

The Benefits of Volunteering

With the cost of providing health care and other employee benefits rising, small businesses often find it difficult to compete with larger companies in attracting and retaining the most talented workers. Compared with other types of benefits, an employee volunteer program is relatively affordable, easy to administer, and can go a long way toward improving employee morale, building employee skills, and boosting your company's standing in the community.

Regardless of the size of the organization they work for, employees tend to appreciate the chance to engage in charitable activities with the support of their employer. Fortunately, there are many different ways to structure volunteer programs so that they meet the needs of employers, workers, and nonprofits alike.

When thinking about where to focus your efforts, there are three basic considerations that should be taken into account: the needs of the community, the skills and interests of employees likely to donate their time, and the resources of your organization. Before implementing a program, meet with a group of your employees to discuss what charities they would like to support, and what forms of volunteering are most practical given your employees' work and family responsibilities.

In some cases, a team of employees may take paid time off from work to volunteer for a charity. Volunteering

as a group can promote team-building and encourage employees to get to know each other outside of the usual work environment. In other cases, employees may agree to take on occasional pro bono work for a nonprofit and incorporate the assignments into their normal workload. Selected appropriately, these pro bono assignments can challenge employees to broaden their skills. Full-time employees who normally have little extra time to volunteer in the community may especially appreciate the chance to perform work that stretches them, both personally and professionally.

As well as providing employees with the good feelings that come with giving back to the community, volunteering can offer great networking opportunities, and enhance your company's image among potential customers and business contacts. You may also wish to encourage employees to recruit family members and friends to participate in volunteer projects, thus broadening the effort and enabling them to spend much-needed quality time with people they care about.

For an employee volunteer program to succeed, it is, of course, essential to have policies in place that clearly outline how employees are permitted to use their time when contributing to charity. These guidelines should include information about the types of organizations and activities employees may engage in with company support, and how employees will be



compensated for the time they spend volunteering. Some companies provide workers with additional paid time off when volunteering, while others ask employees to use vacation, sick, or personal days to volunteer. Employees are typically also asked to submit requests to take time off for volunteering well in advance, so that coverage can be scheduled for these absences.

If you are uncertain whether your employees would be interested in volunteering, consider testing the waters by taking a day off as a company to participate in a volunteer activity. For example, instead of inviting employees to eat lunch at a restaurant, ask them to spend an afternoon planting trees or cleaning a beach in conjunction with a local environmental group, followed by a picnic. If the outing is well received, more ambitious volunteer programs could be developed. ■

The information contained in this newsletter is not intended as tax, legal, or financial advice, and it may not be relied on for the purpose of avoiding any Federal tax penalties. You are encouraged to seek such advice from your professional advisors. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for any insurance or financial product.

Financial Business Edge is written and published by Liberty Publishing to help keep you up-to-date on the issues which may affect your financial well-being. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. For specific advice on how to apply this information to your particular circumstances, you should contact your insurance, legal, tax, or financial professional.



**ROBIN S. WEINGAST
AND ASSOCIATES, INC.**



GARDEN CITY CENTER
100 QUENTIN ROOSEVELT BLVD.
SUITE 507
GARDEN CITY, NY 11530
P: 516.794.1450
F: 516.794.8146
EMAIL: RSW@RSWTPA.COM
WEBSITE: WWW.RSWTPA.COM

in this issue:

Outsourcing: A Solution
for Smaller Businesses?

The Benefits of Volunteering

Planning for Business Succession

Business owners are often preoccupied with the day-to-day concerns of running and growing their companies, so **business succession** planning can often be overlooked, until it's too late. What would happen to *your* business if you were unable to work due to disability, or an unexpected death? Would your co-owners, managers, employees, and family members have the guidelines and tools in place to maintain your business?

Tips for Success

While there are many ways to approach succession planning, here are some basic steps to help you create a comprehensive plan:

1. **Start now.** Your family's financial future may depend on a sound succession plan. Get an early start, and follow the process through to completion.
2. **Assemble a team of professionals.** Because business succession planning involves many areas, obtain assistance from your team of qualified estate planning professionals, including your attorney, accountant, tax advisor, and insurance professional. They can work together as a team to help you develop a plan to achieve your objectives.
3. **If you want your business to continue after your death, choose an appropriate form of ownership.** The *form* of business you choose has tax, liability, legal, and business implications. If your business is established as a **sole proprietorship** or a **partnership**, it may be more difficult to transfer ownership after your death. To help ensure business continuity in the event of your death or incapacity, or that of one of your partners, consider converting to a **corporation**. Corporate status provides for the "perpetual existence" of the business, as well as limited liability for business owners.
4. **Choose and groom your successor carefully.** It is important to select a successor while you are still active because grooming your successor and familiarizing him or her with the finer points of your business may take years. Choose someone who can step into your shoes easily and help facilitate a seamless transition. A successful transition to new leadership depends equally on the person you select, as well as the training and experience you provide.

continued on page three

Outsourcing: A Solution for Smaller Businesses?

When you first launched your business, you probably handled most of the tasks associated with daily operations yourself, or with the help of a small group of employees. But as your company has grown and your needs have become more complex, you may find the management of certain processes increasingly challenging. To successfully meet these challenges, you generally have three choices: expand the workload of your current employees, hire new employees with the expertise you need, or outsource the responsibilities to service providers or individual contractors that specialize in the work that needs to be done.

What Should Be Outsourced

Many companies routinely outsource several vital business processes that are not within their core capabilities, such as IT maintenance, Web development, human resource management, marketing, public relations, and call center services. To determine which areas of your business are suited to outsourcing, analyze how efficiently certain tasks are currently being performed within your company. If responsibilities involved for certain positions have expanded and you believe these roles could be better managed elsewhere, it may be time to delegate the work to a service provider or staffing agency. This is especially true, for example, when a specific job has become more complicated, and the employee in that role would require additional training to meet the new requirements for performing well.

Outsourcing vs. Hiring

Once you have identified the areas in which your firm needs help,

determine whether it makes sense to outsource. If you and your current employees are already extremely busy, it may not be practical to add to existing workloads; this could be distracting from the core activities of your business.

Hiring additional employees is an option, but for small and midsize firms in particular, bringing in external providers may be preferable to adding workers to the payroll. If the workflow tends to fluctuate, bringing on contractors who are available as needed may be a better solution than hiring permanent staff members.

Service providers and staffing agencies that specialize in human resources or IT can often provide talent with greater expertise than an individual employee might have, who may find it difficult to keep up with changing legislation and industry developments. Employees may also be reluctant or unable to take on new responsibilities as your requirements change, and they may require training. When you contract with a staffing agency or service provider, you are gaining access to a talent pool with a wide range of skills, knowledge, and resources.

Outsourcing certain functions may also prove to be more cost-effective than maintaining them in-house. You are likely to pay external contractors more per hour than you would an employee, but their on-call flexibility and high level of skills may make it worth it over time. Outsourcing can also have a positive effect on cash flow. Whereas taking on permanent employees becomes a fixed cost, outsourcing is a variable cost and can therefore free up capital for investment elsewhere in the company.

Choosing Outsourcing Partners

Selecting outside vendors can take time. Be sure to use your professional network and ask for referrals to vendors with good reputations. Also, check that the vendors you choose are financially stable. If possible, arrange to meet with the individuals who will be handling your account. Discuss in detail what services are to be delivered, how performance will be measured, and under what circumstances the contract can be terminated.

As with permanent employees, it is important to cultivate your relationships with vendors to obtain the results you want. Even if the contractors you hire excel at what they do, they will be unable to perform their assignments effectively without guidance and regular internal communication. If, for example, your firm hires an agency to handle marketing, provide detailed information about your firm, customer base, and company sales goals. Remember to maintain regular contact with all providers, to ensure they are meeting your expectations.

In some instances, outsourcing may be unpopular with existing employees. They may worry about their own jobs or resent having to interact with outside firms for work that was previously performed in-house. So it is important to explain why you are outsourcing work and how it may contribute to the growth of the business.

Outsourcing can be a viable solution for small businesses that are seeking professional help with vital business functions that exceed their core capabilities. Take time to consider all the factors involved to help determine if outsourcing is right for your company. ■

planning for business succession

continued from page one

5. **Create a business “will” and a buy-sell agreement.** The business will is a comprehensive planning tool that can detail, in step-by-step format, your plans for the continuation of your business, including your management plan. In your business will, you may also name your successor.

An important adjunct to a business will is a **buy-sell agreement**. A buy-sell agreement obligates one party to *buy* and the other to *sell* his or her interest in the business following a triggering event, such as the owner’s death or disability. A buy-sell agreement can be structured as an entity purchase (redemption) agreement, a cross-purchase agreement, a hybrid (combination) agreement, or a “wait-and-see” agreement. Your planning team can assist you in selecting the most appropriate structure for your buy-sell agreement.

6. **Consider funding your buy-sell agreement with insurance to enable your chosen successor to buy the business.** Although a buy-sell agreement can help ensure that your business will remain with your family or business partners in the event of your death or disability, adequate funds must be available to meet the requirements of the agreement. **Life insurance** is a funding vehicle that can help ensure adequate liquidity should a qualifying event force the sale of an ownership interest. **Disability buy-out insurance** may also be purchased on the owners to fund the purchase of the business specifically in the event of a disability.

7. **Establish a dollar value for each owner’s share.** For most small, closely held companies, it is not easy to put a dollar value on the business. You may need to obtain an independent appraisal of your business to help formulate your buy-sell agreement.

8. **Develop an estate plan to ensure adequate liquidity to help pay estate taxes and other final expenses.** Without prior planning, there may be no provision or funds available to pay estate taxes, which could be significant. You may want to consider purchasing enough life insurance to help cover the cost of estate taxes.

In addition, consider **transferring** part of your business ownership to family members involved in the business using certain gifting or sale techniques. While relinquishing control of your business can be challenging, it can help reduce your assets, thereby reducing your potential estate tax liability.

9. **Discuss your plans with all involved parties.** By letting your family and management team in on your business succession plan, such as who will take over as owner and head of the company and why, you can help to minimize stress and confusion for your successor and your family.

10. **Review and update your succession plan as needed.** Once your plan is established, review it periodically with your team of professionals to address any changes that may be required. If a major change occurs in your business or personal life, review and revise your plan, as is necessary.

The time you take today to plan for business succession can help ensure that your wishes will be fulfilled when the time comes to transition into new ownership. Your family members and business associates will also benefit from your thoughtful consideration of their future needs. ■

