

Since 1989

## What's Inside

5 Signs You Need an HR Audit . . . . . 2

Protect your Business from Unprecedented Challenges Associated with the Supply Chain . . . . . 3

The Rough Seas of Tax Reform Uncertainty . . . . . 4

Calendar of Events . . . . . 5

Create and Execute 2022 Business Goals to Increase the Value of Your Company . . . . . 9

Stock Purchase versus Asset Purchase . . . . . 10

Family Businesses: Challenges, Economics and Legislative Concerns . . . . . 11

### Publisher's Note:

This publication is an advertising supplement to the Business Courier in cooperation with the Goering Center for Family & Private Business, an affiliate of the University of Cincinnati's Carl H. Lindner College of Business.

Established in 1989, the Goering Center is the country's largest university-based educational resource for family and private businesses.

Carol Butler, President  
Sarah Dieckman, Editor



# Now really is a good time

By Carol Butler, President  
Goering Center for  
Family & Private Business

If there's a silver lining to the challenges we've experienced over the last two years, it's that we have developed a greater understanding of what truly matters. And that's led many of us to renew our commitments to ourselves and our communities.

Our Goering Center institutes are filled with leaders of family and private businesses who've made the commitment to invest in themselves. They do so by taking part in programs that grow their leadership and communication skills. The lessons they learn fuel their creativity and ability to successfully manage through tough times, as we witnessed over and over again in the inspiring stories of our Family and Private Business Award winners last September.

So what's the secret to our programs? Warren Buffet could have been describing it when he said: "Surround yourself with people that push you to do better. No drama or negativity. Just higher goals and higher motivation. Good times and positive energy. No jealousy or hate. Simply bringing out the absolute best in each other."

The Goering Center is proud of the role our institutes play in helping members experience the

inherent joy that comes from being part of a community of engaged, optimistic, uplifting, and supportive peers who draw the best from each other.

Your next chance to get involved comes on March 9, when the Goering Center's next Leadership Development Institute (LDI)<sup>™</sup> begins. At LDI, emerging leaders work alongside experienced CEOs and presidents in a positive, enthusiastic, and nurturing environment, to learn the leadership disciplines that will help them perform at their highest levels as well as build bonds with peers across the region.

Our Business Boards Institute (BBI)<sup>™</sup> is another impactful opportunity to consider. In this turnkey program, you'll establish a highly functioning advisory board – designed to help you achieve company goals and drive change – in seven steps. Join the Goering Center team this March for a complimentary Overview to learn how BBI coupled with our BLUEPRINT<sup>™</sup> – a concise tool that captures your stretch goals along with your execution plan – can work together, or independently, to deliver high-impact results for your business.

Finally, our Next Generation Institute (NGI)<sup>®</sup> helps those who will suc-

ceed the current leaders of their family-owned businesses. NGI gives you the tools you need to navigate the transition to ownership and leadership successfully, avoiding the pitfalls that many next generation leaders experience. Look for an announcement on when we will open registration for our next NGI, which begins in November.

The pandemic has demonstrated that we are indeed stronger together. And whether we are introverts or extroverts, there is nothing like finding your community. The Goering Center team looks forward to welcoming you to learn, grow, and build community with your peers at an upcoming institute or event.



# 5 Signs You Need an HR Audit

By Robin Throckmorton, Shareholder, strategic HR, Clark Schaefer Business Advisors



HR departments look different from company to company. Some have entire departments, others have divisions, while some are single-person shows. They have one thing in common – their function has never been more important. To set organi-



**Throckmorton**

zations up for success, HR leaders need a seat at the table, as efficient and effective HR operations are key to achieving company short- and long-term goals.

An HR audit can give you a valuable opportunity to review and renew your organization's HR practices. A typical HR audit examines the following areas and more:

- Benefits & compensation
- HR Compliance
- Company forms
- Hiring and onboarding
- Job descriptions
- Performance evaluation process
- Employee files
- Termination process and exit interviews

If you're not sure whether you would benefit from an HR audit, here are 5 signs you should consider one.

## 1. You are still building your post-pandemic recovery and transformation strategy

HR's post-pandemic challenges will continue through 2022, significantly impacting the future of work and how HR operates. Regular HR audits act as a review of your HR function to ensure you can be best in class today, while keeping an eye out for continuous improvements for tomorrow. HR audits allow you to continue to drive towards the collective organizational goal of building a solid HR foundation for resilience, agility, growth, and employee well-being. Plus, ensuring your HR department is ready to meet changing regulations will help your entire company be more nimble.

## 2. You have urgent positions to fill that include new skill sets

Technology and major changes like the pandemic are keeping companies on their toes. You may be hiring for positions now that didn't exist a year ago. How do you know you're finding the best new hires? How do you know you're onboarding them in an engaging and effective way to ensure employee retention? Hiring, employee engagement, and retention are just some of the many key areas an HR audit touches on that you'll want

to be confident in. Now is the time to make sure your company is consistently attracting new hires.

## 3. You don't have a company handbook (or you haven't reviewed it in a while)

Your handbook can work for you or against you. An HR audit will include revisiting your handbook to ensure you are following the policies you've set forth and that you're incorporating necessary changes. And let's be honest – a lot has changed. With the pandemic bringing such a huge increase in remote work, your technology policies may need to be updated. Your handbook sets the expectations for your employees. And, if anything in the handbook doesn't align with your actual day-to-day procedures, you may have a hard time using it as a defense in any type of claim from an employee.

## 4. You don't know how your recruiting team is doing

What are the metrics for your recruitment sources? Can you make any changes on your recruitment based on these metrics? With the challenges of recruitment today, an HR audit enables you to be sure you are making the most of your efforts and determine what is working and what is not. If you feel

the pressure of a massive hiring frenzy, you're not alone. The most successful organizations understand how to utilize their network of employees and posting resources to be top-of-mind with their desired candidates.

## 5. You're afraid you may not be in compliance with laws & regulations

Because of the multitude of laws affecting each stage of the employment process, it is extremely important to regularly conduct an HR analysis of hiring policies and practices. This helps to identify any HR compliance issues if they exist and avoid potentially costly fines and/or lawsuits. An employer overlooking regulatory compliance with their HR practices could face fines and penalties in the thousands. This includes activities such as appropriate overtime payments for non-exempt employees, posting required safety notices, and accurately handling I-9 forms.

If you see any of these signs at your business, don't worry. An HR audit can be the catalyst for change and improvement that is needed in today's world.

For more information, contact Robin Throckmorton at 513-697-9855 or [robin@strategicHRinc.com](mailto:robin@strategicHRinc.com).



**“In one Roundtable meeting, I received advice that saved Hydrotech several million dollars over the past few years. They are a great way to share best practices, bounce ideas off other leaders, receive counsel on tough issues, and network opportunities. The best part is that Roundtables push you out of your comfort zone, and that promotes personal growth.”**

*Rex Wetherill, Hydrotech*

## Goering Center Roundtables

Designed for business owners and executives who seek balance across their work and family lives.

For more information, contact Lisa Bosse at 513-556-7403 or [lisa.bosse@uc.edu](mailto:lisa.bosse@uc.edu).

**GOERING  
CENTER**

[goering.uc.edu](http://goering.uc.edu)

*The Goering Center is a valued partner delivering knowledge, connection and community.*

# Protect your Business from Unprecedented Challenges Associated with the Supply Chain



By Todd Chapman, Executive Vice President & Practice Leader, USI Insurance Services

When the COVID-19 pandemic started, supply chains became so unstable that new disasters had the power to shut down large companies and entire industries. Today, a supply chain crisis remains, but the causes have evolved. Many organizations have returned to full power, but the supply chain is not ready for them.



Chapman

According to the American Trucking Association (ATA), the U.S. is short 80,000 truckers – an all-time high for the industry – and the deficit could reach 160,000 over the next decade. Ships cannot offload their cargo until existing shipments are cleared from ports. Of course, the supply chain issues are not as simple as a shortage of truck drivers and clogged ports. Most products today are also sourced from components made elsewhere, so all those components must arrive together for products to be manufactured and shipped. In our hyperconnected world, cascading disruptions translate into exponential delays and confounded supply chain failures.

How should companies avoid future disruptions caused by events such as extreme weather, potential cyber-attacks, and disasters like the Suez Canal blockage in March 2021? Effective risk management is the priority, followed by evaluating insurance coverage to ensure it aligns with a company's risk profile.

Still, many companies fall short on their disaster preparedness measures. According to the Chartered Institute of Procurement and Supply (CIPS), 66% of businesses currently don't have Plan "B" Suppliers in place, which can lead to serious financial and reputational damage. Procuring these Plan "B" Suppliers should be an important part of the risk management strategy because they will often require long-term agreements and potentially more preparation time to fulfill orders. Before making



agreements, organizations should have a good understanding of the supplier's capacity, quality, financial performance, and health and safety record.

Conducting a business continuity risk assessment is another way to identify internal operational, financial, and market risks, helping a business generate a contingency plan in case of unexpected disruptions. For example, consider your company's Business Interruption coverage. Should coverage for contingent business interruption of a key supplier be considered? Given supply chain issues, if your business suffered a loss, how long would it take to rebuild, replace machinery equipment, etc.? Should the time allotment of your business income be amended (Extended period of indemnity)? It is prudent to evaluate other insurance coverages as well to make certain that property values and transit/cargo coverage, to name a few, reflect changes in exposures.

To help protect supply chains against future unexpected crises, also consider the following factors and tactics in your planning:

- **Source locally** when possible.
- **Prepare for price inflation.** All organizations should budget for price inflation and update their insurance policies accordingly.

- **Review contracts** to see if they contain clauses such as force majeure, or other opportunities to pause or cancel a contract. Consider integrating a price escalation clause in your contracts to address the cost increase of materials and reflect changes in exposure.
- **Utilize inventory stockpiles.**
- **Diversify geographically** by shifting to a variety of supply sources and reducing dependence on one key supplier and one major location.
- **Increase visibility.** Capitalize on technologies like cargo tracking, automated warehousing, and cloud-based GPS, increasing real time visibility into every part of your supply chain.
- **Optimize sales and operations** by planning for changes to production, distribution, and inventory investments. This is an important time to be responsive and agile to changes.

Today's unprecedented supply chain challenges require customized solutions that align with transferred or assumed contractual obligations. Standard insurance products will not be sufficient.

For additional information and assistance, contact Todd Chapman at [Todd.Chapman@usi.com](mailto:Todd.Chapman@usi.com) or 513-852-6375.

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# The Rough Seas of Tax Reform Uncertainty


**FIFTH THIRD BANK**

By Morgan Luddeke, Vice President, and Sean Obermeyer, Vice President, Fifth Third Bank

The uncertainty in Washington and the back-and-forth of tax reform has many business owners unsure about the next right step when it comes to adequately preparing for a potential business transition. The sheer volume of tax reform proposals in 2021 has created some choppy water from a planning perspective. Although Democrats currently hold a small majority in both Houses of Congress, they have struggled to reach consensus on their spending and tax reform proposals. A brief summary of their recent efforts:


**Luddeke**

**Obermeyer**

amount would have decreased from \$11.7 million per person to approximately \$6 million per person beginning on January 1, 2022, with only \$1 million of this amount available for lifetime gifting.

## SEPTEMBER 13, 2021

The House Ways and Means Committee released a summary of updated tax increase and revenue-raising proposals to fund House Democrats' \$3.5 trillion spending plan (also known as the Build Back Better Act). This update included a combination of old and new proposals, and would have made the following changes:

- The top capital gain tax rate would have increased from 20% to 25% as of September 13, 2021, with a safe-harbor for certain pre-existing contracts.
- Beginning in 2022, there also would have been a new 3% surcharge tax on adjusted gross income over \$5 million.
- The estate and gift tax exemption amount would have decreased from \$11.7 million per person to approximately \$6 million per person beginning January 1, 2022.
- Grantor trusts would no longer be viable estate tax planning techniques.
- Currently, many common estate tax planning techniques are built using the framework of an irrevocable "grantor trust," which is designed to take advantage of a mismatch between current income tax and gift tax rules.

## OCTOBER 28, 2021 TO PRESENT

In late October, President Biden and the House Rules Committee released a slimmed-down version of the Build Back Better Act, which eventually passed in the House of Representatives on November 19, 2021. Notably absent from the latest version of the legislation is any change to the capital gain tax rate, the gift and estate tax exemption amount, or the grantor trust rules. Instead, this latest version would make the following changes if enacted into law:

- A new 5% surtax would be imposed on modified adjusted gross income in excess of \$10 million and an additional 3% surtax on modified adjusted gross income in excess of \$25 million, effective January 1, 2022.
- The 3.8% net investment income tax (NIIT) would be expanded so that it applies to all income earned from a trade or business (not just passive income), a change that primarily would impact the owners of certain past-through businesses such as S-Corporations and LLCs, effective January 1, 2022.
- The capital gain exclusion for qualified small business stock (1202 stock) would be limited to 50% for taxpayers with adjusted gross income equal to or exceeding \$400,000, effective retroactively to any sale or exchange after September 13, 2021.

Although the latest version removed many of the prior proposals with the largest tax implications for business owners, and was passed by the House, there is still uncertainty, as it does not appear that the legislation has the necessary support from all fifty Senate Democrats. Therefore, as this process moves forward through the Senate, business owners should expect further changes and adjustments.

All of this uncertainty has made it clearer how imperative it is for business owners to plan early, plan often, and not wait to implement planning until certainty is reached. By then, it may be too late to accomplish many of your goals.

For more information, contact Morgan Luddeke at [Morgan.Luddeke@53.com](mailto:Morgan.Luddeke@53.com) or 404-401-7737, and Sean Obermeyer at [Sean.Obermeyer@53.com](mailto:Sean.Obermeyer@53.com) or 317-209-4831.

Please note, this information is subject to change and is not an exhaustive list of the potential tax law changes.

Fifth Third Bank does not provide tax, accounting or legal advice. Please contact your tax advisor, accountant or attorney for advice pertinent to your personal situation.

This commentary is intended for educational purposes only and does not constitute the rendering of investment advice or a specific recommendation on investment activities or trading.

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# GOERING 2022

S P E A K E R S E R I E S

GOERING CENTER  
FEBRUARY 2022

Kelly Kolar

## DESIGNING SPACES

FOR AN EVOLVING WORKFORCE

# March

## Institute Kick Off

### Leadership Development Institute™

Cincinnati-based Leadership Excelleration developed the Leadership Development Institute exclusively for Goering Center members. In a unique format, well-seasoned and emerging leaders work side by side. This mix of tested experience and fresh perspective energizes and inspires participants while forming strong bonds across family and private businesses in our region. This is a comprehensive program, accelerating performance over 10 half-day workshops:

- Strengths based leadership
- Personality style preferences
- Performance coaching
- Relationship management: emotional intelligence
- Relationship management: conflict & negotiation
- Team effectiveness & development
- Cultivating a culture of team engagement
- Leading change
- Problem solving & decision making
- Leading for high performance

**March 9, 2022** (Kick Off)

A.M. or P.M. Sessions  
Goering Center  
225 Calhoun Street  
Clifton



**Featuring**  
*Diane Egbers & Cindy Weingartner*

## Overview Breakfast

### Business Boards Institute™ & BLUEPRINT™

Advisory boards are game changers for family and private businesses, providing guidance on matters of strategic importance. However, not all businesses have a clear vision for success, strategies to get there, or defined metrics to help them keep score and measure performance. A board of advisors can help with that, but, equip that board with a BLUEPRINT, and you have a head start on high-impact results.

**March 23, 2022**

7:30 to 9:30 a.m.  
Goering Center  
225 Calhoun Street  
Clifton



**Featuring**  
*Michael McCullough, Carol Butler, and Sonya Hall*

## Breakfast Series

### Trailblazing the New Sales Frontier

Profitable growth is critical for every business and technology is enabling us to expand our opportunities. With that comes heightened risk and urgency for owners and their sales leaders to understand the impact that data security and privacy has on their ability to engage new customers, price appropriately, and close deals without assuming more than your share of risk. Our panel will feature experts in risk management, law and the ROI of cybersecurity so you and your team can blaze a path forward on the new sales frontier.

**March 24, 2022**

7:30 - 9:30 a.m.  
Hilton Garden Inn Midtown  
2145 Dana Avenue  
Cincinnati



**Featuring**  
*Jon Adams, Laurence Jones, and Stacy Cole*

# April

## Calling New Members

### The Principles Course

Consider The Principles Course as the official welcome mat to the Goering Center. New members come together for the first time to learn how to leverage Goering Center resources -- like the Member Alignment Profile™ (MAP) -- to help them prioritize the time invested in their Goering Center membership. The Principles Course is included with a company's first year of membership, but veteran members are welcome, too. Owners are encouraged to bring their management teams, as well as family members who are working in or have ownership interest in the business.

**2022 Dates**

April 6, Aug. 4, Oct. 6  
8:00 - 9:30 a.m.

Goering Center  
225 Calhoun Street  
Clifton



**Featuring**  
*David Miller, Tim Devine, & Lisa Bosse*

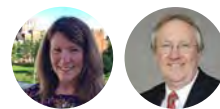
## Executive Roundtables

### The Roundtable Experience

Our Executive Roundtables provide a forum for collaborative peer sharing about strategic and tactical business issues, within the larger context of personal and family concerns. Our members consider their roundtables as their personal board of advisors, whose number-one goal is to help them restore balance. At this introductory overview, you will participate in a roundtable meeting to explore if it's right for you. We screen for competitors or other conflicts of interest, then place you in an appropriate small group led by one of our professional moderators.

**April 14, 2022**

8:30 to 11:30 a.m.  
Goering Center  
225 Calhoun Street  
Clifton



**Featuring**  
*Lisa Bosse and Steve Hater*



## Luncheon Series

### Leading Through a Labor Shortage

We know that "it's lonely at the top," but it is just as lonely in the warehouse, on the shop floor, and anywhere else owners are called upon to roll up their sleeves when labor is scarce. If people issues are forcing you to work IN your business, and not ON it, join our panel of CEOs and HR Executives as they provide much-needed coaching on leading through a labor shortage.

**April 27, 2022**

11:30 a.m. to 1:30 p.m.  
Venue TBD



**Featuring**  
*Jim Watkins, TriVersity, Sheri Harper, Tire Discounters, and Angel Beets, Gilman Partners*

# June



**Kelly Kolar, President and Founder of Kolar Design, Inc., and the Kolar Experience Institute, will take us on a journey to the intersection of culture and workplace environment at our June breakfast.**

## Breakfast Series

### Designing Spaces for an Evolving Workforce

We just don't work the way we used to. While most appreciate the flexibility of a hybrid worklife, the impact of remote work on our team cultures should not be underestimated. But we can reimagine our physical spaces to elevate our teams' work experiences -- at home or in the office. Kelly Kolar will lead a discussion with a panel of Cincinnati CEOs that believe in the investment needed to better connect their people, workplaces, and brands.

**June 2, 2022**

7:30 - 9:30 a.m.  
Hybrid Program  
Virtual and In-person, venue TBD



**Featuring**  
*Kelly Kolar, Kolar Design, Scott Anderson, Enerfab, and Scott Bischoff, Johnson Investment Counsel*

# July

## Overview Breakfast

### Business Boards Institute™ & BLUEPRINT™

Advisory boards are game changers for family and private businesses, providing guidance on matters of strategic importance. However, not all businesses have a clear vision for success, strategies to get there, or defined metrics to help them keep score and measure performance. A board of advisors can help with that, but, equip that board with a BLUEPRINT, and you have a head start on high-impact results.

**July 27, 2022**

7:30 to 9:30 a.m.  
Goering Center  
225 Calhoun Street  
Clifton



**Featuring**  
*Carol Butler and Sonya Hall*

# August



Elizabeth Blackburn

Photo credit: Ryan Meyer | Cincinnati Business Courier

## Luncheon Series | Who Dey Think Gonna Lead Dem Bengals?

Elizabeth and Caroline Blackburn, sisters, and the fourth generation to work in the Brown family business, are emerging as leaders within the Bengals' front office. They will share how they navigate the dynamics of families in business together, what they've learned so far, and what they aspire to achieve ... beyond taking our team to the Super Bowl! Who Dey!

August 11, 2022 | 11:30 a.m. to 1:30 p.m. | Venue TBD

## Calling New Members

### The Principles Course

Consider The Principles Course as the official welcome mat to the Goering Center. New members come together for the first time to learn how to leverage Goering Center resources -- like the Member Alignment Profile™ (MAP) -- to help them prioritize the time invested in their Goering Center membership. The Principles Course is included with a company's first year of membership, but veteran members are welcome, too. Owners are encouraged to bring their management teams, as well as family members who are working in or have ownership interest in the business.

August 4, 2022

8:00 to 9:30 a.m.  
Goering Center  
225 Calhoun Street



Featuring  
David Miller, Tim Devine, & Lisa Bosse

# September

## Overview Breakfast

### Next Generation Institute®

If you are two to 10 years from transitioning your family business, it is time to explore the Next Generation Institute™. Owners and founders are encouraged to bring the successor generation to this complimentary overview to learn about our flagship program. Meet members of regional family businesses facing similar challenges, along with our expert presenters and seasoned volunteers, all focused on helping you navigate the complex transfer of a family business.

September 21, 2022

7:30 to 9:30 a.m.  
Goering Center, 225 Calhoun Street, Clifton



Featuring  
Carol Butler

## Multi-Day Series | Culture for Growing Businesses

Culture is the most critical component to business success, but many small businesses struggle because they don't have the time, resources, and/or expertise needed to focus on it. Originally scheduled for a February start, our membership asked us to move this series to a later date. We will schedule sessions in second or third quarter based on demand. Culture for Growing Businesses will get right to the nitty gritty -- clearly defining your purpose and core values, and then establishing the best culture possible by aligning all critical processes around them, including:

- Hiring & Onboarding
- Employee Engagement
- Employee Development & Performance
- Rewards & Recognition
- Customer Experience & Engagement

Date TBD (Call Lisa at 513-556-7403 to discuss options)

7:30 a.m. to Noon  
Goering Center, 225 Calhoun Street, Clifton



Featuring  
Jill Canady & Keith Wilson

# October

## Multi-Day Series

### Financial Fluency for Next Generation Leaders

Too often, successors are either completely left out of, or are overwhelmed by, financial conversations. Financial Fluency empowers emerging leaders to understand their company's financial data, giving them the confidence to engage in the conversation and make better business decisions. Learn to accurately read and interpret your financial statements, forecast easy or challenging financial times, and see the connection between company activities, responsibilities, and financial results.

Oct. 4, 11, 18, 25 and Nov. 1

9:00 - 11:00 a.m.  
Zoom



Featuring  
Mackey McNeill and Sarah Grace Mohr, Mackey Advisors

# November

## Executive Roundtables

### The Roundtable Experience

Our Executive Roundtables provide a forum for collaborative peer sharing about strategic and tactical business issues, within the larger context of personal and family concerns. Our members consider their roundtables as their personal board of advisors, whose number-one goal is to help them restore balance. At this introductory overview, you will participate in a roundtable meeting to explore if it's right for you. We screen for competitors or other conflicts of interest, then place you in an appropriate small group led by one of our professional moderators.

November 17, 2022

8:30 to 11:30 a.m.  
Goering Center  
225 Calhoun Street  
Clifton



Featuring  
Lisa Bosse



## Institute Kick Off

### Next Generation Institute®

Begin your succession journey with the Goering Center. At our flagship institute, we shine a light on the issues family business owners, and their successors, could not anticipate in a caring, supportive environment. Sessions are conducted by experts in law, transition planning, valuation, tax, accounting and finance, contingency planning, communication and the dynamics of families in business together. We feature guest speakers from regional family businesses who want to share their succession experience, and a team of volunteers support each family, making the program content relevant and actionable.

Coming in November!

Hybrid program - 8 online and 4 in-person sessions



** The Next Generation Institute™**

helped us develop the language and the tools necessary to tackle some really tough issues and shifted our focus to work on our business versus just in it."

*Lauren Johnson-Lake, Cincinnati Container Company*

**The Next Generation Institute (NGI)®** allows owners and leaders of family businesses, their successors, and other family members to tackle the tough questions together, have difficult conversations, and gain a holistic perspective of the succession journey.

**The Next Generation Institute kicks off in November.  
Visit our website to learn more.**

For more information, call David Miller, Goering Center Membership Director, at 513-556-5648.

**GOERING  
CENTER**

***goering.uc.edu***  
*The Goering Center is a valued partner delivering  
knowledge, connection and community.*





# Create and Execute 2022 Business Goals to Increase the Value of Your Company

By Crystal Faulkner, CPA and Certified Professional EOS Implementer, MCM CPAs & Advisors

**I run a family business, and I want to begin goal setting. How do you recommend we begin this process, and do you have any ideas on what we should consider as we move forward?**

As a Certified Professional EOS Implementer (EOS stands for Entrepreneurial Operating System) and CPA, I've seen first-hand the



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tremendous enterprise value that can be created when a leadership team (and ultimately the entire company) can rally around a common vision. However, vision alone will not be enough to achieve the financial results and quality of life you are

seeking. As a business leader, it is your responsibility to institute strategic, specific and executional priorities to make the vision a reality.

## WHAT DO YOU SEE TODAY?

Start with the present. To determine where you're going, you should document where you are today. Take the time to identify and evaluate specific company metrics — number of employees, number and type of clients, current product and service offerings, cash flow, profitability, etc. Understanding your present situation is the best starting point for where you want to go, and metrics are a great place to begin.

## WHAT DO YOU SEE IN THE FUTURE?

Almost every leader on a management team has a vision of the company's future. The problem is that most of the time they do not share the same vision. It is the job of the leadership team to create a common vision then plan and predict the future of the organization. You must be intentional in terms of taking the necessary action steps so your vision becomes a reality. It's important to have a long-term view of where you want your business to be. What does your company look like in seven, ten, or even fifteen years? Most of our clients use ten years, but the actual future date does not matter as long as your entire team can see the vision in their mind's eye. Typically, the long-term vision is the number one business goal of the organization. It should be inspiring to your team and be more than just profit-driven.

The long-term vision should then be communicated regularly so that each person in the company knows where the business is going and their specific roles in achieving the vision. If every person in your company rows in the same direction toward the same vision, you will achieve your goals faster, creating more profits and more fun during the journey.

Once you have established the long-term vision, the leadership team should next agree on what the company would need to accomplish (both quantitatively and qualitatively) in three years to be on track. The leadership team should brainstorm and reach a consensus in arriving at the three-year vision. For example, if you were walking around your office three

years from today, what would you see? How many employees and offices would you have? What would your financials look like? Be as specific as possible during this process.

Next, your leadership team should bring the vision down to the ground and identify where your company must be in one short year to be on track with your three-year plan. You should establish the five to seven most important priorities (goals) that need to be accomplished and who on the team will champion each one to ensure it is completed by the end of the year.

## HOW DO YOU IDENTIFY OBSTACLES AND OPPORTUNITIES?

Once you have a clear picture of your one- and three-year vision, you and your team must discuss the specific obstacles and opportunities that will impact your ability to achieve your objectives. Every company has issues. Great companies simply know how to act on the issue and solve the problem. For example, do you have people issues in your organization? Do you need to create an incentive compensation plan that will motivate your employees to generate the results needed to achieve your vision? Do you need to eliminate or add certain product or service lines? How should you modify the company's organizational structure (including identifying who is the best person to fill each function along with their specific roles) so that the organization can grow to the next level?

## HOW DO YOU ACHIEVE YOUR GOALS?

This is the hard part. Most businesses can discuss and identify the issues facing their companies, but do not take the necessary action to achieve the desired outcome. It is critical that you prioritize your issues and create a plan then execute the plan to solve the problem or challenge. Establishing metrics and monitoring progress is essential. Assigning one person who is responsible for achieving each specific metric instills discipline and accountability throughout the company. When a company does not achieve its vision, the lack of accountability is often the culprit.

Creating and executing specific action items to solve an issue will allow your company to make the vision a reality. You must focus on the most important strategic initiatives and be sure that they are accomplished. Celebrate victories and reward employees who get the job done. If there are tasks not being solved by the assigned employees, figure out what's going wrong and address it.

Consider engaging a business advisor who can assist you and your team in facilitating and implementing a strategy to create your short- and long-term goals as well as a plan to focus and execute on the plan to make your vision a reality.

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*Ross Votel  
KOI Precast Concrete*

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# Stock Purchase versus Asset Purchase:

## What Transitioning Family and Closely-Held Businesses Should Know



By Christopher A. Kuhnhein, Esq., Cors & Bassett, LLC

When the time comes to sell or transition a family-owned or closely-held business, often the first question asked is whether it should be structured as an asset sale or



Kuhnhein

whether it should simply be a transfer of stock. This is not a simple black-and-white issue and will require both the buyer and seller to balance the positive and negative qualities of each form. One well-known negative with respect

to stock sales is the fact that, unless expressly disclaimed, liabilities transfer automatically in stock transactions, resulting in buyers often shunning the stock sale structure and insisting on a purchase of assets. While an asset format is certainly appropriate for some transactions, it is important that a buyer weigh the long list of "cons" that are inherent in this form. Depending on the nature of the target business and the way it is carried out, asset sales can have the potential to disrupt the business transition in ways that are at best an administrative burden, and at worst impediments to a full and clean transition.

To be sure, the modern trend with so-called "arms'-length" transactions (transactions where the seller and purchaser were

generally unknown to one another prior to the negotiation of the sale) clearly leans towards asset transfers. This is more likely than not driven by the liability exclusion feature of an asset sale. Asset deals are also reputed to result in tax advantages for the buyer (although certain tax elections can be made so that stock transactions receive asset transaction treatment). A true arms'-length deal is going to involve a buyer learning about the target business and its owners through a due diligence investigation. With this dynamic, it sometimes becomes untenable for the buyer to accept unknown liabilities, as it is impossible to develop the level of trust needed in such a formal process. This is typically not the case with the transition of family and closely-held businesses. Buyers in those situations tend to know the business and to have deep relationships with the seller, making unknown liabilities less threatening.

Even for family and closely-held businesses, the liability disclaiming feature may seem to make asset transactions universally more appealing, even when the buyer is familiar with the business and the seller. Why wouldn't a son purchasing a business from his father elect to purchase the assets, in an attempt to potentially "cleanse" the business of some pesky unknown (or even known) liabilities? Well, there are many downsides to the asset structure, some of which are

shown in sharper relief with the example of a family business. Moving all of the assets of a business from one business entity to another involves many tedious accommodations: all operating contracts need to be separately assigned from the seller to the purchaser, the business will switch to a new employer identification number, the employees must be terminated by the seller and re-hired by the purchaser, the employee benefit plan transition is complicated, the company will need new bank accounts, etc. In addition, if a business is able to "shed" liabilities through the sale of its assets, those liabilities do not disappear, they remain in the seller's hands. In a family or closely-held business situation, the relationship of the buyer and seller will often make sticking a seller with undetermined liabilities unpalatable.

This relationship between buyer and seller is a reason why many transitions of family and closely-held businesses are handled by the sale and purchase of stock. In addition to the nature of the relationship between buyer and seller, there are other reasons to choose the stock acquisition form: the target business has contracts that are difficult to assign (due to uncooperative or slow-moving counterparties or difficult contract language), the target business requires a continuity of a tax identification

number, or the target holds certain licenses which are difficult to assign, to name a few.

For these reasons and others, so-called friendly transactions between generations of a family or co-workers to acquire interest in a company or fully transition to a new group are often styled as stock acquisitions. In transactions among affiliated parties like this, asset deals are often inappropriate. The owners are looking to disrupt the business as little as possible (making the tedium of an asset sale unattractive) and the parties are often not engaged in a dynamic where the seller knows drastically more about the business and its assets and liabilities than the purchaser. In fact, in many generational transitions, the purchaser may actually be closer to this information than the seller. Of course, each business and each ownership group must weigh these factors and others and work with their legal and financial advisors to determine which structure is right for them.

For more information, contact Christopher A. Kuhnhein at [cak2@corsbassett.com](mailto:cak2@corsbassett.com).

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# Family Businesses: Challenges, Economics and Legislative Concerns



Advocating for Families in DC

By Pat Soldano, President, Family Enterprise USA and Dawn S. Markowitz, Legal Editor, *Trusts & Estates* magazine

## Surveys shed light on the effect of the pandemic and top concerns moving forward



Soldano

Between January and March 2021, Family Enterprise USA (FEUSA) conducted its annual survey of family businesses in the United States (the FEUSA survey). FEUSA was also part of a nationwide survey in August 2021 of 1,000 demographi-

cally diverse voters in the United States (the voter survey), who responded to questions regarding how they feel about different types of taxation. Taken together, the surveys provide key takeaways for family businesses—organizations that are always concerned about the economy and legislation and how they both impact their businesses. Below, we provide you with some important results from both surveys.

Family businesses distinguish themselves from non-family businesses in that 76% of them have been operating for more than 30 years, and 17% of them have been operating for over 100 years. More than half (52.4%) pay salaries and benefits above their non-family business competition. In terms of charitable

giving, family businesses “give locally”—71% contribute to local charities over national charities (21%), strengthening their impact and making their mark in their own communities.

### PANDEMIC EFFECTS

Unsurprisingly, the FEUSA survey revealed that 58.4% of family businesses saw a decline in revenue in 2020, yet 41.6% saw an increase. Industry conditions, economic conditions and the coronavirus were the top three factors affecting the change in revenue. On a positive note, 85.1% expected their revenue to grow in 2021, with economic conditions expected to play the major role in this growth.

How did family businesses manage during the pandemic? Approximately 27% of them kept people employed, and 18% protected employees with remote working. They also managed their businesses by reducing business costs (16.4%) and changing their product or service lines (4.8%). While some reduced their workforce (8.3%) and 1.2% reported closing their businesses, over 15% of them were able to support families and health care workers.

When asked to rate economic public policy priorities in terms of their importance, reducing/eliminating estate taxes; reducing regulations; and simplifying the Tax Code took the top three spots. Reducing regulations’ move up into the top three last year was likely because family businesses faced constantly changing and evolving COVID-19 rules and mandates.

### FAMILY BUSINESS TAX CONCERNS

Family businesses ranked income tax, estate tax and capital gains as their top three tax concerns, in that order. Their choice for reform of the estate tax was to make the current level of lifetime exemption permanent, and not expire at the end of 2025. Their next choice for reform was to reduce the rate of the estate tax from 40% to that of a capital gains tax rate. Repealing the estate tax came in as their third choice for estate tax reform. While 79.2% of family businesses believed their business is a legacy for their children, only 55% have passed ownership to the next generation. Many family businesses know they need to do a better job of succession planning, as the Next Gens have increased in number and now exceed the Boomer generation.

### VOTER TAX CONCERNS

With proposals emerging from President Biden and his administration that would raise the estate and capital gains taxes on U.S. family businesses, it was important to get a sample of where voters stood on these issues, vis-à-vis family businesses. Some results in the voter survey were surprisingly unified by respondents on both sides of the political spectrum.

Sixty-two percent of respondents cited “a generationally owned family business built on hard work” as the most important business to protect from double taxation, beating out protecting a business with 100 employees (38%) or a business that represents the American Dream (30%). When asked about which is the most important item that

the Tax Code should protect, 44% of Republicans and Democrats alike believed that “a lifetime of savings” was the answer.

Interestingly, respondents in the voter survey believed that medium-sized family businesses are overtaxed, not undertaxed. Forty-four percent of respondents believed that these entities pay more than their fair share in taxes, and only 16% believed these entities pay less than their fair share. This was particularly important in a post-pandemic economy in which voter sympathy for family businesses was significant. Support for higher taxes on big corporations remained high—even among Republicans—but opposition to higher taxes on family businesses was just as strong and universal.

### AFTER THE SURVEY

In the second half of 2021, individuals and businesses alike were dealing with COVID-19 vaccines, booster shots, a rise in the Delta variant, the appearance of the Omicron variant, and proposed legislation by the Biden administration. One characteristic of stable family businesses, however, is consistent leadership. With the uncertainty and disruptions caused by the pandemic, these privately-owned family businesses have demonstrated enormous flexibility and creativity to thrive and grow amidst the chaos.

Family Enterprise USA’s 2022 Survey of Family Businesses is open now at [familyenterpriseusa.com/family-business-survey/](https://familyenterpriseusa.com/family-business-survey/).

For more information, contact Pat Soldano at [pmsoldano@family-enterpriseusa.com](mailto:pmsoldano@family-enterpriseusa.com) or 714-357-3140.

“If we had not gone through the BLUEPRINT™ process, we would still be a very reactionary business instead of being very intentional in working towards a goal and having everybody on the same page.”

Ian Murray, SpotOn Productions

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*Aaron Hansen, President  
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