ELECTRONIC PAYMENTS: ECONOMICAL, ECOLOGICAL AND EASY

It’s an odds-on bet that your paychecks are automatically deposited in your checking account. Three out of four Americans who have direct deposit available for their pay use it, and most large businesses (over 500 employees) offer it. You access your pay immediately, save time at the bank and never worry that your check will be lost or stolen.

The same system that makes life easier for you as a consumer can make life easier for your company and your clients. Using the Automated Clearinghouse (ACH), businesses can pay their vendors and suppliers electronically by making arrangements ahead of time and agreeing to eliminate the checks. And, with the help of their financial institution, many businesses which accept paper checks as payment are scanning those checks and forwarding the information to their banking partner to either migrate the payment to the ACH or expedite the check clearing process.

Your financial institution should be able to answer your initial questions, help you choose the right applications and provide training. You can enter transactions manually, but the common business software products will produce an electronic file that is easily exported to your financial institution, with the clearing house handling the rest. The fees may be in the range of $75 a month for businesses with few transactions.

The Payments Authority can help too, but your most persuasive tool will be a cost-benefit analysis. You’ll want to build your own case; however, the most recent analysis showed that a business with 100 employees could save $5,800 a year.

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Fear is the greatest single obstacle to success.

Too often, people let fear rule their decisions and actions. Their every yearning is for a sort of overall protection summed up in the catch-all cliché of “security.” The truly successful person doesn’t think in these terms. His or her reasoning is based on creativeness and productivity. As President Eisenhower once said, “One can attain a high degree of security in prison if that’s all he wants out of life.”

The successful person is one who is willing to take risks when sound logic shows they are necessary to reach the desired goal. All of us suffer from fear. What is fear? Fear is an emotion intended to help preserve our lives by warning us of danger. Hence, fear can be a blessing when it raises its flag of caution so we study a situation before making a decision or taking action.

We must control fear rather than permit it to control us. Once it has served its emotional purpose as a warning signal, we must not let it enter into the reasoning by which we decide upon a course of action.

The famous words “We have nothing to fear but fear itself” – are as applicable now, and at any time, as when they were uttered by FDR during the Depression.

How can you overcome your fears? First of all, by looking them full in the face – by consciously saying: “I am afraid.” Then second by asking yourself: “Of what?” With that one question you have begun analyzing the situation facing you. The next step is to consider the problem from every facet. What are the risks? Is the expected reward worth taking the risk? What are the other possible courses of action? What unexpected problems are likely to be encountered? What have others done in similar situations?

Once you have completed your study, take action – immediately! Procrastination leads only to more doubt and fear. The person seeking success must force himself in the same way to control his fear by taking the first step toward his goal. And remember that no one walks the road of life alone.
SBA’S 2008 FINANCIAL SERVICES CHAMPION OFFERS ADVICE on Avoiding the 5 Most Common Mistakes New Entrepreneurs Make When Seeking Financing

Mike Semanco, President of Hennessey Capital and the 2008 Michigan SBA Financial Services Champion of the Year, is seeing more downsized employees pursue their entrepreneurial dreams. But he cautions that would-be entrepreneurs set themselves up for failure if they don’t do their homework prior to meeting with a business lender or investor.

Mr. Semanco explains the five most common mistakes entrepreneurs make when applying for a business loan and offers solutions to avoid them.

1. **A lack of documented research on the need for a specific product or service.** “It’s critical to the lender’s decision-making process to have detailed research that accurately identifies an industry or consumer segment that will be receptive to the product or service,” says Semanco. “Everyone can benefit from my product,” is not a market strategy.

2. **Unwillingness to assume a financial risk.** “A business borrower has to show he has invested his own money, and perhaps that of family and friends, to get his product or service to the point where a business loan is needed. If the borrower won’t assume the risk, a lender won’t either.”

3. **Inexperience with the product or service.** “Even if an entrepreneur is pitching a completely new product or service, she should have some experience-based connection with it. While there may be exceptions, a lender generally wants to know the business loan will be used for something that links with the borrower’s work or educational background.”

4. **A bogged down business plan.** “Lenders want a relatively brief, easy to read plan that answers the who, what, when, where, why and how of the product or service. “Lenders and investors do not have time to review 50 page business plans. A succinct executive summary that describes what you are trying to accomplish, along with realistic financial information, will be enough to get the lender interested.”

5. **An overall lack of professionalism.** “Prospective borrowers need to look the part of a successful business person,” informs Semanco. “Current, professional dress is important, as is a positive attitude and glowing references.

Borrowers who have a chip on their shoulder from a previous business venture or employer will convey that message to prospective clients or customers and potentially put the business at risk. An experienced lender looks at a borrower’s character, attitude and professional appearance as factors that help determine whether to deny or extend credit.”

Mike Semanco holds bachelor and master’s degrees from Walsh College and is recipient of the Distinguished Alumni Award from the Walsh College Alumni Association. He also serves on the Board of Trustees for the College.

Candi Pavliscak, Mike Semanco, from Hennessey Capital, and Frank Seyferth from Foster Swift Collins and Smith PC (left to right) at the Small Business Conference in May.
WHEN THE GOING GETS TOUGH, THE TOUGH GET A SALES PLAN

By Kim Greenspan, ACC

In good times and bad, all businesses need a written sales plan—especially those looking to move forward or expand their company. Not only does this help keep the direction of the company in focus, it also shows possible investors the sales goals and growth targets you have for your company.

Much like a business plan, in which you set direction for the entire company to follow, a sales plan is intended as a guide for your sales team. This plan will specifically outline the goals you want the sales team to achieve and create the measurements that enable you to monitor your sales team to keep them on track. A well-outlined sales plan will also hold the salesperson accountable for the results. This is a great motivational tool for the salesperson, as well as being a useful tool to review results and determine the effectiveness of efforts.

Sales plans are not only beneficial for the salesperson, but also for the other employees. From a top-level position (executive/management level), a sales plan creates awareness of what the sales team is expected to achieve for the company. It also ensures the executive that the sales team is accountable to reaching specific, measurable goals for performance evaluation. (By the way, if you’re the business owner and the sales team consists of you and yourself, this principle still applies.)

There are three major areas you need to focus on when writing your sales plan. You will need to clearly define your sales objective(s), give a clear plan of action and report and track your results.

Assuming your company already has a written business plan, take all sales goals and sales plans from your business plan and add it to the objective section of your sales plan. The purpose of having a clear sales objective section is to ensure that your sales team clearly knows what their duties and responsibilities are for that year. Be sure to include everything you want done for the sales plan. It is better to be exact rather than vague and exclusive. Everything from internal sales, such as training a new salesperson, to external sales, such as expanding customer base, needs to be included in this section. Be sure to include an executive summary in this section. This should be a quick overview of the entire sales plan. There should also be a quarterly objectives section that outlines goals to be met by each quarter, as well as clearly defined areas (clients, accounts, territories) in which you want to target your sales effort and results.

A plan of action is your next section. This is where your previous objectives will be given a specific path for following through. You want your plan of action to be written clearly and in an easy-to-follow format. Having an unrealistic action plan will only deter your sales team. Before you present your product to a prospect, make sure you know their company. Your plan must emphasize the importance of doing research on each prospect—this will not only impress the prospect, but they will also remember who you are afterward. The action plan should have a few different options for your sales team to use. They also should use more than one route to get a prospect. If your salesperson sends a letter, make sure they follow-up with the prospect within a week or two of them receiving the letter. Once you have the prospect interested, there should be an action plan on finalizing the sale with the prospect to make them a customer.

Your last section should be about reporting all your sales results because “what gets measured gets done.” In this area you should have a system for your sales team to track all results. This is useful for both your company and your sales team to evaluate results and efforts. This will further help make your sales team more exact in the way they sell.

Your sales plan should be a 12-month plan that is updated and changed each year. Because the business-world changes so rapidly and trends are continuously adapting, you need to keep an up-to-date sales plan. What worked a few years ago may not work today.

Kim Greenspan is President of Greenspan Consulting Group, LLC and The Alternative Board – Metro Detroit, and an adjunct instructor in the Walsh College MBA program.
SMALL BUSINESS MAKEOVER WINNERS ANNOUNCED

Chesterfield based Achatz Handmade Pie Company and Infra Corporation of Waterford are our makeover winners! Both are family owned and operated, and both have large manufacturing facilities. Both will receive advice and services worth more than $50,000.

Makeover sponsors Hennessey Capital, Derderian, Kann, Seyferth & Salucci, P.C., and Foster Swift Collins and Smith Attorneys are donating business, tax and financial systems overview and legal services. Professionals from marketing, accounting, human resources, information technology, and financial planning companies will also advise Infra Corporation and Achatz. Their services are all donated.

ELECTRONIC PAYMENTS continued from page 1

For example, it costs Oakland County approximately $8.95 to write a check, compared to 25 cents for an electronic payment, according to Keith Sawdon, chief deputy treasurer. Paying approximately 2,000 vendors electronically saves more than $200,000 a year, far outstripping the initial investment. Many people use a check to pay their county taxes, or for filing and document fees. Sawdon estimates that scanning those checks and transmitting those remote deposits electronically has saved the county $30,000 in banking fees alone. Furthermore, 98 percent of the checks clear and are available the next morning.

Moving payments electronically is a great way to reduce operating costs, but convincing vendors to send or accept electronic payments is vital to the process.

“It’s easy to tell a vendor ‘I can pay you electronically,’ but getting the vendor to feel comfortable with that is more challenging,” Sawdon said. Powerful benefits usually sway them: Vendors receive payment right on the due date, instead of having to wait until they fit in the county’s once-weekly check writing process.

At Washtenaw Community College, tech-savvy students under the age of 30 tend to embrace electronic funds transfer. According to Birgitte Lozano, Treasury Manager, her greatest concern while preparing to accept tuition and disburse financial aid electronically, was assuring that the system complied with all national standards for privacy and safety.

Students quickly saw the advantages of having their financial aid deposited in their bank accounts, compared with standing in line at the school’s cashier’s window, then standing in line at their financial institution.

“Security has plenty to do without doing our banking for us,” she said.

Smaller businesses can achieve benefits on a scale comparable to those seen by Oakland County and Washtenaw Community College. How much time does it take an employee to stamp a handful of checks and enter them one by one, or drive to and from their bank or credit union and stand in line at the teller’s window? Are you losing interest by paying your vendors early or incurring penalties when you pay them late? Electronic banking solves all those problems.

Now think about the green benefits of electronic payments. Our reliance on paper checks results in the use of more than 674 million gallons of fuel and adds more than 3.6 million tons of greenhouse gases to the environment – every year. This includes the cost to cut, transport and mill the paper; printing and delivering boxes of checks; and clearing and settling checks.

More information on the environmental advantages of electronic banking can be found at www.payitgreen.org.
**WALSH ALUMNA RECEIVES ADAMS FELLOWSHIP**

Tammé Quinn Grzebyk (MSM ‘06) has received a year-long Adams Entrepreneurial Fellowship from Walsh College. The Fellowship recognizes the business success of the late husband of M. Ann Adams, whose estate established a permanent endowment with The Community Foundation for Southeast Michigan. It is made possible by an $80,500 Community Foundation grant.

Quinn Grzebyk is the sixth individual selected to receive the fellowship since its inception in 2004. As the Adams Fellow, Quinn Grzebyk will be the change agent for two local companies that will receive extreme small business makeovers from the Walsh Business Leadership Institute. Her mentor is Walsh alumnus Ray Campbell, president of Mastermind Solutions, Lake Orion. She has a Bachelor of Arts degree in Communication from Wayne State University. She belongs to the American Society of Training & Development; Michigan Council of Women in Technology; ConnecTech; the Detroit Economic Club; Motor City Connect, and Automation Alley.

**IDENTIFY ALL THOSE “OTHER” BUSINESS EXPENSES**

*by Ursula Scroggs*
Managing Director
Derderian, Kann, Seyferth & Salucci, P.C.

**Other business expenses.**
The generic term you see on your tax form may leave you scratching your head. Just what “other” expenses can you legitimately deduct?

While there’s no hard and fast rule, examples include insurance premiums, legal and professional fees, supplies you use in your business, utilities, auto expenses, and the deduction for certain energy-efficient commercial building property.

**Here’s a guide for less obvious items.**

- Like all costs you incur in your business, “other” expenses must be ordinary and necessary in order to be deductible.
- In tax law, ordinary means normal, usual, or customary in the context of your business.

**Illustration:** If you’re a commercial fisherman, boat insurance is an ordinary expense. Other business owners may have a harder time justifying a deduction for boat expenses.

- An expense is necessary if it is appropriate and helpful to the operation of your business.
- Some expenses are only partially deductible. For instance, the cost of meals and entertainment must have a direct business purpose before you can claim a deduction. Even then, your deduction is generally limited to 50 percent of your cost.

Certain expenses are specifically identified as nondeductible. Personal, living, or family expenses fit into this category, as do fines, penalties, political contributions, commuting to and from your job, and most lobbying costs.
AFFINITY GROUPS OFFER ADVICE AND SUPPORT

There is a special learning and experience-sharing opportunity through the Business Leadership Institute Affinity Groups. These groups offer a confidential forum to share information and discuss solutions to problems with business peers.

All groups are accepting new members.

Start Ups Affinity Group. Group members will be non-competing proprietors of new businesses with fewer than 10 employees. Members will help each other avoid pitfalls and share best practices of the start-up phase of owning and running a small business. Please email jhubbard@walshcollege.edu to hold your spot at an exploratory meeting to be announced at the Novi Campus.

Next Generation
Those poised to be next in line in to lead a family business or small enterprise meet monthly to discuss the legal as well as the personal issues in succession planning. This newly reconstituted group is seeking peers who will be committed to the group in hashing out the problems of dealing with the leading generation and to developing leadership skills in preparation for their next role. Please email for the next meeting date: jhubbard@walshcollege.edu.

HR Professionals Affinity Group
Walsh offers two HR Professionals affinity groups - one that meets at the Troy campus and the other at the Novi campus. HR Directors and HR Professionals are welcome to attend these monthly sessions where substantive updates are provided and all members share common issues of concern, solutions and resources. Please email to request the next meeting date of the Troy or Novi group. jhubbard@walshcollege.edu

Sales & Marketing Professionals
Sales and Marketing professionals from different types of business will meet monthly to discuss careers, techniques, inter-office communication and competition issues along with tips, techniques and tools of the trade! Up to 15 individuals from different industries will meet at the Walsh Troy Campus. If you are a sales and marketing professional, email jhubbard@walshcollege.edu for more information and to be a guest at the next meeting.

Owners and Managers
These two groups are comprised of individuals who have owned a business for many years and are concerned about growth, the costs of doing business, succession, work/life balance, and other topics as determined by the members. New members are welcome. Please email for the next meeting date and specify Troy or Novi location: jhubbard@walshcollege.edu.

Females in the Family Business
Meets the fourth Thursday, every month, 8 - 9:30 am at the Troy Campus

Wives, daughters, aunts, sisters, and mothers in a family business are invited to attend the Females in the Family Business Affinity Group. Women who own, are partners in, or work for family businesses will meet to discuss common issues and share solutions in a non-threatening, non-competitive, non-sales roundtable. Please email for the next meeting date: jhubbard@walshcollege.edu.

Small Business Makeover Winners

Visiting with makeover winners Dave and Wendy Achatz (left) are sponsors Ursula Scroggs, Derderian, Kann, Seyferth & Salucci PC; Jeff Wright, Hennessey Capital; and Frank Seyferth, Foster, Swift, Collins & Smith, PC.
In a very significant March 31, 2008 opinion, a divided Sixth Circuit Court of Appeals panel in Thompson v North American Stainless, LP, expanded the class of persons protected from retaliation under Title VII. The Sixth Circuit, the Federal Court of Appeals governing Michigan, held that Title VII prohibits employers from taking retaliatory action against employees not directly involved in protected activity, but who are so closely related to those who are directly involved that it is clear that the protected activity motivated the employer’s action.

The Decision: Thompson v. North American Stainless, LP, involved a male employee who alleged he was terminated because his co-employee fiancé (now wife) filed a sex discrimination claim. The male employee was fired three weeks after the employer found out about his fiancé’s claim of discrimination filed with the EEOC. The trial court granted summary judgment against the husband on the ground that he himself had never engaged in any of conduct protected by Title VII such as opposing the alleged discrimination or participating in the government investigation. However, the Sixth Circuit reversed.

The majority acknowledged, “a literal reading of [Title VII] section 704(a) suggests a prohibition on employer retaliation only when it is directed to the individual who conducted the protected activity.” It concluded, however, that the language of the statute itself should not be controlling because “tolerance of third-party reprisals would, no less than the tolerance of direct reprisals, deter persons from exercising their protected rights under Title VII.” Thus, the Court followed the position urged by the EEOC by extending statutory protection to any third party that is deemed to be “so closely related to or associated with the person exercising his or her statutory rights that it would discourage that person from pursuing those rights.”

The Sixth Circuit stated further that just because a plaintiff is allowed to state such a claim does not establish that the plaintiff can prove the elements of the alleged Title VII cause of action. The court acknowledged that “[a]s part of a prima facie retaliation case, all such claimants must demonstrate, inter alia, ‘that there was a causal connection between the protected activity and adverse employment action.’ The requirement of a prima facie case in general, and a causal link specifically protect employers from defending against meritless suits.”

The Dissent: Not too surprisingly, the majority’s decision prompted a rather lengthy dissent. The dissent characterizes the decision as the first time a court of appeals has held that Title VII creates a claim for third-party retaliation. The dissent also said that the court was legislating with its decision, not judging the facts based on existing law.

The Fifth, Eighth, and Third Circuit Courts of Appeal have previously unanimously rejected such third-party retaliation claims. In so doing, these circuits rejected such a construction finding that it was neither supported by the plain language of Title VII nor necessary to protect third parties, such as spouses or significant others from retaliation. Given the split among the circuit courts, the U.S. Supreme Court will hopefully provide guidance on this issue.

Practical Implications: Employers recognize that action affecting “associated” individuals will now be subjected to increased scrutiny. When faced with a discrimination complaint or EEOC charge from an employee who is associated with or related to the other employees in the employer’s workforce, the employer should proceed cautiously in making any hiring, promotion, discipline or termination decisions.

Rebecca S. Davies is a partner with Foster, Swift, Collins & Smith, P.C. in their Farmington Hills office and practices primarily in the areas of employment law and commercial litigation.