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Last Week:

- H I R E
- Substantiation of Non-Cash Donations
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Important Links:

HOW IMPORTANT IS A CREDIT SCORE?

In a normal economy when banks are lending, a credit score is the single evaluator used to determine if someone gets to first base with a loan application. Without a high credit score an application is doomed.

High score = loan approved Low score = loan denied.

Unless you're deaf, comatose, or blind, Ads to buy your credit score are everywhere and can't be missed.

One single number, three simple digits, generated by a computer affect the ability to acquire items that may be essential in a vibrant economy: home loan, auto loan, credit card, cell phone, insurance. This single number is the deciding factor of obtaining a ten percent discount offered on a department store account, or the interest rate when buying a new home. If in day-to-day living when someone applies for a job, rents an apartment, buys or leases a car, opens a bank account, applies for a mortgage, or issued a credit card, they become involved in the world of credit, credit that may have either a positive or negative aspect on daily life.

Although, a crisis looms with formulation of a credit score. When computer spawned three-digits are the lone factor to control approval for anything there is a problem. When a three-digit number is the solitary authority used to establish the privilege of going into debt by forty percent of the buying public there exists a crisis. The difference between a monthly mortgage payment for a \$200,000 mortgage with a credit score of 620 and 730 is hundreds of dollars: 5% interest, 30 years, \$1,073, 8% interest \$1,467: 5% interest, 15 years, \$1,581, 8% interest \$1,911.

But, a single three-digit number is enigmatic.

THE IMPORTANCE OF ORGANIZATIONAL ALIGNMENT

To define its dynamics, a company must look outside the traditional performance management model where companies are seen as machines; entities with input, processes, and a predictable output. Machines require buttons and levers and frequent maintenance. Machines treated properly can be controlled because machines don't learn, but simply do as programmed.

It makes more sense to compare an organization to a living, breathing organism. Like people,

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organizations are born, mature, and eventually die. Some die young, some are irresponsible, and others grow old and wise. Organizations expand, contract, and create offspring in the shape of new projects or self-sufficient business units. Companies don't operate in a vacuum, but interact within an environment to impact many. But, most importantly, organizations have character and values they hold dear, and develop knowledge unlike a machine.

The manner in which an organization is perceived can be damaged when its behavior signals values that differ from those it professes. Management practices must drive positive behavior.

Suppose a company asks an employee to arrive at a business proposal before a new initiative is funded. The employee works hard to come up with a plan to cut costs to replace an expensive system with one less costly. Because the employee has learned the internal dynamics for an approval, the proposal is written exclusively on financial savings. Management approves the initiative and is implemented saving money, but leads to massive service problems. If a company claims to be focused on service, but its process for approving internal projects is clearly driven by other motives, this will lead to dissatisfaction among customers, employees, and others. The company's behavior doesn't support its declared values.

Businesses can benefit by pursuing organizational alignment along the same lines as individuals. The goal is to reach an organizational awareness to closely match the perception of the company by customers and others, such as suppliers, shareholders, and vendors. Only when the internal configuration is aligned can it be matched to external perception. Corporate identity and corporate image must closely match, and corporate strategies should aim to bring this identity and image closer instead of devising ways to explain the differences.

An important part of aligning the perception of an organization is to understand the organization's values. Many organizations talk about principles, but fail to recognize that discussing standards in a management retreat doesn't make them reality. Values don't just happen but must be uncovered or discovered. Strategies, marketing messages, and business practices change over time, but underlying corporate values do not.

MORE ON HEALTH CARE REFORM

The Patient Protection and Affordable Care Act, continued:

- A 40% excise tax is imposed on coverage providers if the premiums exceed \$10,200 for an individual or \$27,500 for a family, but is delayed until 2018 (so called Cadillac Plans).
- The threshold for deducting medical expenses is raised from 7.5% to 10% of adjusted gross income.
- The adoption credit has been extended through 2011 and made refundable. The dollar limit is increase to \$13,170, and the legislation enhances the incentive for adopting children with special needs.
- A 10% excise tax is imposed for amounts paid for indoor tanning services.
- The subsidy for employers maintaining prescription drug coverage for retirees eligible for Medicare Part D has been eliminated beginning in 2013.
- The cellulosic biofuel credit is denied to producers of a by-product known as "black liquor" beginning after 2009
- Businesses that pay an amount greater than \$600 to corporate or non-corporate providers of property and services will be required to file a Form 1099.

More to follow as additional provisions become available.

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