

## Mar"key"t place

During these economically hard times, we lean on our vendors ever so much. Here is an important suggestion (in our series of suggestions) to keep those relationships healthy and your cash flowing:

7. Squeaky wheel: The saying goes, the wheel that squeaks the most gets the grease, which means there are three other wheels (if you have a 4-wheel vehicle) that don't get the grease, but may need the oil just as much. Your vendors know this, so the ones that call, and call, and call, know



that you will probably pay him/her first before you pay the other vendors you owe, just to get the squeak (phone calls)

to stop.

Here's the Key: In business, it's the wheel that does *not* squeak much that needs the most attention. The IRS doesn't keep calling; they just shut you down after a few ignored letters. The insurance company doesn't keep calling; they just discontinue coverage on your policy. The phone company only send a couple of notices, then they shut off your phones. Utility companies, in general, won't bother calling you and tell you to pay the bill.

It's good cash flow management to know *which* vendors to pay right away who are *not* squeaking, and which vendors you can delay who *are* squeaking.

More next month.

## Quote

"Bad company corrupts good character."

Greek poet, Menander, as quoted in 1 Corinthians 15:33

## Q&A

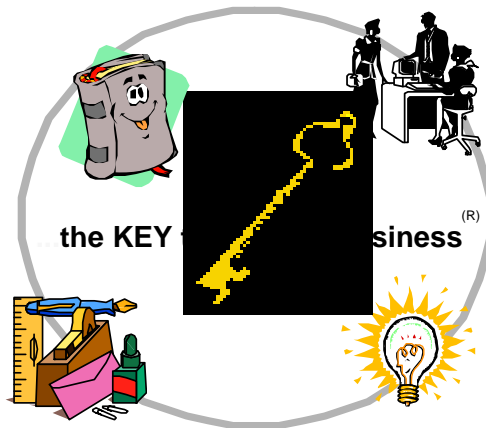
**Client:** What benefits can I offer to retain employees (continued)?

**BKC:** Education. August is the perfect time to have a key employee or two enroll in a community college course that will improve their job-related skills. The company can pay for the tuition, books, and parking costs as a write off to the business. The employee has to "donate" their time to attend the class, but they benefit from the knowledge and feel empowered.



# KEEPING LEADER

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## BUSINESS-KEEPERS CONSULTING

...the KEY to keeping business.

5901 Warner Ave, #70

Huntington Beach CA 92649

(714) KEY-8-KEY phone

(714) KEY-8-535 fax

[www.business-keepers.com](http://www.business-keepers.com)

## ACCOUNT-ABLE

Last month we discussed talking with a HR consultant to determine how best to cut payroll. Here are a few more things to discuss:

2. Cut comfort positions: Consider the janitorial and maintenance payroll. These are jobs that can be redistributed to the remaining employees or even handled yourself. Everyone can be in charge of emptying out their own trash and take turns vacuuming the floors. You might want to just hire a professional janitorial service to come in once a week and clean the bathroom.

3. Answering phones: Technology has afforded many companies a vast array of options for receiving calls. Eliminating a receptionist can save a lot of money, however, be careful you don't lose customer service. Some of our clients have a system whereby whoever is "free" at the time the phone rings, is the one who answers the call. This does not require a phone on everyone's desk. It also interrupts the flow of those workers so consider the time lost and weigh the cost.

Another option would be to take weekly turns answering the phone.

The other glaring option is to have it go into a voicemail and let technology route the caller to the appropriate employee. But voicemail owner beware: Customers don't like to be routed too much for too long.

Continued next month.



## Calendar

August

*Middle of Summer*

## The Sound of Business...

We are on the trek of making sense, in our Sound of Business series, on sales tax processing. There are two more classifications on the sales tax return that bear discussing for the majority of our clients and associates:

- A) When you paid sales tax on the items you purchased then turned around and sold,
- B) When you purchased something and were not charged sales tax (but you "consumed" the product yourself).



We'll discuss A classification further: Let us say that you bought job material of \$100 at Home Depot (HD) and HD charged you sales tax. You took this material and used it for a customer job and charged the customer \$150 for the material. You charged the customer OC sales tax of \$13.12 plus the \$150 equaling \$163.12. You don't have to give \$13.12 to State Board of Equalization because you get "credit" for the sales tax you already paid on the material when you bought it from HD. HD charged you OC tax of \$8.25 on \$100 of cost of material. Therefore, you only pay State Board the difference in the mark up, which is \$4.87. It's a bit of a hassle though. You have to add up all of your purchase receipts that you were charged sales tax on, and we plug that number into a box on the sales tax return indicating you paid sales tax on "purchases resold prior to use."

Another way of looking at this is that HD charged you \$8.25 and HD was responsible, at the time you paid for the material, to report that sales tax to State Board. HD included your purchase on HD's sales tax return. Then, you file your sales tax return reflecting your sale of the material at \$150 and report the purchase of \$100 and get the credit for the sales tax added to that purchase.

We'll discuss the B classification next month. Hint: It's called Use Tax.



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(714) KEY-8-KEY



PAPERLESS NEWSLETTER: Sent via email. Please feel free to read and pass on this newsletter to any of your associates and friends. As always, we welcome questions and comments to rhonda@business-keepers.com.

### Important Websites:

[www.irs.gov](http://www.irs.gov)  
[www.edd.ca.gov](http://www.edd.ca.gov)  
[www.boe.ca.gov](http://www.boe.ca.gov)  
[www.ftc.gov](http://www.ftc.gov)  
[www.katchtheday.com](http://www.katchtheday.com)  
[www.business-keepers.com](http://www.business-keepers.com)  
[www.lacma.org](http://www.lacma.org)  
[www.quickbooks.com](http://www.quickbooks.com)

**Have a joyous last-half of summer and don't forget the sunblock!**

**It's not too early to plan for your Katch-the-Day vacation over winter break.**



### Katch the Day

Pompeii is back in town. Well the city is gone but it's culture and folklore live on. Los Angeles County Museum of Art (LACMA) has an exhibit of artifacts on display through October 4th. As the legendary story goes, Pompeii was a fabulous, bustling city in Rome, near the current town of Naples. Pompeii was completely buried during a two day eruption of the volcano Mount Vesuvius in AD 79. Archeologists, over the years, have unearthed the ancient city and found many treasures including fossilized molds of the bodies of the residents. This exhibit, however, is not of those findings, but more focused on the region's rise as an artistic center.

Recent excavations that have never been seen in the United States will be displaying the arts of the affluent in Pompeii and around the Bay of Naples at the time of its demise. The exhibit focuses on the Classical Greek art that influenced Rome during this time in history.

We joined as member and received the benefits of two tickets to the Pompeii exhibit, two tickets to the upcoming Renoir exhibit in February 2010, and two tickets to the American Stories (paintings of everyday life 1765-1915) also opening in February 2010.

LACMA is located on Wilshire Boulevard in the heart of Museum Row. There is ample parking and restaurants all around. The cost for membership is \$90, or you can pay \$25 just to see the Pompeii exhibit. The Museum is open every day except Wednesdays.



KATCH THE ART-FULL DAY AND LEAVE THE BUSINESS-KEEPING TO US!