

The importance of a team to the growth of your business

As published in the Business Ledger – April 19, 2010

Law Talk

By Denice A. Gierach

In this economy, it seems like the stars have to all align for your business to prosper. Besides the normal issues that a business owner has to deal with – employment issues, union issues, tax planning, how to acquire more business, cash flow, and the like – now that same business owner has to be mindful of impending higher taxes, health care reforms recently enacted into the law, as well as an increasing labyrinth of regulations sure to follow.

One of the best ways to survive these tough times is to build a great team both inside your business and outside your business. Obviously, most business owners strive to find the right employees to work for them and help the business to prosper. Often, it is counterintuitive sometimes for a business owner to create a team that is outside the business looking in, especially at a time when money is tight. However, it is a good investment in your business.



Denice A. Gierach,
owner and founder,
The Gierach Law Firm

Who should be part of your team? One of the great members of the team should always be a good banker. The business owner needs a banker who knows their business and its capital needs. This became even more obvious in the last year and a half with many banks failing, leaving many businesses without the capital needed to pay their normal expenses.

Many businesses having to shutter their doors. Even if their bank did not fail, many lenders refused to make further loans, or worse still, to call the existing loans.

A good bank should be working with the business owner to increase the financial strength of the company. The banker should be proactive in determining what your company's needs have been, particularly in the last two years, to assist you in preparing for any economic downturns in the future.

This may be working with you on various cash flow projections, with various assumptions from a 20% contraction to a breakeven prediction. If your banker is not proactive in preparing for the future, you may want to shop for a banker who will look beyond the written loan agreements to assist you in the growth and financial stability of the business.

Another important member of the team is a good accountant. The accountant is not just important for the numbers and charts – some of which you may do in house. The most important trait of a good accountant is that he or she is a good business advisor.

The accountant should be able to review both the past results and future projections of your business to give the business owner good, solid business advice, from a more independent viewpoint. His or her advice may range from the proper use of internal controls in the business, what is the proper amount to pay for a business that you are buying, structuring business relationships from a tax perspective, to name just a few.

Every business transaction has a tax consequence and it is important for the business owner to know what the tax impact is from a transaction before the deal is signed – and preferably when the deal is being negotiated. There is nothing worse to giving your books to your accountant to do your tax returns only to find out that the deal just cost you 35 percent more because of a tax consequence that you were not aware of.

Another potential member of the team is also a good insurance broker. It is important for the business to be properly insured for all the risks that are present in the business tempered by the amount of insurance that the business can afford. A business owner needs to be aware of the potential risks his or her company is subject to, and how much potential risk is self-insured.

Being we're in the midst of a major overhaul of the health care, it will be necessary to have an insurance broker to help tailor a health care plan for your employees that will comply with the law, and to make a determination of the cost of complying with the new law.

Last, but certainly not least, is a good attorney. The business owner needs to have a good relationship with an attorney who understands your business and will be someone that the business owner can go to, seeking advice about either the direction of the business or a particular business matter. Your business attorney can be helpful in many ways, as he or she has seen many other transactions similar to what you are proposing.

Many business owners look at the team as a cost. Really, the amount that the business pays to members of the team is really an investment in the future of the business to keep the business healthy and growing.

Denice A. Gierach is a lawyer and owner of The Gierach Law Firm in Naperville. She is a certified public accountant and has a master's degree in management. Contact her at 630-756-1160 or visit her Web site at www.GierachLawFirm.com.