



## A note from our President:

Alpern Rosenthal was established in 1961, and since then the firm's success has been related to our outstanding client base and the relationships we have formed with them, as well as our exceptional internal teams.

Our client relationships have been solidified over the past 50 years through our belief that we must always deliver to our clients the highest quality of proactive service possible. At Alpern Rosenthal, we are driven to bring value to our clients through a comprehensive offering of reliable accounting and advisory services, coupled with a strong commitment to personalization.

The more things change, the more we need to change with them and bring resources to our clients. These changes have allowed us to grow, and in 2011 we have received several noteworthy awards from our peers, including the following:

- *INSIDE Public Accounting*
  - 2011 Top 100 Firms
  - Ten Fastest Growing Firms'
  - Best of the Best Honorable Mention
- *Accounting Today*
  - 2011 Top 100 Firms
  - Top 20 Mid-Atlantic Firms
  - Top 20 Pacesetters in Positive Growth
- *South Florida Business Journal*: Best Places to Work in West Palm Beach
- *Pittsburgh Post Gazette*: Top 100 Best Places to Work in Pittsburgh
- *Pittsburgh Business Times*: Pittsburgh Top Brands

On behalf of the shareholders and professional staff at Alpern Rosenthal, we would like to thank our clients for their continued trust in us.

Last sentence of the article: To stay connected, please visit our web site at [www.alpern.com](http://www.alpern.com) and follow our social media pages on LinkedIn, Twitter and Facebook.

Kind Regards,



Alexander Paul

## UPCOMING EVENTS

### Nov. 10:

CLE Breakfast Seminar –  
2011 Tax Update

### Dec. 6:

CPE Day  
(Doubletree Hotel & Suites  
Pittsburgh City Center)

### Dec. 8:

CLE Breakfast Seminar –  
Fraud Occurrences:  
A Year in Review

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to register!**



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Member firms have access to the best and brightest teams of business advisors—a peer-to-peer connection that provides the right business solutions for clients.

To find out more about the Alliance, contact Karen Kehl-Rose, president, at (630) 513-9814 or [kkr@The-LEA.com](mailto:kkr@The-LEA.com).

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## *More than words, titles can be components in your business and HR strategy* BY DANIELLE TOTH

**Y**ou see them on business cards, email signatures and company websites. You hear and speak them when meeting someone new. You pass by signs and nameplates at your company and other companies.

Titles are frequently communicated, but what are they really saying to your clients, prospects, employees and more? Are they saying what you want them to say?

“How you use titles usually depends upon the nature of your business,” says Rob Wilson, president of Employco, an Illinois-based human resources and payroll outsourcing firm.

Create a business chart of how you plan to grow and change over the next few years and take your company’s titles into consideration. What sort of employees do you want to have in the next few years? What do you want to say about your company?”

### **Go standard**

Suzie Boland never gave titles much thought when she set up her Tampa-based public relations company, RFB Communications Group. She followed frequently used titles such as president, senior vice president and vice president.

“I looked within the industry to see what worked and what people were comfortable with,” she says. “I wanted the titles to be descriptive of the job the employee performs.”

These titles clearly communicate the company’s hierarchy. As Boland explains, most prospects and clients want to do business with the person in the room who has the biggest title.

“If you have someone from the executive suite in a meeting, the questions will be directed toward them,” Boland says. “People like to touch the hem of the garment. They

want to have access to the main decision-maker. It’s not right or wrong—it’s just human nature.”

Boland advises business owners to research what titles are common in their industry and consider using those for both client and employee ease.

“The people you hire or do business with will be familiar with certain titles,” she says. “Unless you want to review a million resumes for a position because your title description isn’t clear or continually explain to clients and prospects what it is your employees do, using standard titles allows you to focus more time on your business and less on other distractions.”

Of course, Boland cautions, remember that titles don’t equate necessarily with talent level. “Just because someone has a lesser title doesn’t mean they can’t handle a project,” she says.

### Go without

For many years, The Richards Group, a Dallas-based marketing agency, used titles. The agency eventually had more than five different titles with similar names in the brand management department alone, explains Diane Fannon, principal of The Richards Group.

That's why in 2003, the company made a bold move and decided to do away with titles for all but the dozen or so executives who share the title of principal. "Titling was a distraction that we didn't need," Fannon says. "It didn't make a difference in what we're really about, which is the strategic and creative work we do on behalf of our clients.

When people are focused on the fact that 'Susie just became a management supervisor and I'm only an account supervisor,' they're not focused on the needs of their clients."

While having its top executives share the same title may sound confusing, it's not. Each client has one principal who handles his or her account and is the client's go-to person. "As long as the work gets done and the relationship the client has with the people who work on their business is strong, titles don't matter to them," Fannon explains.

Eliminating titles also eliminated the bureaucratic layers that got in the way of efficiency, she says. With so many different

titles, more hands than were necessary got involved in the company's projects. The new structure eliminated the unnecessary involvement because no hierarchical pyramid requires a "title" to be in the room, Fannon says.

"The more titles you have, the more you feel obligated to have some of each on any given project," she explains. "With no titles, you have the principal, a more senior person and however many people that person needs to get the job done—all equal in responsibility."

While some employees were originally upset their titles were taken away, Fannon says the approach is a good recruiting and retention tool. "We find out quickly to whom a title means more than doing the work," she explains. "We can tell who is a cultural fit and who is not."

The approach also makes The Richards Group's payroll structure less complicated, Fannon says. Instead of employees making "X" amount of dollars corresponding to their title, their salaries are based on their individual responsibilities and performance.

Eight years after the title overhaul, Fannon says the change hasn't affected the company's internal operations negatively and even opened up some doors. "The really cool thing that came out of this is when I was explaining the decision to my team, one of the youngest members raised his hand and said, 'So that means I can take on any project I'm capable of without being held back by a title?' When I heard that, I knew the company was doing the right thing by focusing on the work and not on titles," Fannon says.

### Go creative

Eyespeak, an Atlanta-based web design and development firm, is a company that turned to using "creative" titles. Although it began using standard titles, the company's culture naturally led to more creative titles, explains Sarah Hitt, brand communicator at eyespeak who handles all of the company's title naming.

For example, the person who handles eyespeak's social media is the "social instigator," while the individual who manages the company's programmers and engineers is the "technical architect."

"Creative titles fit our company culture



*"We prefer to have titles... that open doors to the conversation..."*

— Sarah Hitt, brand communicator, eyespeak

*“A bigger title should reflect greater responsibility and therefore a greater contribution to the organization.”*

– Suzie Boland,  
RFB Communications Group

better because our culture is creative,” Hitt says. “We want each of our employees’ titles to be a showcase of who we are and our work.

“One title we are working on right now is our chief operating officer. Every company has a COO. We are not like every company, and we want our titles to showcase that.”

Creating an alternative title for COO has been very challenging for eyespeak because the position is so diverse, Hitt says. While it hasn’t decided on a final title, it is playing with principal, captain, offensive coordinator and various others.

Like its renaming of COO, eyespeak is revamping many of its employees’ titles to better fit not only the company culture but the individual in the position. While many companies hire a person who best fits a title, eyespeak hires the right person for the company then finds a title. Determining the best title can be a long and involved process, Hitt says.

“First, I look at the so-called ‘normal’ titles for what a person does, like graphic designer,” she explains. “Then I work through the industry to see what other people are calling it, creative or not. From there, I come up with a long list and work through it with the employee. We select ones that the employee feels display who he or she is personality-wise and what he or she does. From there, the titles are chosen by our president and director, although sometimes we go back to the drawing board at this point because nothing stuck.”

For the most part, titles are individualized. However, if a person came into the company filling the exact same role of the previous

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## ‘CREATIVE’ VS. ‘STANDARD’ DEBATE

While some companies, like eyespeak, use “creative” business titles, others stick to the traditional.

Rob Wilson, president of Employco, an Illinois-based human resources and payroll outsourcing firm, says his company uses standard titles such as director of operations and vice president because of the nature of his business. He says companies in more creative industries can get away with using unique titles.

“Because we work with human resources, insurance and financial services, we don’t think it’s appropriate to use ‘creative’ titles,” Wilson says. “However, we do call our account executives ‘risk consultants.’ I wouldn’t say it’s creative, but it’s different.”

However, Suzie Boland, president of public relations firm RFB Communications Group, says she finds “creative” titles distracting and annoying.

“I’ve seen chief dreammaker, for instance,” she says. “What does that mean and why would I, as a client, understand what that is? To do business well, you need to be able to cut through the clutter and be as straightforward as possible.

“Often, what someone with a unique title will say is, ‘I am chief dreammaker, which means I do such and such.’ But it’s like branding. If you have to explain your brand, it’s not clear.”

However, Sarah Hitt, brand communicator at eyespeak, says one of the company’s favorite parts of using creative titles is explaining them to clients. For example, as “brand communicator,” Hitt’s title opens doors to talk to clients about both what she and eyespeak do.

“Since our industry can often be misinterpreted, it is a great opportunity to have a conversation with clients on what we can do for them in our position,” Hitt says.



person, he or she would most likely get the same title.

Outside of being a creative agency, eyespeak believes no two companies or organizations are alike, Hitt says. For example, the generic title of COO may be familiar to many people, but while most companies have one, the roles each person plays may be different from company to company.

“We would prefer to have titles that people can get a snapshot of what the person does, and then open doors to the conversation about what they title really means,” Hitt says.

She also says that eyespeak’s creative titles have no influence on its pay scale because employees are compensated based on their job role and performance.

**Compensate with words**

While presenting an employee with a new job title in lieu of a pay increase became more popular during the recession, companies may want to rethink that approach.

“I would really advise employers to assign a title that go with the job rather than just giving a title to a person as a ‘promotion,’” says Susan Cucuzza, executive coach and founder of Live Forward LLC, a Cleveland-based executive coaching and development company. “Giving a person a title is not a motivator to keep the person with a company—it is really only a temporary motivator.”

Boland agrees, saying she would be embarrassed to offer an employee a title without a raise. “A bigger title should reflect greater responsibility and therefore a greater contribution to the organization, which should involve a more financial reward,” she says. “If you’re giving someone a title promotion without financial compensation, the message you’re giving them is, ‘I’ll tell the world I value you, but I’m not going to show you I value you.’”

Even if a company doesn’t have the money to give with a promotion, don’t reward a promotion by title alone. Think creatively, Boland says. For example, employees could receive non-financial compensation such as additional time off or flex time. **LE**

## FRIVOLOUS? STRATEGIC? YOU MAKE THE CALL

While creative titles aren’t always easy to figure out, they can be interesting—and lead to some conversations. Check out some of the more unusual.

**CHIEF DREAMMAKER –**

Franco Sevilla, an advertising specialist at Activasia, a marketing firm in the Philippines

**CHIEF EXECUTIVE PICKLE –**

Rana DiOrio, founder of Little Pickle Press, a California children’s media publisher

**CHIEF FUN OFFICER –**

Steve Graves, owner of Play-a-Round Golf, which houses simulated golf courses in Pennsylvania

**CHIEF STORYTELLER –**

David Burn, founder of Bonehook, a Portland marketing firm

**CHIEF WIGGLE EYE GLUER –**

Shaun Krause, founder of My Car Pet, a company that makes creatures out of carpet

**COMMUNICATOR AND PUBLIC HAPPY MAKER –**

Jean Lafferty, media relations contact at Arico Natural Foods, which manufactures CrispRoot chips

**GRAND POO BAH –**

Richard Tait, co-founder of board-game maker Cranium Inc.

**MANAGER OF FUTURING AND INNOVATION BASED STRATEGIES –**

Randal Moss, who handles social and new media and technology strategies for the American Cancer Society

**OVERSEER OF ORDER –**

Janice Russell, founder of Minding Your Matters, a North Carolina organizing firm

**WINDOW WARRIOR –**

Frankie Kuda, certified window installer at Total Home, a Kansas contractor



## INSIDE:

- Reasonable compensation: Understand IRS implications
- Plan your retirement account money strategies
- Document it or lose it



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# Global epidemic: Don't succumb to occupational fraud

By Jason A. Brown,  
CPA, CFE, MBA

Tax Manager and Emerging  
Business & Technology Services  
Leader (West Palm Beach, FL)

Occupational fraud is a rampant global problem. The Association of Certified Fraud Examiners (Report to the Nations on Occupational Fraud, 2010) estimated that organizations worldwide lose 5 percent of their annual revenues to fraud. This is in excess of the \$2.9 trillion in global fraud losses per year. The consequences of employee fraud include financial losses, legal and investigative costs, regulatory fines, wasted management time and increased insurance premiums. Executive/owner-level frauds tend to be much more damaging as compared to manager- and employee-level fraud; a quarter of those upper-level frauds were in excess of \$1 million.

## Types of occupational fraud include:

- **Skimming**—Removal of cash from company prior to its entry in the accounting system
- **Cash larceny**—Intentional taking of company's cash without knowledge of consent
- **Asset misappropriation**—Use of company assets for personal gain
- **Billing schemes**—Claims for bogus products or services not provided to the company

- **Inventory misappropriation**—Fraudulent utilization of company's inventory
- **Payroll frauds**—Fraudulent disbursement to fake (ghost) employees or submission of false hours
- **Expense schemes**—Induce company to make fraudulent disbursements based on fraudulent documentation

Occupational fraud is easier to prevent than to detect. Prevention saves money, time and resources. It is imperative that an anti-fraud environment is created. This begins with strong internal controls. These include segregation of duties, safeguarding of assets, reconciliations, reviews of performance and approvals, authorizations and verifications. Even strong internal controls can be circumvented through collusion and/or management override.

Employees commit fraud simply because they think they won't get caught. Companies should perform background checks on new hires to reduce the risk. Businesses should implement fraud workshops that include discussions with an emphasis on what constitutes fraud, its negative impact on the company and its specific negative impact and consequences on the individual. Surprise audits are another effective tool. Not only does it help to detect fraud, but it also shows employees that you're watching the inner-workings of the business, in turn making employees less likely to commit fraud. An environment that emphasizes fraud prevention will deter fraud.

Many CPAs offer specialized fraud prevention services, which can help to detect areas of weakness in a business. Businesses should work closely

with their outside auditors and accountants. These professionals can assess a company's internal controls and indicate where there are vulnerabilities and what can be done to close the gaps. A Certified Fraud Examiner (CFE) has a unique set of skills not found in any other field or discipline. A CFE combines knowledge of complex financial transactions with an understanding of methods, law and the know-how to resolve allegations of fraud.

Spending a little time and effort to deter and prevent fraud now can save large amounts of money and headaches in the future. Safeguard your vision, hard work and livelihood by following these simple tips to secure your business. **LE**

For more information, contact Jason Brown at [jbrown@alpernfl.com](mailto:jbrown@alpernfl.com) or (561) 689-7888.



OCCUPATIONAL FRAUD IS EASIER TO PREVENT THAN TO DETECT. PREVENTION SAVES MONEY, TIME AND RESOURCES. IT IS IMPERATIVE THAT AN ANTI-FRAUD ENVIRONMENT IS CREATED. THIS BEGINS WITH STRONG INTERNAL CONTROLS.

# Reasonable compensation: Understand IRS implications

**By Michael S. Leone,  
CPA, J.D., LL.M**  
Shareholder, Tax Director, Tax  
Operations (West Palm Beach, FL)

**A**s the owner of an incorporated business, you're probably aware that there's a tax advantage to taking money out of the corporation as compensation (salary and bonus) rather than as dividends. The reason is simple: A corporation can deduct the compensation that it pays, but not its dividend payments. Thus, if funds are withdrawn as dividends, they're taxed twice—once to the corporation and once to the

recipient. Money paid out as compensation is taxed only once (to the employee who receives it).

However, there's a limit on how much money you can take out of the corporation. The law says that compensation can be deducted only to the extent that it's reasonable. Any unreasonable portion is nondeductible, and if paid to a shareholder, may be taxed as if it were a dividend. As a practical matter, the IRS rarely raises the issue of unreasonable compensation unless the payments are made to someone "related" to the corporation, such as a shareholder or a member of a shareholder's family.

How much compensation is "reasonable?" There's no simple formula. The IRS tries to determine the amount that similar companies would pay for comparable services under like circumstances. Factors that are taken into account include:

- employee's qualification;
- nature, extent and scope of the employee's work;
- prevailing economic conditions;
- size and complexities of the business;
- comparison of the salaries paid with the gross and net income of the business;
- comparison of the employee's compensation history with distributions to stockholders; and
- prevailing rates of compensation for comparable positions of other similar businesses.

There are a number of concrete steps you can take to make it more likely that the compensation you earn will be considered "reasonable," and therefore deductible by your corporation. For example, you can:

1. Use the minutes of the corporation's board of directors to contemporaneously document the reasons for the amount of compensation paid. For example, if compensation is being increased in the

current year to make up for earlier years in which it was too low, be sure that the minutes reflect this. (Ideally, the minutes for the earlier years should reflect that the compensation paid in those years was at a reduced rate.)

2. Avoid paying compensation in direct proportion to the stock owned by the corporation's shareholders. This looks too much like a disguised dividend, and will probably be treated as such by the IRS.
3. Keep compensation in line with what similar businesses are paying their executives (and keep whatever evidence you can get of what others are paying—i.e., salary offers to your executives from comparable companies—to support what you pay if you are later questioned). If the business is profitable, document in corporate minutes as to why no dividends are paid, such as need to expand business or make substantial capital improvements. This avoids giving the impression that the corporation is trying to pay out all of its profits as compensation.

As in most tax situations, planning ahead avoids problems later. **LE**

For more information, contact Michael S. Leone at [mleone@alpernfl.com](mailto:mleone@alpernfl.com) or (561) 689-7888.



# Document it or lose it

## Substantiation rules for charitable gifts



The right combination of lifetime donations and charitable bequests can help you reduce your income taxes, minimize gift and estate taxes, and support the organizations you care about.

When you make charitable gifts during your life, the federal government rewards your generosity by allowing you to deduct the gifts on your income tax return (up to certain limits and provided you itemize). And it allows an estate tax deduction for charitable bequests. But the government isn't so generous when it comes to inadequate documentation of these donations.

If you fail to properly substantiate a donation, you can lose the deduction. To help you protect your charitable deductions, it's worth your while to become familiar with the substantiation rules.

### Cash gifts

You can substantiate cash donations of less than \$250 with a canceled check, a receipt from the charity or other reliable written record that shows the name of the charity and the date and amount of your contribution. Separate contributions of less than \$250 to a single charity aren't combined in determining whether you exceeded the \$250 threshold. So, for example, if you donate \$200 a month to a charitable organization, you can substantiate each donation with a canceled check.

Donations of \$250 or more require a contemporaneous written acknowledgment from the charity describing the amount of your contribution and any goods or services you received from the charity in exchange for the donation.

An acknowledgment is contemporaneous if you receive it on or before the earlier of either your tax return due date, including extensions, for the tax year the contribution is made or the date you actually file your

return. It's critical to make sure you obtain all necessary acknowledgments before you file your return. If you don't, you can lose the deduction, even if you receive a valid acknowledgment later.

### Noncash gifts

For noncash gifts under \$250, obtain a receipt that shows the charity's name, the date and location of the contribution, and a description of the property. Although the property's fair market value should be considered in determining the amount of detail included in the receipt, that value need not be stated on the receipt.

Noncash gifts of \$250 or more require a contemporaneous written acknowledgment from the charity containing the information described above for cash gifts as well as a description (but not necessarily the value) of the property.

If you donate noncash property worth more than \$500, then, in addition to the substantiation requirements described above, you also must maintain written records that document:

- The date you acquired the property,
- The manner in which you acquired the property (for example, via purchase, gift or inheritance), and
- Your adjusted basis in the property (except for publicly traded securities).

If your noncash gifts for the taxable year exceed \$500, you also must prepare and file Form 8283 ("Noncash Charitable Contributions"). Note that the \$500 threshold is an aggregate of all noncash contributions; it's not an entity-by-entity calculation.

### Qualified appraisal for large noncash gifts

If you donate property valued at more than \$5,000 (\$10,000 for closely held stock), you must acquire a qualified appraisal and include an appraisal summary, signed by the appraiser and the charity, on Form 8283. You can meet the \$5,000 threshold by donating a single item or a group of similar items, even if you give them to different charities.

You don't need an appraisal for publicly traded securities. For closely held stock worth more than \$5,000 but less than \$10,000, an appraisal isn't required, but you need to complete a portion of the appraisal summary form.

For noncash contributions exceeding \$500,000 or gifts of art worth \$20,000 or more, include a copy of the signed appraisal with your return, not just the appraisal summary.

Your appraisal must be prepared, signed and dated by a qualified appraiser, as defined by IRS regulations, and must include specific information required by the regulations. The appraisal can't involve a prohibited appraisal fee and has to be prepared no earlier than 60 days before the property is contributed and no later than the tax return due date, including extensions.

### Get the deductions you deserve

The requirements for substantiating donations aren't difficult to meet, but they do require close attention. Be sure you have your documentation in order before you file your return. If you don't, you can lose the deductions, even if they're completely legitimate and supportable. **LE**

## Building success in social media: Humanize it!

**S**ocial media is a continually changing set of tools and users that allow information sharing and relationship building online. It can take on many different forms, including Internet forums, weblogs, social blogs, micro-blogging, podcasts, photographs or pictures, video, and social bookmarking. Specifically, LinkedIn, Facebook, Twitter, video and blogs are all seeing increased usage in 2011. LinkedIn is the most popular social media application in business, now used by 69 percent of companies.

We have to stop thinking about social media as a way to market products and start thinking about it as a way to communicate and build a brand. You start by avoiding three common misconceptions:

### **1. Investing in social media can't save me money.**

False. Costs savings are the low-hanging fruit for monetizing social media. It's very easy, with minimal investment, to decrease your spending on research, customer service and advertising.

Formal research typically takes a lot of planning and a lot of time and money to execute. Smart companies are trading in the rigorous research for up-to-the-minute data collected through social media platforms. Additionally, companies are now saving money previously allocated to outside recruiters by using social media to recruit talent and evaluate candidates more quickly.

### **2. I have to build a huge following to be successful in social media, and I can't do that.**

False. Social media is not a popularity contest. Followers don't equal influence. It's about quality, not quantity. Compete on how much value you can offer and how much trust you can build. Focusing on delivering value when, where and how your audience wants to receive it is a far better strategy than focusing on growing



the number of followers.

First and foremost, social marketing is a brand-building tool. For decades, traditional advertising media have been let off the hook when it comes to measuring direct financial ROI. The same goes for social media efforts.

### **3. I can just re-use my traditional marketing in social media channels.**

False. Traditional marketing focuses on logos. Social media focuses on people. People connect with people. The golden rule of social media is to humanize your brand. Traditional marketing has always approached branding as a way to control the message. Often the executives who are asked to share themselves and their

personalities through social media struggle to become comfortable with this, but it's crucial for a brand to provide access to its personalities because logos do not have the ability to socialize. Revealing the people behind your brand builds trust. Trust is the first step to building loyalty.

This is not surprising. Think about your favorite brands. I bet you'll quickly identify the people associated with that brand that you connect with, whether it's the CEO, a celebrity endorser or someone you know directly who works for or advocates the brand ... There's always a human connection. **LE**

For more information contact Tricia Egry, director of marketing, at [tegyr@alpern.com](mailto:tegyr@alpern.com) or (412) 281-2501.

# Making the case for money

## How to present your business in the best light

**P**ut your best foot forward. That's the advice for businesses seeking dollars, whether through banks, venture capitalists, grants or other forms. But that common-sense thinking isn't followed as often as it should be. Several business executives and experts offer ways to make sure your business puts itself in the best light possible to garner funding.

### Be open

Ross Kimbarovsky and Mike Samson, co-founders of crowdSPRING, a marketplace for crowd-sourced creative services, say their company aims to be transparent with everyone, from investors to employees and users.

Transparency, they say, simply means being honest and not hiding things. When meeting with potential investors, Kimbarovsky and Samson made sure to provide written materials to supplement their oral presentations. They disclose everything about their business, what they are looking to do and what they want from investors.

"After a very successful early investor meeting, we conducted a self-audit of our financial model and found a major error that impacted our revenue projections," the founders say. "We promptly contacted all investors with whom we had met to let them know about our error and issued corrected financial projections. We were embarrassed about the error, but our prompt action and full transparency went a long way to assure our then-potential investors that we would always be honest and open with them—with both good news and bad news."

### Map it out

While not all funders ask for a business plan, creating one provides real value, Kimbarovsky and Samson say. Writing a plan forces a business to organize and articulate its thoughts succinctly and accurately. It also forces a business to thoroughly research the market and its competitors.

This research also shows investors a business is serious about its future. "While it's impossible to prepare to answer every single question an investor will ask, you



should try to research and prepare as much as you possibly can so that you are ready," they say. "Potential investors will quickly tune you out if you can't answer questions about your business. When we attended the meetings of angel investor groups in the fall of 2006, we saw many examples of this. Some startups couldn't answer very basic questions about their market and revenue models. As a result, investors lost interest."

### Present strong leadership

Ron Flavin, a professional grants writer in South Carolina, says focusing on the experience and capabilities of an organization's leadership has been one of the most critical factors to obtaining funding. He has seen many grant applications passed over because the reviewers just weren't comfortable that the organization's leaders had the necessary skills and background to make the project a success.

Flavin helped a California-based client who was building a prototype machine that converts poultry waste into synthesis gas and

biochar. Being a startup was a key obstacle to financing, he says.

"However, by focusing on their business acumen and ability to pull together complex projects, we were able to convince the government that these guys could make the project a success," Flavin says, noting the client ultimately obtained \$1 million in government funding.

"I'm happy to say, they didn't disappoint, either. The project is humming along fantastically."

### Account for your employees

When a business is seeking additional capital, especially if that capital is going toward a sale/acquisition or significant changes within the company, lenders want to know the business' plans for employee retention and dissemination of information, says James Cassel, president of the Miami-based Cassel Salpeter & Company, an investment banking firm that handles mid-cap M&A transactions.

To develop an employee retention plan, evaluate your current company policies, environment, culture, morale, etc. This can be done through employee interviews or surveys or meetings with executives. Then decide what can be improved and how. For example, having a competitive employment package, such as one with a stock incentive plan or tuition reimbursement, can be helpful in recruiting and retaining quality people, Cassel advises.

When raising capital, evaluate its impact on employees, he says. If your company is taking part in a pure capital raise, it probably won't have a tremendous effect on employees. However, if the company is involved in a sale, it's a more delicate situation.

"Depending on the nature of the business, many times we keep the capital raise or sale process confidential as long as possible," Cassel says. "It's really up to the owners to decide who they need to talk to and bring under the tent. Business owners should look at each situation objectively to see what is going to be best for the business and the least disruptive." **LE**

# More than a brochure

## 6 ways to make your website open for business



Your website speaks volumes about your organization—whether to prospects who find you from a search engine, clients wanting to learn more about the business, job hunters seeking an opening or someone else.

“In ideal circumstances, my clients see their website as more like an office space than a brochure,” says Caroline de Gruchy, owner of C.R. Visuals, website design company. “They want it to be open, inviting and filled with a variety of ways to engage with the company. In other words, don’t think of your website as a marketing channel. It’s not the Yellow Pages. Think of your website as a 24/7 open office with an agreeable receptionist responding to the needs of every visitor.”

These six tips can take your website from a static marketing tool to an open-door office where clients frequently come and stay.



### Differentiate yourself.

Many companies today seem to believe in “build it and they will come,” but a website needs to do more than merely exist, says Izzy Goodman, owner of CCS Digital. A website needs to attract visitors and turn them into customers.

“On my site, I sell ink and toner cartridges,” Goodman explains. “You would think there are thousands of other sites selling the same thing, and you would be right. So I had to differentiate my site.”

First, Goodman researched everything she

could about how printers and ink cartridges work, which printers offer the best value and how to solve many common printer problems. She wrote these up as articles on the site, which attracted many visitors. Then she discovered a unique product—a two-piece cartridge where the ink is kept in a separate container within the cartridge. When the ink runs out, you replace just the ink tank, not the entire cartridge.

“Since the ink tanks cost as little as \$2 and you can get \$2 back for (recycling) the empty ones, I can advertise free ink,” Goodman explains. “So I have a unique product not available elsewhere, unbeatable pricing, an advertising hook no one else can use and items for which I have special knowledge.”



### Engage your audience.

Many companies still consider their websites as information

disseminators, says Walt Guarino, president and managing partner of marketing agency SGW Integrated Marketing Solutions. Instead, they should think of their websites as ways to engage their customers and prospects.

“There are so many new apps and programs that can help them to develop relationships with key targets,” Guarino says. “The website is the ideal place to lead people into more ‘social’ environments like LinkedIn communities and online forums.”

Post links to your Facebook, LinkedIn or Twitter accounts on your website and consider creating a blog, which will enable you to pose questions to your readers and interact with them via the comment feature.

Not sure what to write about on your blog? Evaluate headlines and news stories for inspiration—you can always take a timely topic and tailor it to your business. And don’t

use your blog as an advertising pitch—craft posts showcasing your advice and expertise—and people will inevitably return for more.



### Focus on action, not objects.

One of the most common mistakes made on many websites is focusing on listing products and services instead of explaining what the products and services can do for your customers, says J. Lance Reese, president of Silver Peak Consulting, Inc., a global consulting business.

“Websites should be highly focused on the benefits and results the customers will realize from doing business with you,” Reese says. “Often the assumption is that the customer will figure this out and apply it to their own situation—you’re missing an opportunity if you expect your customer to do that for you. You are in control of the message. Check your wording and focus. If it reads like an obituary or product label, you are not marketing effectively.”

For example, instead of just listing the services your firm offers, describe them in detail using a conversational tone. Also, use examples and anecdotes to show specific ways your services will benefit a client.



### Three letters: SEO.

Jennifer Jones, CEO of Seed Technologies, a marketing and web development firm, says the most important element to taking a website to the next level is search engine optimization or SEO, which can improve a website’s visibility in search engines like Google and Bing.

Use relevant keywords in your content—popular words someone might search for when looking for information about what your company offers. Search engine spiders are software programs that scan websites to index portions of the content for search engine results, Jones says. These spiders will look for keywords. Using these words can maximize your website’s position in search engines, ensuring more visitors.

Jones advises picking your target keywords before you write your copy (use the Google

AdWords Keyword Tool) and then limiting the number you use per page.

“If you provide a wide variety of products or services, it is better to isolate each product or service into separate pages on the website,” Jones says. “By placing them on separate pages, you have an opportunity to focus on a smaller list of keyword phrases per page.”

Google experts also advise companies to update the content on their websites frequently—the more “new” content on the site, the better the results in Google because the search engine algorithm considers the freshness of the content as well as the keywords.



### Revamp your design.

Having an eye-catching, easy-to-navigate design can ensure users maximize your website because they can efficiently find everything they need. This goal could mean a complete revamp of your website, but it will be worth it in the end.

Eliminate unnecessary, flashy graphics that clutter your page and keep it from loading quickly. Try to eliminate or minimize scrolling—your users want to access information without having to look for it. And use white space; it gives your website a cleaner look and gives viewers a chance to “breathe” as they look at your site.

Another more recent approach to design is called “responsive design,” which Impact Dialing used when redesigning its website.

“More and more people are browsing the web on mobile devices of many different sizes, and there are now so many different platforms that it’s impossible to create different sites for phones, tablets, laptops, desktops and everything in between,” says Michael Kaiser-Nyman, CEO and founder of Impact Dialing. “Responsive design allows you to create one site that adjusts depending on the screen size to display optimally on devices of any size.”



### Improve site functionality and speed.

Speed has a dramatic impact on the usability of a company



THE MOST  
IMPORTANT  
ELEMENT TO  
TAKING A WEBSITE  
TO THE NEXT LEVEL  
IS SEARCH ENGINE  
OPTIMIZATION  
OR SEO.

website, says Joshua Bixby, president of Strangeloop, which provides web performance optimization solutions to global ecommerce websites and enterprise applications. Up to 80 percent of customers are unlikely to return to a site after having a slow initial experience, Bixby says.

To get a sense of the way your site behaves for customers, Bixby recommends using a free tool such as Webpagetest, which simulates real-world user environments and browser behavior. If your users live in mid-sized urban locations, for example, you can test from Webpagetest’s servers in Dulles, Va. If your users are outside the United States, you can test from international servers spanning the United Kingdom, China and New Zealand.

Once you have evaluated your speed, you can start improving it, Bixby says. He recommends using a content delivery network to store your content closer to your users and optimizing the way your site’s code is written to reduce file sizes and make the site easier to maintain. If you don’t have an IT department, you may need to outsource this service.

Companies that are seriously committed to making their sites faster should evaluate and implement the above solutions.

“The ROI can be fast and dramatic,” Bixby says. **LE**

# bits & pieces



## TIPS FOR CREATING A HEALTHY, ACTIVE WORKFORCE

Businesses lose money when employees miss work because of health problems—healthy employees are more productive and decrease employers' health care costs. Kaiser Permanente of the Mid-Atlantic States offers several tips for creating a healthy, active workforce:

- **Revise your meeting strategy.** U.S. employees spend an average of 5.5 hours per week in meetings—that physically inactive time often is accompanied by unhealthy food. Offer fresh, healthy choices and allow for a stretch or walking break during meetings lasting more than an hour. Or better yet, hold meetings where no one sits—standing burns 30 to 40 percent more calories for the same amount of time.
- **Encourage employees to eat right.** If your company has an on-site cafeteria, make sure it offers healthy food choices, such as fresh fruits and vegetables, grilled meats and whole grains. If your company does not have a cafeteria, consider offering a healthy lunch once a week or keep menus for area restaurants with healthy food options in your break room.
- **Promote physical activity via lunchtime walks or a bike-to-work program.** Consider bringing in fitness professionals for group classes or creating a company sports team to get the workforce active.
- **Reward employees for participation** in workplace wellness programs, such as employee health fairs with community health agencies or fitness assessments and medical screenings. Prizes or incentives, such as movie tickets, restaurant gift certificates and vacation days work well.

## MORE FACEBOOK TIME IN BUSINESS

More businesses are finding Facebook far more useful than the personal reunions and summer vacation picture postings, according to a survey by The Creative Group.

Almost half of advertising and marketing executives interviewed said they currently use Facebook for professional purposes. About one-fifth of their Facebook friends were professional-related contacts.

The national study based on more than 500 telephone interviews involved approximately 375 marketing executives with 100 or more employees and 125 with 20 or more employees.

The Creative Group offers five ideas to

maximize your business use of social networks like Facebook:

- **Separate but equal.** Divide your professional and personal contacts by using Facebook's lists feature to avoid sharing unwanted or mundane information with your professional contacts. Also check your privacy settings to see who can view your information.
- **Be an expert.** Share useful information and advice with your professional contacts and offer advice when they ask for ideas and recommendations.
- **Share the wealth.** Offer to make introductions between contacts and aid



your contacts when you can. They will remember and reciprocate in the future.

- **Use photos.** Provide your professional contacts with pictures of your latest project or a collection of your work.
- **Watch what you say.** Never say anything negative about your current or former company, co-workers, clients or other contacts.

## SATISFIED WITH PERFORMANCE, STILL DELAYING HIRING AND INVESTING

More than 60 percent of women business owners say they are mostly pleased with their companies' financial performance, according to a recent survey by PNC Financial Services Group.

However, 73 percent of those surveyed have no plans to hire full-time employees, and 63 percent have no plans to hire part-time employees, the survey found. In addition, only 41 percent intend to make a capital investment in their businesses.

"Our women's survey findings reinforce that the U.S. economy continues to suffer through this current soft patch as growth has slowed into the realm of stalled speed," says Stuart Hoffman, chief economist of the PNC Financial Services Group. "Even though we are dialing back our expectations for the second half of 2011, we do not expect the economy to slide into a double-dip recession."

The telephone survey involved more than 1,300 female owners or senior decision-makers in companies with annual revenues of less than \$10 million.



## WHO U.S. BUSINESS OWNERS ARE

The U.S. Census Survey of Business Owners pulls data from 20.4 million people—30 percent who own employer firms and 70 percent who own non-employer firms.

Of that group, about 43 percent reporting working 40 or more hours a week, while 37 percent claim they work less than 20 hours per week on the business. Half of the owners say their business serves as their primary source of income.

About one-third of respondents owned another business or were self-employed before they led their current businesses. Almost 37 percent were 55 and older, while almost 30 percent fell between the ages of 45 and 54. Owners age 35 to 44 represent 21 percent, while those 25 to 34 incorporated 10.5 percent of respondents.

As for education, almost 68 percent had some college education, while 5 percent had less than a high school diploma. More than one-quarter had earned a bachelor's degree, while 18.5 percent obtained a master's, doctorate or professional degree.

## TOP IDEAS IN IT INNOVATION

Making business processes more efficient topped the list of how innovative companies use information technology, according to the 2011 InformationWeek 500 analysis.

The research of the 500 companies using the most innovative information technology also pointed to some other trends—introducing new IT-led products and services, gaining better business intelligence, lowering costs, improving customer service and engaging customers in new ways.

InformationWeek 500 also used its analysis to create "20 Innovative IT Ideas To Steal," which included hosting a contest in which employees from all over the company spent 48 hours conceiving, designing and coding mobile apps (AllState) and combining point-of-sale transaction data with the business' security cameras to cut down on employee theft (Dunkin' Donuts). To read the rest of the ideas, visit [www.informationweek.com/500/ideas](http://www.informationweek.com/500/ideas). **LE**





# on the bookshelf

## BOOKS YOU MAY HAVE MISSED

We know finding time to read in your busy schedule is difficult. When you do carve out time, how do you pick from the millions of titles? *Leading Edge* wants to help make the selection process easier with this new regular feature, “On the Bookshelf,” to touch the surface of insightful, helpful or just interesting books related to business. In this debut, *On the Bookshelf* explores some titles that have been on the shelves a little while. Read on to see what you may have missed. All titles are available through [www.amazon.com](http://www.amazon.com) and in area bookstores.

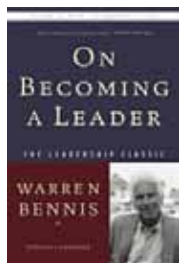
### **On Becoming a Leader** **Warren Bennis**

**Basic Books**

304 pages

Bennis, a business consultant and professor at the University of Southern California,

explores the characteristics that make a good leader, highlights successful leaders (such as movie director Sydney Pollack and A&M Records co-founder Herb Alpert) and offers must-have strategies for becoming a successful leader. He not only talks about the importance of personal vision but provides ways to develop one. This new edition of an old classic features updated references as well as an introduction focusing on the challenges facing today's leaders.



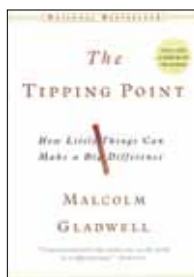
Do you have a suggestion for a book we should feature? Email Editor Ann Gynn at [agynn@sbnonline.com](mailto:agynn@sbnonline.com) with the title and author, and include why the book would be helpful or interesting to your peers.

### **The Tipping Point** **Malcolm Gladwell**

**Back Bay Books**

301 pages

Small changes can have big impacts. “The best way to understand the dramatic transformation of unknown books into bestsellers, or the rise of teenage smoking, or the phenomena of word of mouth, or any number of the other mysterious changes that mark everyday life, is to think of them as epidemics,” writes author Gladwell. He discusses how ideas, products, messages and behaviors spread like viruses do and eventually reach a tipping point to create change. As one Amazon.com reviewer says, “This is an engaging, fascinating and stimulating read that provides a number of insights of value to everyone who shares the objective of making new ideas stick and lead to transformation.”



### **Who Says Elephants Can't Dance?** **Louis V. Gerstner Jr.**

**Collins**

384 pages

Gerstner became IBM's CEO when the company was close to going out of business. From joining the company in 1993 to retiring in 2002, Gerstner turned the company around, focusing on revamping the company's strategies and organization. *Who Says Elephants Can't Dance?* discusses his work at IBM as well as his experiences at other successful companies like American Express and RJR Nabisco. Gerstner also shares lessons he learned throughout his career that any business owner or executive can apply.



### **The Republic of Tea** **Bill Rosenzweig, Patricia Ziegler and Mel Ziegler**

**Crown Business**

336 pages

Three partners chronicle their efforts creating and building the successful The Republic of Tea chain through a 20-month fax exchange. The book not only covers the “how-to” of forming a business but presents the real emotional struggles the founders faced. The book includes the actual business plan the trio used and a user's guide to help readers apply the book's content.

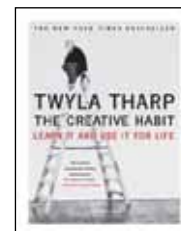


### **The Creative Habit** **Twyla Tharp**

**Simon & Schuster**

256 pages

As a dancer and choreographer, Tharp knows about creativity. In *The Creative Habit*, Tharp shares 32 exercises to be more creative in your personal or professional life. In “Where's Your Pencil,” Tharp encourages readers to observe and document their thoughts and observations. And in “Build a Bridge to the Next Day,” she talks strategies for decluttering the mind. As *Newsweek* reviewer Cathleen McGuigan says, “An entertaining ‘how-to’ guide, *The Creative Habit* isn't about getting the lightning bolt of inspiration, but rather the artistic necessity of old-fashioned virtues such as discipline, preparation and routine.” **LE**





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