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COUNTY
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Business News

How to Thrive in Turbulent Times

450 Exton Square Parkway, Exton, PA 19341

Winter 2010

Happy New Year

Wishing you all happiness, prosperity and success in the New Year! Read on and see what information and services the Chester County Library offers that can help you reach your goals in 2010.

Check Out Our New Database

As a small business person, do you need to:

- Quickly learn about new markets?
- Better understand target audiences, their behaviors or lifestyles?
- Access detailed reports and maps?

You can now access at all libraries in the Chester County Library System and via remote access at www.ccls.org, our new business database, **Local Market Audience Analyst (LMAA)**.

For those of you who are familiar with the **LifestyleMarket Analyst**, a print resource in our collection, the publisher has discontinued the print version and replaced it with an online version and renamed it the **Local Market Audience Analyst**. This enables them to enhance the product and provide more detailed information. **LMAA** delivers sophisticated demographic, segmentation and targeting data for consumer markets. Data for all 210 DMAs (Designated Market Areas) and 3000 US counties, and 200+ Experian, Simmons Lifestyle and Industry and Nielsen Claritas PRIZM segments are also included.

The four research modules consist of the following:

Market Profile Reports – marketing details of DMAs and counties.

Lifestyle Analysis – hundreds of lifestyle behaviors measured by Experian and Simmons, such as sports & leisure, travel, auto products, electronics & computers, and more.

Demographics – provide key demographic variables for every DMA in the US and includes age, income, education, household size, home values and more.

PRIZM – contains unique insight into household makeup of each DMA by lifestyle traits. Select from PRIZM social groups or PRIZM lifestyle groups.

What Would Peter Say?

Peter Drucker was the most admired management guru of his time. Along with that he was also a well-known author and economist who predicted many of the most important business development of our time. These included the public outrage over executive pay and the challenge to America's global economic dominance. The most important reason why people continue to revere **Drucker**, though, is that his writing remains startlingly relevant today. You are struck by how accurately he saw the future.

While most of Drucker's work involved management and leadership of large corporations, his theories still pertain to the budding entrepreneur and struggling business person. His basic philosophy includes the following:

- The best way to predict the future is to invent it. Innovators should be

attuned to unmet needs that did not yet show up in market research.

- The only valid business purpose is to "Create a Customer" – an insight that has been central to companies' success for decades.
- The simple assertion that "Management is about Human Beings."
- Drucker was pragmatic about the work of organizations and society, along with having a deep sense of moral responsibility.
- People are assets to be empowered, not machines to be commanded.
- Not-for-profit organizations are necessary ingredients in producing a good society, one in which businesses can thrive. Civil society works to compliment government in meeting human needs.
- Beyond just making a profit, the essence of a company is making a difference, being really useful and creating something the world truly needs.

While the corporate world struggles to find its footing and the financial markets are still in crisis, Drucker's insights on effective management, ethical leadership and social responsibility have never been more essential. Obviously there still are enormous obstacles for small business. Perhaps with the help of Twitter, SCORE, SBAC, Kutztown University Small Business Development Center, Chamber of Commerce and online business databases at the Chester County Library, entrepreneurs can own 2010. And of course read Peter Drucker's books!

Business Q & A

Tax Preparation for Small Business Owners

The SBA hosts *Small Business VOICE*, an online chat discussion featuring topical questions from the small business person and responses from experts on a variety of small business issues.

The Q & A below took place on Wednesday, December 16, 2009 and gave small business owners useful end of year tax tips from Thomas P. Ochenschlager, Vice President of Taxation at the American Institute of Certified Public Accountants. For the complete text of this online chat transcript go to <https://eweb1.sba.gov/livemeeting/Dec09/>.

Inventory Tax – normally classified as personal property tax – why would consigned goods in a retail store be considered "inventory" to the store owner?

Consigned goods are inventory items that are typically owned by one company, but are physically held by another company at their own location. Unfortunately, the determination of which taxpayer is deemed to be the owner of the inventory for federal income tax purposes is not necessary of importance for other rules and tax laws. When assessing personal property tax, some localities may assess based on where the goods are physically located at a particular date, without concern as to who has title to the goods, who is required to insure the goods and bear risk of loss, etc. It is this situation you find yourself in, you may want to consider revisiting your consignment arrangement to make sure it requires the consignor to reimburse the consignee for any such property taxes that are paid by the consignee.

I w/drew money out of my IRA to start a business in 09. How do I avoid paying penalties and taxes on this money? (I am not 59^{1/2} yet.)

Unless an exception otherwise applies, you will be subject to both income tax and the 10% additional tax on any income generated by the distribution. Unfortunately, there is currently no exception for starting a new business. For traditional IRAs, any income earned is generally subject to taxes upon distribution. There are exceptions, however, on the 10% penalty. In addition to waiting until age 59^{1/2}, you

may not have to pay the 10% additional tax if you fall under certain categories.

I'm starting a business, I've incorporated it with an LLC and I have an IRS number. The business is not active yet, I only have had expenses this year. Do I have to file a tax return? Do I have to pay any form of tax?

In general, start-up expenditures are amortized and not deductible. There is an exception, however, in which the taxpayer may elect to expense up to \$5000 of the start-up expenditures. With respect to a filing requirement, if the LLC is operating as a partnership, a partnership return should be filed to the extent the entity has deductible expenses.

What start-up expenses are deductible on a taxpayer's Schedule C?

Your business start-up costs will depend on the type of business you are starting. They may include costs for advertising, travel, surveys and training. These costs are generally capital expenses. You can elect to deduct up to \$5000 of business start-up costs and \$5000 of organizational costs paid or incurred. The \$5000 deduction is reduced by the amount of your total start-up or organizational costs that exceed \$50,000. Any remaining cost must be amortized.

I started an LLC – what are the ramifications of 'pass through taxation' that apply to me?

If you are the only owner of the LLC, then you are a Single-Member LLC and, for federal tax purposes, will be treated as a Sole Proprietor. If that is the case, you simply report your income and deductions on Schedule C (Form 1040) and report the bottom line number on your Form 1040. If there are other owners, then you automatically have a partnership for federal tax purposes and must file a Form 1065. In either case, you have the option to elect to be treated as a corporation by filing Form 8832 (or an S corporation by filing Form 2553). Since you mention pass-through taxation, perhaps I should assume you are going the 1065 route in which case the partnership will report your allocated share of the partnerships' items to you on a Schedule K-1, which you will then incorporate into your Form 1040. It is difficult to give you exact answers without knowing more about your situation.

Business News, a quarterly publication, is aimed at informing the business community and library customers about the Library's business resources and services. *Business News*, along with other pertinent information for the business community, is also available at http://www.ccls.org/cwo/Find_a_Resource/Business.

New Books

Aftershock: Protect Yourself and Profit in the Next Global Financial Meltdown, John David Wiedemer (332.024 W).

For anyone who is inherently uncomfortable with their current investment options, tired of the two minute talking heads with their random predictions and single brokers claiming they know which stocks to buy, this book is a must read. *Aftershock* provides an original way to look at the current market volatility and turmoil. If after reading *Aftershock*, one has any doubts as to their predictions, read the first book *America's Bubble Economy*, to get a sense of just how accurately the "Great Recession" we are currently experiencing was predicted. Readers are shown how to seek safety and profits in these dynamic economic conditions.

America for Sale: Fighting the New World Order, Surviving a Global Depression, and Preserving USA Sovereignty, Jerome Corsi (330.973 C).

Corsi explains the globalists' plan to put America on the chopping block. With constructive solutions for resisting the global New Deal, reversing our dependence on foreign oil and strengthening our middle class, he shares important and practical strategies to help American families survive an imminent economic depression. The United States can be a major player in the world economy without sacrificing our sovereignty, the strength of our national domestic economy, or the dollar. America is for sale...unless taxpayers stand up and say "NO!" to the globalist political agenda that threatens our great nation's freedom.

The Mom & Pop Store: How the Unsung Heroes of the American Economy are Surviving and Thriving, Robert Spector (381.14 S).

Spector offers a love letter to American small-business people, in particular his beloved, hardworking father, a neighborhood butcher. A tribute to local merchants, depicted as independent, passionate and persistent and

the guardians of our most basic and enduring commercial bond, the book presents a broad, intriguing history of the 90% of all modern-day US businesses, which are family-owned or controlled, and their neighborhood-defining, community-building, ethics-based contribution to the American way of life. Spector touches on such examples of small-business successes as Rob Kaufelt of Murray's Cheese in New York's Greenwich Village, but his book truly sings when he recounts his childhood spent in his family's butcher shop and the practical wisdom he gleaned at his father's knee. Cheerful and charming, this is a heartfelt look at life on the other side of the counter.

Past Due: The End of Easy Money and the Renewal of the American Economy, Peter S. Goodman (330.973 G).

When the financial crisis struck in 2008, Main Street felt the blow just as hard as Wall Street. **New York Times** national economics correspondent Peter S. Goodman takes us behind the headlines and exposes how the flow of capital from Asia and Silicon Valley to the suburbs of the housing bubble perverted America's economy. He follows a real estate entrepreneur who sees endless opportunity in the underdeveloped lots of Florida – until the mortgages for them collapse. And he watches as an Oakland, California-based deliveryman, unable to land a job in the biotech industry, slides into unemployment and a homeless shelter. As Goodman shows, for two decades Americans binged on imports and easy credit, a spending spree abetted by ever-increasing home values – and then the bill came due.

Yet even in a new environment of thrift and pullback, Goodman argues that economic adaptation is possible, through new industries and new safety nets. His tour of new businesses in Michigan, Iowa, and elsewhere and his clear-eyed analysis point the way to the economic promises and risks America now faces.

Profits Aren't Everything, They're the Only Thing: No-Nonsense Rules from the Ultimate Contrarian and Small Business Guru, George Cloutier (658.022 C).

Cloutier, turnaround management expert, serves as a wakeup call for small business owners who have been hit hard by the recession. Don't blame the economy, he writes. Recession or no recession, if your

small business is failing, it's your fault! Cloutier dishes out tough love in pithy chapters that introduce his 15 Profit Rules (e.g. Love Your Business More Than Your Family, The Best Family Business Has One Member and Teamwork is Vastly Overrated). While his provocative pronouncements seem designed for maximum shock, each rule relies on practical business principles: maintain tight controls, pay for performance and focus on sales at all times. This blunt work will not be for the timid business owner afraid to re-evaluate operations, planning, compensation or family dynamics. For those ready to focus on profits, though, this book is loaded with valuable advice on how to get back on track and stay in the black in any economic environment.

Running a Side Business: When One Source of Income Just Isn't Enough, Richard Stim (651.421 S).

In a troubled economy, you've discovered that a single source of income just isn't enough. But how do you start and manage your new venture...and make a profit to boot? From crafting to home repair to website design and more, turn your hobby into a business and watch your passion generate cash. Packed with tips, legal resources, start-up success stories and **USA Today** snapshots and infographics, you'll learn the life cycle of a business and get answers to important questions. Find out how to manage a full-time job while running your side business, market your new business, protect your personal assets and much more. This book also offers guidance on selecting the right side business for you, with information about some of the most popular side businesses that have gained popularity in the last decade, including sales through eBay and Amazon, web design, blogging, Google AdSense business models and podcasting models.

Seven Lessons for Leading in Crisis, Bill George (658.4056 G).

From business giant Bill George, comes the just-in-time guide for anyone in a leadership position facing today's unprecedented economic challenges. Former CEO of Medtronic, he draws from his own in-the-trenches experience and lessons from leaders who have weathered tough economic storms. With straight talk and clear directions, he shows leaders specifically what they must do to become strong leaders and

survive any crisis. His seven lessons include: Face Reality, Starting with Yourself; Never Waste a Good Crisis; and Be Aggressive: This is Your Best Chance to Win in the Market. The book is a survival kit for anyone in a leadership position who needs a solid strategy for staying on course.

Twiterville: How Businesses Can Thrive in the New Global Neighborhoods, Shel Israel (658.872 I).

Twitter is the most rapidly adopted communication tool in history, going from zero to 10 million users in just two years. On Twitter, word can spread faster than wildfire and companies no longer have the option of ignoring the conversation. Twitter allows people to interact much the way they do face-to-face, honestly and authentically.

Israel introduces trailblazers such as:

- Frank Eliason, who used Twitter to reverse Comcast's blemished customer service reputation;
- The Coffee Groundz, a Houston-area coffee shop that uses Twitter to pack the tables (and fight off Starbucks);
- Connie Reece, who used Twitter to raise tens of thousands of dollars for cancer patients in need.

This book recounts the stories of ordinary business people who use Twitter to get closer to their customers and explains how global neighborhoods will make geography increasingly irrelevant.

The Upside of Turbulence: Seizing Opportunity in an Uncertain World, Donald Sull (658.4012 S).

Sull, professor at the London Business School demonstrates how turbulence – his term for rapid and unpredictable changes that influence a firm's ability to create value – provides opportunity for growth. Noting the exceptionally turbulent times we live in, he offers practical suggestions (and work sheets) to enhance a company's agility and ability to improvise. The essential idea is that agility is the key to business success especially in difficult times. While this many not seem groundbreaking, Sull elaborates on this concept by comparing winners and losers in various industries, and looking at the inherent cultural elements in organizations that decide their ability to be agile.

Upcoming Events

All events are held at the Chester County Library. Programs are free and open to the public. Upcoming events are also listed on the Library System's website, www.ccls.org, click on **Find an Event**. For information and reservations call **610.280.2624** or e-mail business@ccls.org.

Tuesday, January 12

7:00-8:30 PM • Struble Room

Seven Professional Practices to Help You Succeed in Business

Today's business professional needs the ability to compete on the job and in the job market. This seminar teaches the seven professional practices that will get you noticed. Find out what employers really want. Learn to present yourself as an ideal candidate. Presented by Mary Vogan, CEO, One Stop LeaderShop.

Monday, January 18

7:00-8:30 PM • Struble Room

Creating a Job in Today's Market

A "jobless recovery" holds little hope for the chronically unemployed in "the worst job market in 40 years!" this workshop reveals how to get a job – by getting a company to create a new position. Learn how to create distinctive "personal marketing" campaigns to get interviews and land "right fit" positions, no matter how bad the job market. Practical step-by-step techniques and advice to execute this method will be given by Charley Timmins, Founding Partner, PMA, LLC.

Thursday, February 11

7:00-8:30 PM • Struble Room

Staying on Track: Six Strategies for Investing in Any Market

- Viewing investing as a long-term commitment
- Why *staying invested* generally brings better results than *chasing performance*
- The importance of diversification and allocating investments among asset classes
- Choosing to rebalance your portfolio
- How and why systematic investing works

Presented by Brian Brugger, First Investors Corporation.

Monday, February 15

7:00-8:30 PM • Struble Room

You and the 10 Best Green Jobs for Now!

Dawn Mazzone, founder of Creative Economy Enterprises will present practical

ideas for stepping into the Top 10 Green Jobs and offer ideas to discover the best fit for your contribution, leading to life being prosperous and happy.

Monday, March 15

7:00-8:30 PM • Struble Room

Networking as a Strategic Job Search Strategy

Anne Dunn, Director of SBM Key Accounts, will present an overview of job search strategies including: concepts of relationship marketing, tips on leveraging personal and business relationships to quickly find new work and suggestions on leveraging social networking sites.

Monday, March 29

7:00-8:30 PM • Struble Room

Financial Behavior and Retirement

Jacquelyn M. Basso, CPA, will discuss how household financial management, emotions and planning affect your retirement.

Thursday, April 1

7:00-8:30 PM • Struble Room

Resume Writing

Basic types of resumes, along with preparing cover letters, will be discussed. Presented by Sharon McCaffrey, retired PA Careerlink Specialist with 35 years of experience.

Researching a company? Writing a business plan? Conducting market research? The Chester County Library can help. E-mail us to see how the Library can help you in your business research: business@ccls.org.

KUSBDC Classes

These classes are held at the Chester County Library.

How to Start and Operate a Small Business

Sponsored by the Small Business Assistance Center (SBAC), Kutztown University Small Business Development Center (KUSBDC) and SCORE. Registration required, call **SBAC 610.444.1721** or register online at www.sbacnetwork.org. There is a one-time **\$15** materials fee for these classes payable by check to Kutztown SBDC at the door or prepay online at www.kutztownsbdc.org.

All 6:00-8:30 PM • Struble Room

Wednesday, January 13

Wednesday, February 10

Tuesday, March 9

Tuesday, April 6

Four Part Business Planning Workshop Series

Attendees must register with KUSBDC before attending Business Plan I. The classes must be taken in order. A certificate will be awarded at completion of all four Business Planning classes. To register, call **KUSBDC 866.458.7232** or visit their website www.kutztownsbdc.org/how_to_register.asp. There is a one-time **\$60** materials fee for these classes. Contact KUSBDC for payment information.

Series starting January 7:

All 6:00-8:30 PM • Struble Room

Thursday, January 7

Business Plan I

Thursday, January 14

Business Plan II

Thursday, January 21

Business Plan III

Thursday, January 28

Business Plan IV

Series starting February 18:

All 6:00-8:30 PM • Struble Room

Thursday, February 18

Business Plan I

Thursday, February 25

Business Plan II

Thursday, March 4

Business Plan III

Thursday, March 11

Business Plan IV

Series starting April 22:

All 6:00-8:30 PM • Struble Room

Thursday, April 22

Business Plan I

Thursday, April 29

Business Plan II

Thursday, May 6

Business Plan III

Thursday, May 13

Business Plan IV

Chester County Library System

Atglen Public Library 610.593.6848
Avon Grove Library 610.869.2004
Bayard Taylor Memorial Library 610.444.2702
Chester County Library 610.280.2600
Chester Springs Library 610.827.9212
Coatesville Area Public Library 610.384.4115
Downingtown Library 610.269.2741
Easttown Library & Info. Center 610.644.0138
Henrietta Hankin Branch Library 610.321.1700
Honey Brook Community Library 610.273.3303
Malvern Public Library 610.644.7259
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