

The View from Level VII™

STRATEGIC PERFORMANCE MGMT

EXECUTIVE PLANNING RETREAT

Year-end closing, auditors reports and tax returns are all finally complete and many businesses are planning their annual Executive Retreat to explore the future of the company and what must be done to sustain and improve current and future results.

Although you can use the retreat just to relax and recharge the batteries; if done properly it can be a great opportunity, especially in this era of economic turmoil and technological change, for real accomplishment by recognizing the new realities of the marketplace and determining what specifically must be done to make the company viable over the long-haul.

During the retreat you should test the premise on which your current model is based and ask:

- As we operate today are we still capable of being relevant to the needs of our customers?
- Are there better ways of doing what we do?
- Are there changes in the marketplace, technology, regulation etc. that will impact our customers, their needs and how we are able to serve our customers?
- Are there ways to substantially improve our processes, productivity and profits?

The critical areas of your company that should be addressed include

- Management structure
- Productivity
- Customer relations
- Marketing and how you define your market in terms of needs and the ability to meet those needs

- People, talent, recruiting and compensation
- Internal communication
- Competitive intelligence – Do we understand what our competition is doing?

No matter how you structure your retreat be sure to **MAKE SOMETHING HAPPEN!** Your retreat can be a routine litany of mundane business surrounded by leisure and food, or it can be an opportunity to move your company more solidly into the future:

- Something should happen as a result of your retreat.
- Something in today's environment should change.
- Something should improve

Stone & Associates stands ready to assist with performance measurement systems, or any of our other Strategic Performance Management, Financial Management Consulting or Business Performance review services.

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HUMAN RESOURCES

WHAT'S THE ANSWER?

This month instead of boring you with some article that may not interest you we thought we'd offer you the opportunity to test out our services. **FREE OF CHARGE!!!**

- Do you have some pressing Human Resource question that you need an answer to?
- Do you have a question concerning if you're in compliance with the modifications that were recently made to the Fair Labor Standards Act?
- Are you aware of the questions that can't be asked during an employment interview?
- What do you do if someone indicates on your employment application that they've been convicted of a felony?
- Are you in compliance with the Uniformed Services Employment Reemployment Rights Act? Have you even heard of it?
- And what about all this talk about legal and illegal immigrants? Are you aware of the forms you are **REQUIRED** to request from all new employees in order to prove they're ability to work in the United States?

Well if you can't answer any or all of these questions, or others like them we'd like to help you. All you need to do is to access our website: www.HRProfessionalconsultants.com, go to our contact page and tell us what your question is and we will respond with the correct answer within a 3 hours. That's right 3 hours. How does that turn around time compare to your own HR Department.

This offer is good only for the month of July 2006 and we must limit you to two (2) questions per company. Who knows, you may like our services and decide to give us a try. Looking forward to hearing from you.

HR Professional Consultants, Inc. offers human resource services and outsourcing for businesses of various sizes.

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In this and/or future issues you will find short, yet meaningful articles regarding:

- Strategic Performance Management
 - Human Resources
 - Risk Management
- Executive Compensation & Benefits
 - Employee Benefits
- Private Wealth Planning

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EXECUTIVE COMPENSATION DISCRETIONARY BONUSES

This heading should probably read "Indiscretionary Bonuses". This is because most knowledgeable and experienced executive compensation professionals (be they in-house company HR professionals, or external consultants) agree that it is an "indiscretion" or lack of judgment to use this approach – in most cases.

A "discretionary bonus" is one which is typically:

- Awarded **after** the period (or objective) to which it relates
- Not subject to achievement of financial or other targets communicated in advance (as part of a Plan design)
- Found in privately owned (family) companies
- Determined by the subjective decision of the sole (or major) shareholder

With the competition now for proven senior managers/executives, your company is at risk in losing these executives if you do not have a creative Annual and Long-term Incentive/Bonus Plan.

Time has proven that the most effective Bonuses – for senior management and executives – are very formally communicated, in advance, as an Annual or Long-Term Incentive/Bonus Plan.

The Plan normally includes such key design features as: Selected participants; Financial (and possibly qualitative) targets; Period (one, three or five years); Payout timing/method – and deferral option(s), if any; and Plan rules including provisions relating to: termination of employment (for various reasons), Administration, Funding, personal income tax.

With the competition now for proven senior managers/executives, your company is at risk in losing these executives if you do not have a creative Annual and Long-term Incentive/Bonus Plan for your managers, supervisors, professionals.

Harman & Associates with its fortune 500 background and extensive national and international experience in executive compensation planning stands ready to assist in developing a plan that establishes value for all parties involved.

Ray Harman
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EMPLOYEE BENEFITS

"SPRING CHECK-UP"

Most of our clients are busy from October through March with Medical Insurance renewals, Retirement Plan Issues, and other "year-end" emergencies. Now that this hectic time of year has passed, you may want to review other benefit options. Our "Spring Check-Up" list highlights some of the critical, yet often overlooked benefits programs.

- Group Long Term & Short Term Disability Insurance - Do your employees have protection beyond the \$170 per week for 26 weeks covered by New York DBL? Did you know that you can offer these benefits on a purely employee paid basis?
- Group Term Life Insurance - Does your current coverage address the true needs of your employees? Could a Voluntary Supplemental Plan be of value to your group?
- Group Dental Insurance - Are your employees currently covered for dental expenses? Most Dental Insurance carriers have developed new plan designs aimed at meeting the needs of a diverse workforce.
- Group Travel Accident Insurance - Do you have employees that travel offsite for work? This benefit can provide a high level of protection for these employees, and be inexpensive for your company.

Please contact us if you are interested in a "Spring Check-Up" for your business.

Benefits Advantage, Inc. provides consulting and insurance brokerage services for all types of employee benefits programs. Emphasizing *personal service, creative ideas, and positive results*; Benefits Advantage Inc. has 30 years of industry experience in working with clients.

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EXECUTIVE BENEFITS

LIMITED 409(A) TRANSITION RELIEF FOR PROHIBITED PLANS!

Responding to widespread confusion over the effective application dates of 409A Deferred Compensation reform provisions, namely regarding the use of offshore trusts or financial health triggers, the IRS recently issued Notice 2006-33. This notice identifies provision of a grace period for affected plans to comply with such certain provisions of Section 409A of the Internal Revenue Code (IRC).

With respect to amounts payable under a nonqualified deferred compensation plan, IRC Section 409A(b) generally prohibits the use of offshore trusts or restrictions on assets in connection with a change in the financial health of the employer. Under 2006-33, plans containing noncompliant provisions will not trigger the penalty so long as the plans are brought into compliance by December 31, 2007. The grace period applies to assets set aside, transferred, or restricted on or before March 21, 2006, including earnings on those assets.

Because of the complexity of the issue and still moving legislative targets, 409A continues to present challenges to companies trying to work toward mandated compliance by year-end 2006. Do not hesitate to seek out assistance...as is said, "a pound of prevention..."

Weir Financial Resources, LLC is a financial advisory firm offering information, ideas and solutions in Executive Benefits, Business Succession and Private Wealth Planning.

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