



Cultivating Value

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Thoughts From Tom

The advent of the world economy has changed the sales dynamic of most businesses forever. With customers being able to easily source what you provide to them from your competitors locally and around the globe through the internet, selling a “product” is no longer effective. To be successful in this environment, you must sell “value” and most importantly create or re-create an organization that is driven by this concept every day from top to bottom.

Tom.

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Our Managing Director



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Stepping Up Customer Service Quality

There’s no great mystery to satisfying your customers. Build them a quality product and treat them with respect. It’s that simple.

- Lee Iacocca

Customer service is the ability of an organization to constantly and consistently give the customer what they want and need. Successful businesses consistently serve their customers well.

If you are not satisfied with the overall quality of your service, the following ideas may help.

Demonstrate Commitment

In a high-quality service organization, management continuously demonstrates - through their attitude, words, and actions - that good service is always important. Consider making a customer service evaluation part of employee performance reviews.

Broaden Company Knowledge

Employees who are familiar with your company’s products or services and its capabilities are able to respond quickly to customers’ questions and requests. Not everyone needs to be able to personally perform a service, answer technical questions, or assemble a deliverable, of course. But everyone should understand what your company does, how it does it, and the roles of different individuals, departments, or units involved in providing your product or service.

Tune-in to Customers

Knowing customers is a primary requirement for satisfying them. Listening carefully to your customers’ opinions, comments, and requests can help your employees identify both their needs and ways to meet them.

Customer interactions should be consistently courteous. Courtesy extends well beyond using “thank you” and other polite phrases. It means respecting all of your customers by keeping promises - to deliver, answer, reply, explain, etc. It means quickly resolving complaints and problems without argument. And it means saving customers’ time by making it easy for them to do business with your company.

The key to achieving better service quality may simply be this: understand the customer’s perspective, and act and plan accordingly.

Daily Priority

If each of the four functions of management (planning, organizing, leading, and controlling) is customer-centered, then customer service will be the mainstay of your organization. Being proactive is essential to continuous high-quality customer service. Customer service must be part of the vision of an organization, not some add-on or afterthought.

is a Member and the Managing Director of the Vineyard Group, LLC. An experienced executive and advisor, business valuation specialist and litigation support expert, he has twenty years of consulting and public accounting experience along with ten years in senior management positions with manufacturing companies. As a result, Tom has the unique blend of experience, skill, vision and understanding required for handling the complex challenges that today’s professionals and businesses are constantly faced with.

In addition to being a Certified Public Accountant and a Certified Valuation Analyst, Tom holds the exclusive designation of Certified Forensic Financial Analyst. He is a member of the New York State Society of Certified Public Accountants, the American Institute of Certified Public Accountants and the National Association of Certified Valuation Analysts.

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Cultivating Value...Seedling to Harvest

Drafting a Useful Buy-Sell Agreement

Most business owners are familiar with buy-sell agreements. The way they work is relatively simple. What's not so simple is tailoring an agreement to meet the specific needs of a business. Too often, business owners use "canned" buy-sell agreements that don't consider the individual circumstances of the owners involved.

To help you anticipate potential disputes, consider these six steps when drafting a buy-sell agreement.

Plan Your Funding

Businesses frequently fail to properly fund a buy-sell agreement. Few owners will have readily available cash to buy out the remaining shares of the business, and banks may be reluctant to lend, especially if the business is young. The most common solution, though not the only one, is to take out a life insurance policy on each partner or shareholder equal to the value of that partner's interest in the business.

Revalue the Purchase Price Regularly

Determining the purchase price at the beginning, when everyone agrees, is relatively easy. But situations change, and business values change with them. Having the business appraised on a regular basis alleviates disputes and carries more weight with the Internal Revenue Service. A yearly appraisal, however, can be too costly for many businesses. One solution is to have an appraisal every five years. In this situation, the appraiser bases the value in intervening years on a formula specifically generated for the company, which has a five-year life. At the next full appraisal the appraiser revises both base value and formula to reflect current conditions. While not as accurate as a full appraisal every year, this strategy is more effective than simply relying on the original valuation with no updates.

Consider Majority vs. Minority Owners

A majority owner may want family members to take over the business to avoid giving minority owners the opportunity to buy out his or her stock.

Determine All Possible Triggers

Nearly all buy-sell agreements allow the death or retirement of an owner to trigger a buy-sell option. But be sure to consider some other events that are often overlooked: disability, divorce, firing, personal bankruptcy or criminal prosecution.

Decide Whether All Situations Should Be Valued the Same and How to Value

Should the price be lower in certain situations that trigger a buy-sell agreement than in others? For instance, should an owner who leaves in a way that is detrimental to the business receive less for his or her shares?

A knowledgeable buyer would not be willing to pay the same price for two "twin" companies, but would compare their trend, localization, their management, results... Valuation formulas, or rules of thumb, are simple and cheap, but like most things in life, you get what you pay for. A formula can provide a handy guesstimate of a business's value, but relying on a formula to set the price in a buy-sell agreement is dangerous. It requires the skills of a Professional Valuator.

Allow for the Right of First Refusal

A common provision in buy-sell agreements is the right of first refusal, which stipulates that the departing owner cannot sell his or her shares without first offering them to the remaining owners.

A Buy-Sell Agreement Is Important

Business owners who take the time now to carefully consider all of the aspects and implications of their buy-sell agreements will face fewer problems when shares change hands. If, on the other hand, you have been careless about your buy-sell agreement, at that point, it will be too late. We would be pleased to provide guidance in setting up a buy-sell agreement and ensuring that you don't forget to consider all of the options.

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