Forging new paths to the future

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

Not long ago, I was in Maryland at my family’s business, Butler’s Orchard a pick-your-own farm started in 1950. Walking up a hill in the mist, I saw a sign saying “exit - turn right”. As I turned, I saw an open path bordered by apple trees and a sign that said, “do not enter.” This made me think of 2020: we see the exit, but even though we are ready to leave this year behind, when we turn to go, we find that we can’t leave just yet. Try as we may, there are still a few roadblocks in the way.

So I turned in a different direction, I spotted arrows leading to a new path, a new way. Like many of us seeking new paths – what we find is often different than what we expected. And while these new routes may present many of the same challenges, they will also come with new opportunities.

Many of you who are part of family and private businesses are probably like me – optimists, but with roots in the ground. Back in 2009, the prediction was that it would take the US economy five years to come out of recession. One year later, the Great Recession showed signs of coming to an end. We are a highly resilient people who have great hope for the future. We’ve been through tough times and didn’t know how we would get through in the moment and yet, here we stand, here we grow, here we go.

And none of us has to do this alone.

It reminds me of a video I watched of 300 people moving a barn. The barn was on a flood plain and the farmer needed to move it to safety. The whole community came together. People stood side by side on the perimeter of the barn, lifted and moved it, with just their own power. Like that community, the Goering Center brings people together to lift and support others on their journey – and in doing so – lift themselves.

These people include Steve Hater, who retired May 1 after serving as our membership director for 11 years, MB Hammond, our assistant director who’s retiring at the end of October after 20 years with us and Engagement Director Steve McLemore, who will retire at end of this year. We honor and acknowledge their tremendous contributions. They are part of the foundation of who we are – and the foundation that we will build upon for the future, with our new marketing director, Nicole Menkhaus, and, by the time you read this, our new account manager as well.

In 2021, the Goering Center will start the year off focused on our Next Generation Institute, which helps transition family businesses from one generation to the next. We will continue to expand our Roundtables, which bring peers together to experience personal and professional growth and support with each other in a safe space, our Leadership Development Institute, which brings together seasoned and emerging leaders seeking to maximize their leadership effectiveness, and our Business Boards Institute, in which people come together to help you and your business on your journey through treacherous, challenging and joyful times. These institutes and programs are the arrows on the path that can lead you to the road of the future.

Goering Center’s team member of 20 years, MB Hammond, is taking her retirement, leaving a phenomenal legacy, including our incredibly comprehensive database that continues to impress our new marketing director! We cannot thank MB enough for all that she has helped build, but wish her many many years of joy-filled retirement.

As I sum up this year for me and my family – it has included a pandemic, a birth, the death of my pioneering 91 year old mom, a wedding, many headwinds, much joy and a world of new possibilities.

Even through these most challenging times, those of us in family and private businesses find a way. During this year, we’ve all been adapting, growing, evolving and positioning for something new. Lessons learned include travel light, let go of what no longer serves us, embrace the journey ahead and be open to possibilities we cannot yet imagine. On behalf of everyone at the Goering Center, I look forward to making that journey with you.
Helping good people and good businesses thrive

Tony Schweier, CPA CEPA, Shareholder, Clark Schaefer Hackett

As the son of a business owner and member of a large family, I am fascinated by family dynamics. Private and family-owned businesses are a personal interest of mine and they are important to my employer, Clark Schaefer Hackett, too.

Clark Schaefer Hackett is committed to bettering the lives of its clients and the community, and our aligned interests presented a natural opportunity for us to support local enterprises by working with the Goering Center for Family and Private Business. Clark Schaefer Hackett is a corporate sponsor of the Goering Center and I’m a long-time volunteer and current chair of the group’s Board of Directors, the first non-Goering family member to hold that role.

Private and family-owned businesses are the backbone of the economy, and the Goering Center is there as an objective resource to help good people and good businesses get even better. Its members are the people who can look up from their desks, look forward and say “I need to be learning how to improve in my business category, transition to next generation and lift my team.”

The Goering Center provides these important resources to the community in a format that is cost-effective and not sales or consultancy based. Almost all its programs are led by volunteers, who are not compensated for their material or expertise. The Goering Center is unique in that fashion and it benefits from its location in a great business community, where thought leaders volunteer to lift others. Many of its programs have continued through the pandemic by going virtual.

The Next Generation Institute helps with transition planning, while the Leadership Development Institute helps grow emerging leaders whilst also helping them establish relationships with other area business leaders. The facilitated Roundtable Program allows participants to learn from each other. Through its connection with the University of Cincinnati, members can take Family and Private Business Certificate courses.

The Business Boards Institute is a paid program that provides business owners with an outside board of advisors to meet with quarterly. It matches those willing and available to serve with businesses based on the specific business need. Over 70 boards have been created so far and they have helped business owners to think more strategically, holding them accountable for reaching goals and objectives. They act as sounding boards and provide perspective without any personal agenda, and strictly in the best interest of the business. I am pleased by demand for it and have seen many good connections come from the Business Board Institute. In my opinion, it’s one of the best things the Goering Center does.

Through these programs and others, both formal and informal, members meet and network with other people in the community. They get to know business owners experiencing similar issues to theirs and find a like-minded group that provides connectivity.

There’s no question that I will continue working with the Goering Center. Good leadership requires that you give other people room to grow and develop, so when my current term as chair is up, I’ll be looking for a new role at the Goering Center to support our local private and family businesses.

Tony Schweier is a Shareholder with Clark Schaefer Hackett. Reach Tony at 513.768.7547 or TSchweier@CSHCO.com
between me and my son, Luke. It helped him develop an awareness of how challenging it is to be an owner and we learned how to avoid the really big mistakes that can be made during a business transition.”

Jim Perry, President, Perry Contracting

The Next Generation Institute sparked communication

between me and my son, Luke. It helped him develop an awareness of how challenging it is to be an owner and we learned how to avoid the really big mistakes that can be made during a business transition.”

Jim Perry, President, Perry Contracting

The Next Generation Institute is for owners and leaders of family businesses, their successors, and other family members. They come to tackle the tough questions together, have difficult conversations, and gain a holistic perspective on the succession journey.

Learn more about the Next Generation Institute at goering.uc.edu

The Goering Center is a valued partner delivering knowledge, connection and community.
Building a family business legacy one breakfast at a time

By RiskSOURCE Clark-Theders

Rick Theders and his son Jonathan Theders are building a legacy, one breakfast at a time. The succession of their family-owned firm, RiskSOURCE Clark-Theders, has been guided by the ten best practices for family businesses. Knowing that lack of communication is the number one reason for failure, Rick decided his method of transitioning the business, and the legacy, would be best done over a weekly breakfast meeting with his son. This intentional time together would be to connect and reflect. Twenty years and more than 1,000 Wednesday breakfasts later, they share their journey to help other family businesses successfully pass the mantle from one generation to the next.

Family businesses have the heart and soul of the first generation woven into their fabric. Rick knew that in order to share his experience and instill his values and vision for the business, he would need to make a deliberate effort to communicate with his son. Every Wednesday morning, sometimes as early as 6:15 a.m., Jonathan began meeting his father at a local eatery to talk, listen and learn.

Neutral Ground

The location of the breakfast has changed over the years and, during the pandemic, the format has shifted to virtual, but in the early days, breakfasts began at a local diner where they soon became a fixture. “I wanted us to meet on neutral ground, not at work and not at the dinner table, where we could discuss the business,” says Rick.

Although Jonathan worked outside the business for a national insurance carrier before joining his father, Rick knew, as a parent, he had to be a role model and teacher. There was still plenty to learn, not only about this business, but business in general. “At 24, I knew I had a lot to learn and I’d like to think I was an open-minded student,” said Jonathan. He views each breakfast as vital to their growth. “In hindsight, I recognize the importance of having that time together. It’s evolved from my dad teaching me, to coaching me, and now I feel like we’re on a level playing field,” he shares.

Time to Reflect & Connect

In the early days, Rick came prepared for each breakfast. “As Jonathan’s father, I knew I had to continue to be the teacher on those important aspects of life that you can only learn through experience,” Rick says. As the owner of a business, he also realized this time was essential to hone business skills. He would come to the breakfast with an agenda built around events that happened in the office throughout the course of a week. The purpose was to reflect on past experiences so that they could critique and discuss how to better handle them in the future. “I’ve learned to be more of a listener and save my viewpoints for times where they have the most importance,” says Rick.

A Unified Front

After Jonathan became president of the agency, their time together took on a whole new level of significance. They used their time in private, over breakfast, to discuss important agency matters so that together, in public, they stood as a unified front.

“It’s vital that an organization see one leader and if something took place that I didn’t agree 100% with, I would note it rather than disagree or interrupt him in front of our team and undermine his authority,” explains Rick.

Thirteen years after their first meeting, a chair was added to the breakfast table to include Amanda Shults, current president of RiskSOURCE.

“I’m not a member of the family so to be invited to the table was an honor,” says Amanda. “I can bring an outside perspective and I represent the voice of our team.”

Breakfast agendas progressed from business lessons to solidifying vision and values.

“It just makes sense to have Amanda there because she is the leader of our day-to-day operations,” says Jonathan. “It’s important to instill confidence in any leadership role and we value transparency. Having Amanda at the breakfasts allows her to be a part of the top-level vision and trickle that message down to the rest of the team.”

One of the biggest challenges a family business will face is the successful transition from one generation to the next. The central element to making this transition boils down to intercommunication and for some families, that may not come naturally. Scheduling the time to connect and treating it with the level of commitment and respect it deserves, will pay out in dividends.

Both Rick and Jonathan hope that by sharing their approach, other family businesses will be inspired to make the commitment to deliberately connect in whatever way is most meaningful to them.
Why to call your banker, especially when it’s hard to make payments

By Bill Harrod, Chief Credit Officer, First Financial Bank

As government stimulus fades and bank loan deferrals expire, some business owners may be experiencing a tighter cash flow now than at any other time throughout our shared economic slowdown. This can quickly lead to difficult decisions about bank credit. Even though the natural instinct may be to avoid your bank at times like this, there is good reason to actually seek out and welcome that conversation. Thinking about your bank as a true resource in your business could lead to improved outcomes that will benefit everyone.

Family business owners in particular have a high likelihood to suffer in silence. I’ve spoken with many who worry that if the bank doesn’t like what they say, it will simply foreclose and take everything. So bankers are often faced with the first task of helping family business leaders set aside their defenses and open up about what’s really happening. This can be very difficult to do when family emotions are closely intertwined with the success of the business. We understand that family-owned businesses built over multiple generations carry pride and tremendous responsibility, which can complicate the decision to ask for help in charting the future of the organization.

However, when business gets tough, as it has for so many this year, the relationship manager at your bank should act as a critical member of your team. Bringing your relationship manager into the conversation early will empower him or her to act as your advocate, with the time and flexibility to take advantage of all the options at their disposal. Later interventions almost always offer less room to maneuver.

With open lines of communication, a bank relationship manager can help to address negative cash flow by collaborating with the leaders of the business on a plan with a true forecast for the coming months and years. I encourage clients to think of three scenarios – best case, likely case and worst case. Together, we look at the next six, nine and 12 months, and put the plan on paper. A planning mentality helps them to replace fear of the unknown with real, practical options, and levers to pull for each situation. We consider what to do, for example, if the best case is off by 10 percent. When is it time to move on to plan B, or plan C? The only way a roadmap will materialize is through open and honest dialogue, and a banker brings a perfect skill set for such financial planning.

For example, I’m reminded of one business that was consistently over-drawing on its credit. When I visited, it was clear that things were humming along. Employees were very busy and orders were coming in – everything you like to see in a manufacturing plant. Only through conversation and some very pointed questions with the borrower did it become clear that this business was struggling to grow because it was cash-starved. Although they were acquiring plenty of new business, they didn’t have enough money to digest the new orders, which led to even bigger problems. Time was a major factor, because the increase in volume was so swift that they didn’t have enough capital to manage the change. While they were worried that a conversation could lead to a shutdown, I told them they actually needed more cash, and we worked out a solution. It’s the perfect example of how a bank and a borrower can work out a solution to benefit both.

As a banker, I am motivated by the impact these partnerships can have on the community. Keeping a business engine running smoothly creates a positive impact on the community. It provides for the owners and their families, vendors and their families, and customers and their families. Successful businesses are precious, and I am always eager to help business leaders fight to preserve these nuggets of awesomeness.
Biden proposes tax increases, but status quo also unlikely under Trump

By Christian Wood, Principal, RSM LLP

Regardless of who wins the presidency, the status quo for the American tax landscape seems unlikely to continue, given the state of the economy, federal relief spending, state budget shortfalls, and the unknowns surrounding the pandemic. With that in mind, it is crucial to start thinking about planning for the post-election environment.

It is important to ask: Would decisions I made after the passage of the Tax Cuts and Jobs Act (TCJA) still achieve the desired outcomes? Does my business entity choice still serve as the best vehicle to achieve my goals? Are there strategies I can develop today that could position me to quickly respond to a Jobs Act (TCJA) still achieve the desired outcome, which is a below-the-line deduction available to owners of sole proprietorships, partnerships, S corporations, and some trusts and estates. While the section 199A deduction is set to expire at the end of 2025, the Biden proposal would maintain the current deduction for those making under $400,000 per year and phase out the deduction completely for those making $400,000 or more. Under Biden’s proposal, the top individual income tax rate of 39.6% would be restored. The current top individual income tax rate is 37%. The Biden proposal would also tax capital gains as ordinary income for taxpayers with over $1 million in income.

The Biden proposal increases individuals’ share of social security taxes by imposing social security taxes on income over $400,000. Currently, social security taxes of 12.4% are imposed on wages or self-employment income up to $137,700 for 2020 (this is indexed for inflation). The proposal would create a donut where the 12.4% tax would stop on income over the normal threshold (i.e., $137,700 for 2020) and then apply to amounts above $400,000. Biden would also reintroduce the Pease limitation on income that exceeds $400,000. That limitation would reduce the benefit of itemized deductions to a tax benefit of no more than 28%. Biden also has proposed replacing the income deferral incentives for 401(k) contributions with a credit instead. Under current law, the first $11.58 million of an estate is not taxed, and estate beneficiaries or heirs receive the property with a basis equal to the fair market value of the property. That means an estate’s beneficiary could immediately sell the property with appreciation never being taxed. The Biden proposal would eliminate this so-called “step-up in basis.” This, combined with the proposal to tax capital gain at ordinary rates at certain income thresholds, could lead to a substantial increase in taxes on estate beneficiaries, complicating business transfers on death.

Under current law, the first $11.58 million is set to expire at the end of 2025, the Biden proposal allows for taxpayers with income under $400,000 to make a tax-free exchange of real property held for productive use in a trade or business or for investment for property of like kind. However, taxpayers with income greater than $400,000 must recognize taxable income the capital gains from the sales of real property. Companies headquartered in the United States currently pay a 10.5% minimum tax on the un-repatriated low-tax profits earned by their foreign subsidiaries from intangible assets such as patents, trademarks, and copyrights. Biden’s proposal doubles the GILTI tax rate to 21%.

Takeaways
Given the current state of the economy and the unknowns surrounding the pandemic, tax reductions or even the status quo seem unlikely, regardless of who wins the presidency. The extent of any tax increases is largely what remains unknown.

Taxpayers, irrespective of size or entity type, should evaluate how their current and future operations and cash flow might be affected not only by Biden’s proposed tax changes, but also the likelihood of tax increases in a second term for President Trump. Taking time to assess potential tax law changes now will allow businesses to identify areas of risk and opportunity and better plan for the future.

Christian leads the RSM’s Washington national tax accounting methods and teams period. With 20 years of experience in public accounting, the public sector and law, he consults with clients on a variety of tax technical issues in the accounting and methods functional area, including the timing and character of income and expense recognition, inventory methods, UNICAP, the treatment of tangible assets, amortization and depreciation, transaction costs, intangible assets, leasing, revenue recognition, and changes in methods of accounting and accounting periods. Questions? Contact Ken Jenkins at ken.jenkins@rsmus.com.

“Imagine that everyone in your boat is rowing in the same direction, making decisions based on what is best to achieve the broad company goals. It is possible, it isn’t difficult and it need not take months.”

Sonya Hall, Thrive Village

“Keep it Simple” Strategy
Get your team get aligned around one big goal and a few strategic priorities, then identify the gaps that must be closed in order to reach the goal. Together, we’ll draft an execution plan that delivers results, and build a communication framework that’s centered on a one-page plan that everyone can understand…and execute. Presented in cooperation with Thrive Village, a Cincinnati-based consultancy specializing in helping businesses achieve better futures through sustainable and enduring organizational performance.

Contact Lisa Jonas at lisa.jonas@uc.edu to learn more.

By Christian Wood, Principal, RSM LLP
USI is focused on bringing innovation and growth to our clients and our communities. We have become a premier insurance brokerage firm by leveraging the USI ONE Advantage®, an interactive platform integrating proprietary analytics, networked resources and enterprise planning to deliver customized insurance and risk management solutions with positive, bottom line impact.

Experience the USI ONE Advantage today!

USI Insurance Services
312 Elm Street, Suite 2400
Cincinnati, OH
513.852.6300
www.usi.com
Change is constant. Let’s deal with ambiguity together.

By Lisa Jonas, Director of Programming and Roundtables, Goering Center

Hello fourth quarter! It is budget season my friends, and as we wind down this roller coaster year, many are questioning the traditional building blocks of our annual planning cycles. Shifting vendor relationships. Competitive disruption. Customers whose needs are continuously evolving. So much change! And at an exponentially increasing pace. And will we hit this year’s goals? The pressure is on! Anxiety! Stress! Covid! Furloughs! Election!


The Goering Center is here. The support you need is here. People who care are here. Everything you need to cope, and learn, and grow, and shift your point of view to one of balance, and hope, and optimism, and strength, is here.

Our educational collective has an in-it-together perspective that is building sustainable businesses. Those businesses provide abundant personal resources for our region’s families that get invested back into our communities.

If you’ve not yet checked us out, it’s time to get in on the pretty awesome stuff going on at Goering Center. That pretty awesome stuff is being created by like-minded family and private business owners, respected trusted advisors, an army of tested and wise volunteers, not to mention a pretty-stellar staff that makes up the Center’s work family. And while we proudly fly under the University of Cincinnati banner, we are equally proud that our educators are the very business owners, trusted advisors, volunteers and staffers who have been there, done that, and have pulled ourselves up by our bootstraps and let-me-tell-you-how-we-did-it kind of people.

We built our reputation on family business succession planning with the Next Generation Institute. But if you see us through just that lens, you are missing out on a lot. There are five pillars to our educational platform: leadership, business boards, strategic modeling, communication and culture, and succession planning.

Our family business expertise distinguishes us from other organizations around town, but be assured that many non-family private businesses are counted among our 400-plus members. Most — about 70 percent — have fewer than 100 employees. They join because they want to learn how to take their business to the next level, and seek community with others who have already achieved just that. They also want to share their expertise with the businesses who are just starting their maturation journey across the business lifecycle.

Roundtables: Find Your Tribe

Much of this peer learning takes place in our Roundtables. Professionally moderated groups of eight to 10 people come together for three hours every month for a confidential exchange around their top business, family and personal issues. Our Roundtables cultivate authentic relationships where vulnerability is respected and nurtured. This is where you give real. This is where you give as much as you get. Maybe more.

Our Roundtables are carefully curated groups of professionals who share common goals. Each has their own culture and focus but all are committed to each other’s success. If you join you are expected to show up. If you show up you are expected to share. Everything shared goes into the vault because that’s how we build trust and demonstrate respect. Roundtables are the stickiest thing we do.

If you’re a C-suite executive, we have a Roundtable for you. We also have one if you’re not. The Goering Center believes that peer groups are mission critical for a healthy business climate, so we have removed the barrier of financial exclusivity that distinguishes other executive forums, without sacrificing one bit of professionalism, quality, or return on investment.

2021 – Rolling with Change

As Director of Programs and Roundtables for Goering Center, I am excited to share our first quarter lineup with you. Please take a moment to check out our programs which are highlighted on this page and also online at goering.uc.edu/events

• We have partnered with KPG Creative to deliver exceptional virtual experiences that are professionally produced, free from technology glitches, with quality audio you can count on.

• Breakout sessions are baked into every program and will challenge you to interact with other members around the topic of the day.

• For those who want a face to face experience, we will simulcast many programs to volunteer-led, small group gatherings hosted by our members and corporate partners. Let me know if you want to volunteer.

Next year, know that our “safe haven” policy extends to protecting your health, creating opportunities for small groups to connect, with partners who will enforce strong safety protocols.

Can you sense my passion in this article? I hope so. It’s real. And it’s because I know that what we offer is what so many people in our community need.

If you are overwhelmed by this crazy year, and if you are looking for an opportunity to personally grow, mature your business, and get connected with a network of highly engaged business leaders who care, then please call me. My mobile is 513-888-8489.

Lisa Jonas is Director of Programming and Roundtables for Goering Center, the country’s largest university based educational non-profit for family and private businesses. Reach Lisa at lisa.jonas@uc.edu.

Speaker Series

Beyond Words with Dr. Wendy Leborgne

The paradox for how we communicate has shifted dramatically in our virtual world. Learn how communication styles drive effectiveness in online environments and get actionable takeaways to put our best foot forward personally and professionally.

Jan. 28, 2021
11:30 a.m. to 1:30 p.m.
Join us online

2021 Economic Forecast with Connor Lokar

Gen Xers and Millennials - bring your Favorite Boomer to this year’s Economic Forecast with Connor Lokar. The Beaulieu brothers’ super sharp protege gives us ITR Economics’ take on what to expect following 2020. What are the indicators to watch? How to move forward in this environment? Bring your questions, opinions, and war stories to swap online, or in a small group environment.

Feb. 18, 2021
9:00 – 11:00 a.m.

Coaching from Above with Keith Wilson

Giving critical feedback is one of the most difficult parts of being a leader. This interactive workshop will give you the skills necessary to empower your team by inspiring you to deliver feedback properly. Develop yourself so you can develop your team and build a healthy company culture.

March 25, 2021
7:30-9:30 a.m.

Institutes

Next Generation Institute

Begin your succession journey at our flagship institute. 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.

Jan. 12, 2021 (Kick Off. Twelve, two-hour sessions Jan. - June)
9:00 - 11:00 a.m.

Very special thanks to our Virtual Event Production Partner, KPG Creative!

Leadership Development Institute

Seasoned CEOs and presidents work side by side with emerging leaders forming strong bonds across family and private businesses in our region. This is a comprehensive program, accelerating performance over 10 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.

Jan. 20, 2021 (Overview) | March 10, 2021 (Kick Off)
Half-day sessions
Alternative and emerging strategies for generating liquidity

By Kevin Jones, Huntington Bank

All companies must generate liquidity to survive, no matter their size or industry. Positioning your company in a strong cash position now provides a very important financial buffer, helping you to meet challenges and to survive. But doing so also positions the business for strategic opportunism.

"No one can make it in any market, let alone a volatile market, absent liquidity," says Andy J. Arduini, SVP, Group head, Global Advisory, Supply Chain & Financial Institutions, at Huntington.

"COVID-19 has changed everything," Arduini says. "For many, credit is less available as creditors have become more restrictive. Companies in many industries are facing severe revenue pressures, which have a corresponding impact on cash flow and the ability to raise capital of any class. There's a polarized issue of more demand and less supply that's really creating this market disruption."

Many companies, in particular small- and medium-sized enterprises, are struggling to attract financing as their asset bases shrink as a result of weaker economic activity, he says, and that is leading to less debt-raising capacity.

This liquidity starvation has also complicated reopening, as companies are struggling to get their financial footing because they're starting from a depressed position. They need liquidity to get back up and running, and they may need to look beyond traditional sources to get it.

"The most important thing that a company should know is that there are options," Arduini says.

Business Liquidity Options
- Cash: Companies sitting in cash-rich environments can use strong strategic plays, such as an acquisition, that could set them up for long-term success. Vulnerable competitors, suppliers or complementary businesses could be prime opportunities for cash-rich businesses to grow.
- Lines of credit: While still a viable option, these are now being provided with a higher degree of caution and under tighter conditions as financial institutions react to weaker market conditions, and a softening in the financial performance of many companies.
- Government-guaranteed lending space: The Small Business Administration, for example, is stepping up to help companies with programs such as its Economic Injury Disaster Loans, available to eligible small businesses, private nonprofits, and U.S. agricultural businesses. Similarly, the Export-Import Bank of the U.S., which supports U.S. exporters primarily through credit insurance and loan guarantees, is working creatively to help both small and large companies by extending relief provisions for exporters and financial institutions that may have been affected by COVID-19.
- Receivables: In recent years, there has been an uptick in receivable sales activity. When an institution purchases a receivable, dissimilar to lending, it is granted an ownership interest in the receivable and it can pursue the party that owes the receivable, normally an investment-grade company, directly for non-payment. This feature, among other considerations, generally enables the institution to provide greater liquidity against a receivable than is available through a line of credit. Many companies historically viewed this unitarily as "factoring," which while valuable for the right companies tends to focus more on smaller companies and distress situations and is normally more expensive than a line of credit. For medium- and larger-sized businesses, there are a variety of techniques available that can produce more liquidity than a line of credit, often at a similar or discounted price with more favorable accounting treatment.
- Supply chain finance: This enables small- and medium-sized companies to raise liquidity through programs established by their larger customers. In these programs, the large customer, commonly known as an "anchor" or "buyer," arranges facilities with financial institutions and other concerns that enable its small- and medium-sized suppliers to sell receivables the anchor/buyer owes it at a discounted price to the financial institution. Often through these programs, small- and medium-sized companies can access greater levels of liquidity on receivables at lower interest rates than they are able to obtain on their own. Over the last several years an uptick in the availability of these programs has occurred. COVID-19 has led to increased program issuance as larger companies seek to provide solutions to suppliers to add stability to their supply chains.

More than a recessionary lifeline

Arduini says many of these alternative strategies accelerated out of necessity in the wake of the Great Recession, offering companies a financial lifeline during challenging times. But since then, the products have become more mainstream.

"Times are changing, and opportunities for funding diversification have become a lot more prevalent," Arduini says. "These types of products aren't being used just to save struggling companies. They're also being used to help stronger companies be even stronger. And in times like these, they create situations where you can get the liquidity that you need that may not be available under traditional means."

For more information contact Kevin Jones at Kevin.c.jones@huntington.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 provide a forum for collaborative peer sharing on strategic and tactical business issues, within the larger context of your personal and family concerns.

Mark your 2021 calendar for these Roundtable Overview virtual events: Feb. 17, May 19, Oct. 20

The Goering Center is a valued partner delivering knowledge, connection and community.
Goering Center: helping family-owned businesses and the community

By Randolph J. Chavez, SVP and Director of Private Banking for Fifth Third Bank

I've been in banking in Cincinnati since 1993. The Goering Center for Family and Private Business was one of the first organizations I got involved with when I came here. It provides a forum and a support system for privately-held and family-owned businesses to talk to other companies like themselves, helping each other to figure out and discuss issues and problems and opportunities that they are all facing together. Before its founding, by John Goering in 1989, this segment of the business world had limited resources.

I became involved with various committee’s and attended a lot of its events because I wanted to become one of the resources the Center provides to the business community. It’s an organization where you can attend events and feel that you will not be solicited but you will be able for find other business willing to help and share their experiences and knowledge. It’s an organization built on relationships with people that are committed to the community, their families and their businesses. In fact, I would say that what the Goering Center does for the community is just as important as what it offers its business and corporate members, which is what John Goering intended.

In 2010 I got more involved as an Advisory Board member. The experience I have gained and the relationships I have built have been invaluable. I am proud that Fifth Third is one of the founders of the Center and is a Platinum Member. When I joined Fifth Third Bank five years ago, Chris Ramos asked me to assume his position on the Advisory Board as he was going to step up to the Board of Directors. This is just an example of Fifth Third Bank’s commitment to The Goering Center.

Chris and I are huge advocates of the Goering Center. Fifth Third Bank really believes in supporting privately-held and family businesses and the initiatives that the Center provides.

In addition to networking and education, a lot of companies look to the Goering Center to help them with succession planning. I’ve worked with the owner and founder of a company who wants to step away and leave the firm to his two sons who are involved with the company but also wanted to provide equally for his daughter. As a banker, I can certainly help them with financial and retirement planning, but with working in conjunction with the Goering Center’s Next Generation Institute, which is a one-year program where privately-held and family-owned businesses can learn from what other businesses similar to theirs are doing, people who either have gone through the same thing or are facing similar issues, we addressed the transition from various different angles.

In this case, the Institute helped the company set up an advisory board to transition the business to the two sons. Meeting with other business owners provided the owner with a sounding board and enabled him to benefit from their experience to validate and confirm what the owner wanted to accomplish. A lot of times a family business will rely on their banker, accountant or attorney for help, but they also need to talk to their peers who are in the same business day to day. That’s where the Goering Center plays a unique and important role.

With Covid-19 you can imagine all the challenges facing so many of these companies. In that respect, the Goering Center’s Roundtables have been invaluable. They are limited to about 10 companies that meet once a month and members talk about issues impacting their companies. They give business owners and their families the ability to bounce ideas off other people who are in the trenches with them dealing with the same situations.

The Goering Center has several other great programs, like the Leadership Development Institute that helps companies recognize and cultivate emerging leaders within their organizations. The Strategic Planning Institute helps them to better compete in their own space.

As a financial institution Fifth Third can provide a lot of services, but the Goering Center provides a sounding board that really helps these privately-held and family-owned businesses companies thrive, which helps the community at large.

Contact Randolph Chavez at 513.534-2659 or randolph.chavez@53.com
Simplified long-term strategic planning in family business leadership teams to get RESULTS

By Crystal Faulkner, CPA, Professional EOS Implementer Partner and Cincinnati Location Leader, MCM CPAs & Advisors

As an Entrepreneurial Operating System (EOS) implementer, I’ve seen first-hand the tremendous enterprise value that can be created when a family business leadership team can rally around a common long-term vision. It is a business leader’s responsibility to institute strategic, specific, and executional priorities to make the vision a reality.

What do you see today?
To determine where you’re going, you should begin by documenting where you are today. Take the time to identify and evaluate specific company metrics—number of employees, employee type, 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, but it can be a challenge when visions don’t align. It is the job of the leadership team to plan and predict the future of the organization. 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. If every person in your company rows in the same direction, you will achieve your goals faster, creating more profits and having more fun during the journey.

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 twenty years? Most of our clients use ten years but the specific future date does not matter as long as your entire team can see the vision in their mind’s eye.

Once you have established the long-term vision, the leadership team should next agree on what the company would need to accomplish both quantitively 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 that need to be accomplished and who on the team will champion each one to ensure it is completed by the year’s end.

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) so that the organization can grow to the next level?

How do you achieve your goals?
This is the hard part. Most businesses can identify the issues facing their companies, but do not take the necessary action to achieve the desired outcome. It is critical to prioritize your issues and create a plan to solve the problem, establishing metrics and monitoring progress. 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 strategic plan and vision, lack of focus and 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 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.

Contact Crystal Faulkner at 513.768.6798 or Crystal.Faulkner@mcmcpa.com

The Business Board Institute walks you step by step through launching a functioning advisory board designed to help you achieve company goals and drive change.

Go to goering.uc.edu to register for the Overview Breakfast on March 17, 2021

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

THANK YOU TO AILERON FOR PROVIDING THE INTELLECTUAL PROPERTY FOR THE BUSINESS BOARDS INSTITUTE
Tax, retirement and estate planning during the life of a family business

By Jody Brant, Chris Freeman, and Maggie Gibson, Katz Teller

Too often, the drive and focus of closely-held business owners on the day-to-day operations of the business – the very qualities that created a successful enterprise – keep the owners from seeing the “big picture” necessary for proper estate, tax, and retirement planning. This case study identifies many of the issues and some of the planning opportunities available at each stage in the overall life cycle of a business.

1. The Early Years
Mr. and Mrs. Entrepreneur, age 35, own a small business valued around $1,000,000. They have three young children, a marketable security account, and small retirement accounts. At this stage, the Entrepreneur’s should consider what entity is this stage, the Entrepreneur’s small retirement accounts. At marketable security account, and They have three young children, a valued around $1,000,000.

2. The Middle Years
Ten years later, Mr. and Mrs. Entrepreneur are age 45 and their business has grown in fair market value to $10,000,000. Their children are in their teens. At this point, the family may be seeking ways to lessen their income tax burden. Using existing retirement plans more efficiently, as well as adding a defined benefit plan and, potentially, deferred compensation arrangements for key employees, may be the answers. On the estate planning side, now is a great time for the Entrepreneur’s to consider ways of removing assets from their taxable estate prior to a sale of the business. Transferring assets into Spousal Trusts, for example, would allow Mr. and Mrs. Entrepreneur to maintain use of the assets for their needs while also removing those assets from their taxable estate. GRATs and Sales to Defective Trusts might also be attractive vehicles for significant tax savings.

3. The Golden Years
Mr. and Mrs. Entrepreneur are now approaching their “golden years” and their children are in their twenties. One child and one son-in-law are active in the business. The Entrepreneurs are now looking at an exit strategy with retirement on the horizon. The business has now grown in value to $40,000,000, and the Entrepreneur’s hope to keep the business in the family and to incentivize and fairly compensate the child and son-in-law involved in the business. At the same time, they want to ensure that their assets are divided fairly amongst their three children upon their death. Setting up a private business buy-sell agreement, or updating an existing buy-sell agreement for changed (or changing) circumstances, will establish the mechanism by which Mr. Entrepreneur can exit the business and the valuation methodology used in the process. On the estate planning side, re-visiting their existing documents, making sure their children have their own estate planning documents and prenuptial agreements in place, and examining more estate tax reduction strategies will be in order. For example, a Charitable Lead Trust might be an attractive tool to allow the Entrepreneur’s to fulfill their charitable giving goals while also passing on more assets to their family outside of the estate tax system.

By stepping back to take a long term view of the life cycle of a business, clients like Mr. and Mrs. Entrepreneur, along with their team of trusted advisors, can take advantage of the tax and estate planning opportunities at each stage which will help them truly enjoy those golden years.
What does culture mean to your organization?

By Angela Wurtenberger, CPA, Senior Manager, Tax Services, Brixey & Meyer

You have probably seen and heard about Workplace Culture everywhere. There are articles written, podcasts recorded, employers tout a great workplace culture to new hires and there are awards given to companies for having the “best place to work.” What exactly is culture?

Some would describe their workplace culture as:

- A beautiful office
- Flexible work hours
- Work from home privileges
- A work/life balance
- Ping pong table
- Popcorn machine

Are all these things wonderful benefits? Yes! Is this “culture”…no! Any company can have these things because these are all things that can be provided or purchased. They do not describe the overall feeling or character of your company.

Culture is more important. Culture is defined as “values and behaviors that contribute to the social and psychological environment of a business.” A great workplace culture is one of respect, inclusivity, support, and celebration of the entire team. Helping each other and cheering each other on to meet the common goal of the business. Culture is accepting people as they are, including sharing successes and failures. It is knowing we are all human and having similar life experiences yet supporting that everyone has their own unique story and path. It is believing in your team and giving them freedom to succeed in their own way by supporting their strengths. It is working as a team and knowing that someone else’s successes do not make yours any less. Working together to achieve personal and professional goals. It is being genuine in interviews and client meetings and bringing your full self to the table to help employees and clients succeed. It is hiring and promoting leaders who have meaningful interactions with their team, therefore building trust and inspiring their team to succeed. It is having a clear vision of where and how the company wants to grow and sharing that with the team, communicating how everyone is important to the organization’s goals.

A great workplace culture shines through outside of the walls of the office. It is evident in a team that is excited to represent their company in the market and truly believes in the work the company is doing. It helps to retain that team and watch them grow through the organization. It attracts talent and keeps current employees engaged and productive.

A great workplace culture is not created overnight. It takes a lot of hard work, successes and failures, and a willingness to be transparent. The first steps towards improving culture are to assess the current culture, through interviews, surveys, and observing day to day interaction. Once the current culture is identified, make a roadmap of where you would like your company to be in the future. There are certain things the company is doing great and some that probably aren’t so great – what do you need to get you to the goal? There are several tools that can be used for employee engagement, such as survey apps, regular staff meetings, sharing resources with your employees and empowering them. Keep in mind that workplace culture is a constant work in progress. Culture should be an important part of your strategic plan. It is a very significant, possibly the most significant piece of your business and can help or hinder future success.

Angela Wurtenberger, CPA is Senior Manager, Tax Services & Co-Chair, Brixey & Meyer D&I Committee. She can be reached at 513.752.8350 or angela.wurtenberger@brixeyandmeyer.com
Tips for end of year charitable giving

By Chris Brennan, CFP®, MAI Capital Management

The end of the year is near and many people intend to make charitable gifts before December 31st. And while the motivation to do so is almost always benevolence, charitably inclined individuals are becoming more and more aware of ways in which they can make more tax-efficient gifts than merely writing a check. We identify below a few opportunities for individuals to consider as the end of the year (and 2021) approaches.

Individuals with non-retirement investment accounts

Charitably inclined individuals with non-retirement investment accounts should consider gifting appreciated stock to their favorite charities. Doing so will allow them to avoid any capital gains they would have incurred had they simply sold the stock and sent a check to a charity. Putting it very simply, shares that have been held for more than a year with the highest percent should probably be considered than a year with the highest percent - gains, tax they would have incurred had they simply sold the stock and sent a check to their favorite charities. Doing so will allow a donor to avoid the capital gains tax they would have incurred had they simply sold the stock and sent a check to their favorite charities. Doing so will allow them to avoid any capital gains they would eventually realize if the business is sold while still allowing for a fair market value charitable deduction in the year in which the donation is made. If the small business owner is interested in capturing a deduction in one particular year but not necessarily motivated to donate the entire sum to charity in the same year, he or she might consider incorporating a donor advised fund into their planning.

Again, these are just a few of many charitable planning strategies for individuals to consider. It is very important for anyone who might be inclined to act on any of these opportunities, or any others for that matter, to consult a trusted tax or financial advisor before proceeding.

Individuals who are small business owners

Small business owners can be very creative when it comes to making charitable donations. To the extent they’re interested in making a relatively sizeable gift, they may very well consider “gifting” privately held business interests. Doing so will allow them to avoid any capital gains they would eventually realize if the business is sold while still allowing for a fair market value charitable deduction in the year in which the donation is made. If the small business owner is interested in capturing a deduction in one particular year but not necessarily motivated to donate the entire sum to charity in the same year, he or she might consider incorporating a donor advised fund into their planning.

Again, these are just a few of many charitable planning strategies for individuals to consider. It is very important for anyone who might be inclined to act on any of these opportunities, or any others for that matter, to consult a trusted tax or financial advisor before proceeding.

The opinions and analyses expressed herein are general, and do not take into account an individual’s or entity’s specific circumstances or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change at any time. Any suggestions contained herein are general, and do not take into account an individual’s or entity’s specific circumstances or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change at any time.

Become A Trial Member

Join the Goering Center free for 90 Days. Enjoy all the benefits of membership, plus meet passionate people, like Joe.

“The value of being a Goering Center member is the collaboration. Whether you founded the company or are leading one, it can be a lonely place. Here, we learn from each other.”

Joe Motz, The Motz Corporation
Member Since 2014

Contact David Miller to learn more
513-556-7185 | david.miller@uc.edu
Driving Growth Initiatives
Leading Transition Strategies

cincygrowth.com  •  513.563.2877
Leadership Development Institute

“The Leadership Development Institute helped me to better understand how to reach my potential to be the best leader for my team, and what I needed to work on to help us all succeed.”

Aaron Hansen, President
Hansen Scaffolding

Whether you currently lead a business, a team, or aspire to lead both, the Leadership Development Institute will help you maximize your effectiveness. Sessions are challenging, clear, interactive and practical, leaving you energized and inspired to inspire others.

Register for Jan. 20 Overview Breakfast at goering.uc.edu/events

Learn more at goering.uc.edu