

From: Dennis L. Hayden [dhayden@Haydenci.biz]
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To: 'dhayden@Haydenci.biz'
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Hayden Consulting, Inc.

Dennis L. Hayden, Editor

Offices:

11805 N Pennsylvania St
Carmel, IN 46032-4555

301 East Clinton St
Frankfort, IN 46041-1908

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Contact Us:

<http://www.Haydenci.biz>

J. Michael Hayden, CFP® CPA
mhayden@Haydenci.biz

Dennis L. Hayden, CPA CVA MST
dhayden@Haydenci.biz

Hayden Consulting, Inc.

Last Week:

- How Important is a Credit Score
- The Importance of Organizational Alignment
- More on Health Care Reform

Important Links:

Internal Revenue Service
Indiana Department of
Revenue

VALUE DRIVERS

Value Drivers are the characteristics a business possesses that buy-out experts believe increases business value, and are willing to pay top dollar. It is vital to know these elements if you want to have a successful business.

Value Drivers come in two varieties: generic (common to all industries) and industry specific. The generic types are:

- A stable and motivated management team;
- Operating systems that improve sustainability of cash flows;
- Operating profit margins, at least as good as industry average;
- A solid, diversified customer base;
- A consistent and appealing appearance of a facility;
- A realistic growth strategy;
- Effective financial controls; and
- Good or improving cash flow.

Industries also have specific Value Drivers.

For a distribution company these may be the strength of the manufacturing companies you represent, the number of inventory turns per year, or the level of technical expertise your sales force possess.

The Value Drivers used to motivate and retain key people are:

- Stock option, stock purchase, or bonus plans subject to forfeiture;
- Non-qualified deferred compensation plans, with vesting;
- A richer benefit package; and
- A defined strategy for succession.

These tools are not only designed to motivate and retain top people, which is an essential Value Driver itself, but also reward employees in their efforts and success in driving the value of a business.

Take a look at your own business and ask yourself, "Do I have an incentive program that is substantial in the eyes of the key employee? Do I have written performance standards to attain, which results in a key employee bonus and increases the value of the company? Is

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BUSINESSES AVAILABLE

1. BRAND NAME garage door installation and repair company - Marion County and surrounding counties.
2. "C" store
3. Office Industrial complex- occupied with long-term tenants, 3 acres of land.
4. Operating Day Care Franchise
5. Beauty shop – Fishers
6. A septic system company in south of Indianapolis - covers 9 counties.

this defined, written plan, communicated to the key employee? Does the plan tie certain employee to the business by making it difficult for him to leave without forfeiting significant financial benefits?

Creating and fostering Value Drivers is crucial whether you simply wish to put more money in your pocket every year, or whether you want top dollar when selling your company.

SMALL EMPLOYERS ENCOURAGED TO TAKE ADVANTAGE OF NEW HEALTH INSURANCE COVERAGE CREDIT

The health insurance coverage credit was created by the Patient Protection and Affordable Care Act for tax years beginning in 2010. The credit was created for eligible small businesses and tax-exempt organizations to either maintain current health insurance or to begin offering health coverage to employees. The credit is targeted at employers with primarily low to moderate income workers.

For a company to be eligible, it must pay at least half the cost of single coverage, employ less than 25 full-time workers, and pay an average annual salary of less than \$50,000. The maximum credit is 35 percent of premiums paid by eligible small businesses and 25 percent for eligible tax-exempt organizations for 2010.

The credit may be claimed as part of the general business credit for up to 6 years, 2010 – 2013 and 2 years thereafter.

APRIL 30, 2010 HOMEBUYER CREDIT DEADLINE

Legislation enacted in November 2009 extended the \$8,000 first-time homebuyer credit through the end of April, 2010. Existing homebuyer may claim a credit of \$6,500 if they purchase a new primary residence by this same date. Parties entering into a binding contract may claim the credit if they close on the home within 60 days of this deadline.

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