

Mar"key"t place

We continue our series of breaking down your vendor relationships into stages. The first step was the initial prospect for your business. Two other ways vendors make contact with your company are through the yellow pages and print/internet advertising.

1) Yellow pages have come a long way. So much so that they've reached a point of saturation. There are 2 to 3 yellow page books delivered per year, per area. Vendors struggle with determining to which yellow page companies to give their business. Many of us



throw the books away and rely on the internet.

However, don't be too quick to do this. A lot of small, mom and pop stores don't like or participate in the internet. Creating and maintaining a website can be costly.

When selecting a vendor out of the yellow pages, don't always go to the biggest ad. Many times that company's prices are higher to cover their advertising costs. Go local, whenever possible. It's easier to get service and convenient if you need to make multiple trips.

2) When initiating contact with a new vendor via a flyer you received in the mail or doorstep, be very careful the vendor has the right credentials. After all, anyone can walk door to door and place an 8.5 x 11 sheet of paper on the porch asking for your business.

Check the vendor's references, ask for a sample, and compare shop.

Quote

Then they opened their treasures and presented him with gifts of gold and of incense and of myrrh.

Q&A

Client: Money is tight; what benefits can I offer to retain employees other than pay raises?

BKC: This time of year a Christmas party is a great benefit. It allows employees to fellowship with each other and you, outside of the work place. An economical party? Open your house up to the employees and make it a potluck. Have a raffle for everyone who attends and award a creative gift to the winner. Give a formal "Thank You" speech.



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ACCOUNT-ABLE

Year end brings special opportunities for payroll. Note that regardless of your fiscal year, payroll always ends on December 31st. There are several things to consider the last month of 2008:

1. Christmas and year end bonuses: Although the economy is tight, a little bonus goes a long way with faithful employees. If you are using a payroll service, calculating bonuses is easy: you just determine the NET amount you want the employee to receive, then have the payroll service "gross it up" to allow for payroll taxes.

For example: You want to give your employee a bonus of \$50. The payroll service will have to add Social Security, Medicare, and SDI (at least these taxes) on top of the net because these taxes are percentage based on gross. Therefore, your payroll gross might be around \$55. If the bonus is substantial, the payroll service will have to gross up enough to cover FIT and SIT so the employee won't have to pay all those taxes on the bonus.

2) 401k plans: for deferrals, meaning what the employee alone contrib-



Account-able continued on back page...

Calendar

Wednesday, December 15th

Personal Property Tax Due

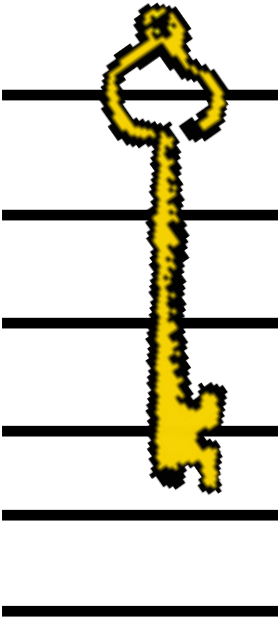
Thursday, December 25th

Christmas Day (observed)

Wednesday, December 31st

New Year's Eve

(last day to run payroll for year end; payroll service charges more if you wait until today to run payroll)



The Sound of Business... (Account-able continued)

utes to the 401k plan, the 401k contribution has to be withheld by December 31st. Another example: If you wanted to give an employee a bonus and they asked for that bonus to be all put towards their 401k, their net check would be zero, the 401k contribution would be whatever you wanted to give the employee for a bonus, say \$5000. Then the payroll service would have to gross up the payroll to add the taxes. The employee would probably end up with a gross of \$5500, taxes withheld, \$5000 to their 401k, and a zero bonus check. They used their bonus wisely—putting it towards retirement.



3) Car allowances: If you have been paying an employee a monthly car allowance, that is considered a form of compensation and should be added to the payroll as a NET, then grossed up to account for taxes. Example: If you had been paying the employee \$300 a month, you have actually been paying him/her more because \$300 is net after taxes. Now, at year end, you have to absorb those taxes by grossing up *all* of those \$300 car allowance checks and tacking it onto their year end payroll figures so their W2 reflects the compensation and the related taxes.

It is better to run the car allowance on a monthly basis for a gross of \$300 and let the taxes be withheld accordingly.



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- Important Websites:
- www.irs.gov (W4 form)
- www.edd.ca.gov
- www.boe.ca.gov
- www.ftc.gov
- www.katchtheday.com
- www.business-keepers.com

**Merry
Christmas to
you, your
family, and
staff.**

Katch the Day

Christmas doesn't ring truer than when you open your heart and home to family and friends. Many people have great traditions of Christmas with their immediate family and extended family. We want to encourage everyone to Katch the Day with the other families you have:



your friends, neighbors, and co-workers. Because we are in California, we have a lot of transplants from various states and families are smaller and smaller these days. If you live next to empty nesters whose children are far away, invite them over for Christmas.

How about the couple that doesn't have children and no extended family? Include them in your Christmas day cheer. No where is it written that Christmas is just for blood family. Christmas is for community. Many times, people only have three members in their family.

Ask them to join your family for a blended Christmas. Give one of them a chore in the kitchen so they feel like they are contributing to the festivities. And don't forget to include a small, inexpensive gift for them to open when all the kids are opening their gifts. You'd be surprised how many people would say yes to a Christmas invite if you asked them. But they are too embarrassed to ask.

Spare an hour and visit a local senior citizen's home. Most of the residents don't have family still alive or near by. Sit with them and ask about their work, before they retired. Ask if you can send them a Christmas card.

Speaking of Christmas cards, Katching the Day writing Christmas cards to friends and loved ones who live far away is more rewarding than eating homemade pumpkin pie. Close second?

KATCH THE CHRISTMAS COMMUNITY SPIRIT & LEAVE THE BUSINESS-KEEPING TO US!

