and answer sheet so that the spokespeople know the issues well and can address the tough questions.

Give consideration to the time and place to hold the news conference. Find a convenient location with a backdrop that reinforces your message and where inclement weather will not be an issue. In addition, make sure that reporters' technical needs, such as microphones, radio and TV hook-ups, and lighting can be supported. Be sure to find out the deadlines of your key media outlets and choose a time that will allow reporters to meet their deadlines.

After determining whether your news is local, regional, national, or

international, develop a list of contacts at the media outlets that will best reach your targeted audiences. Your list will likely include wire services, daily newspapers, television and radio stations, and, perhaps, consumer magazines and industry publications. Once you have details of your event, call the Associated Press and ask them to put it in their daybook. Next prepare a media advisory and email or fax it two days in advance of the news conference. Follow up with phone calls the same day and on the morning of the event. If a newspaper seems unlikely to send a reporter, call the photo desk and ask if they can send a photographer. Call television stations before 9 a.m. when the day's stories are assigned.

Next issue: Holding the News Conference

Reduce the Impact of Rising Energy Costs

by Tom McBride, Partners for Creative Solutions, Inc.

Rapidly rising energy costs are placing heavy pressure on many business budgets. To help reduce the impact we have assembled a list of tips for businesses, many of which can be implemented quickly at little or no cost.

Getting started - Begin by encouraging employees to be energy conscious. Call your local utility to arrange an energy audit of your facility and learn about their energy rebate programs.

Lighting costs are substantial for most businesses.

- Turn lights off in areas when not being used. Contrary to popular belief, turning lights on and off uses less energy than leaving them on.
- Install occupancy sensors in warehouses, conference rooms, store rooms, rest rooms, etc.
- Replace incandescent bulbs with compact fluorescent bulbs that use 75% less energy and last much longer.
- Replace older light fixtures

(example: replace T12 fluorescent fixtures and magnetic ballasts with T8 fixtures and electronic ballasts).

Heating & cooling often represents half of a businesses' total energy cost.

- Install programmable thermostats to reduce heating/cooling costs at night and on weekends.
- Reduce air leaks by caulking and weather stripping around doors and windows and installing foam gaskets behind receptacle and switch plates.
- Ceiling fans in air conditioned spaces allow you to raise the thermostat setting.
- Allowing employees to wear cooler, more comfortable clothing during the cooling season will help reduce cooling costs.
- Arrange for annual check-ups on HVAC equipment to ensure optimum performance.
- Consider high-efficiency units when adding or replacing HVAC equipment.

Equipment

- Turn computers (at least monitors) and other office equipment off at night and on weekends. Utilize power management settings to save energy during work hours. Smart power strips can sense the presence of people and can turn off certain equipment when not in use. Photocopiers use as much energy as 5-7 desktop computers.
- Laptops, inkjet printers and flat panel (LCD) displays use 90% less energy than their desktop, laser, and CRT counterparts.
- Reevaluate any practice of leaving industrial equipment on at night or on weekends.
- Shift use of heavy electrical equipment to "off peak" hours to avoid peak use charges. Learn about peak hours from your local utility.
- Replace leaking seals and gaskets on freezers, ovens, and similar equipment.
- Replace large, highly used, electrical motors with high efficiency units.

Are Your Employees Honest?

By Julie M. Quink, CPA, J.M. O'Brien & Company, PC

As a culture, we believe that people are honest. Failures like Enron and WorldCom, whose combined fraud losses totaled \$46 billion, have taught us to be more aware and skeptical.

What is fraud?

Fraud is an intentional act that results in misrepresenting financial information (lying) or misappropriation of assets (stealing).

Statistics indicate that:

- 10% of employees would never, ever commit fraud;
- 10% of employees are actively exploring ways to commit small scale fraud against their employer;
- 80% of employees would never commit fraud unless certain factors are present.

These factors are:

- pressure – a financial need created by gambling addictions, substance and alcohol abuse, family illness;
- opportunity – the ability to access cash or items easily convertible to cash (inventory);

- rationalization – the feeling of entitlement or the feeling that there is no other way to financially meet the pressure unless they take funds from their employer.

Otherwise honest employees may commit fraud under these circumstances.

Indicators that an employee may be committing fraud include the appearance that the employee is living beyond their lifestyle, suspected or known substance or alcohol abuse, and resistance to relinquishing control of duties to others.

Common ways fraud occurs

The most common ways that an individual can misappropriate funds are:

- creating fictitious employees on the payroll system and generating payroll checks that the employee cashes – ghost employee scheme;
- creating fictitious vendors and generating checks to themselves

for goods and services never received by the company– ghost vendor scheme;

- taking customer checks or cash before being deposited into the Bank and modifying the accounting records to conceal the theft.

Preventing and deterring fraud

Simple ways to prevent or deter fraud include:

- Receipt of unopened bank statements by owner for independent review of monthly activity;
- Varying of procedures – review the payroll journals or sign vendor checks, if another individual is typically responsible for those areas;
- Inquire and observe in areas that pose a concern – the mere fact that someone is reviewing activity or inquiring may deter fraud from occurring;
- Enlist the assistance of your attorney and accountant to review evidence and documents.

A small business owner cannot afford not to be aware of fraud indicators and the associated risks. Simple monitoring tasks can assist in preventing fraud losses.

Guest Column

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