KRD PROFILE:

**LYONSCG**

**eCommerce Realized!**

Norm Alesi’s professional career didn’t begin in tech companies, but after taking a job with a tech firm in the late 1990s, he found himself immersed in the field and on a path that would ultimately prove to be his calling. “I had a baptism by fire in the tech field,” Alesi says. “I learned 12 different types of tech businesses in 12-18 months.” In 1999, Alesi started his own business, Laurus Technologies, which combined his newly earned tech expertise with his background in management consulting to provide IT and business solutions. Through Laurus, Alesi connected with Rich Lyons and Dave Barr, founders of Lyons Consulting Group, and after being hired on as a consultant in 2009 he rose to become the company’s COO and CFO. “I concentrate on everything that’s not sales and marketing,” he explains.

When Lyons Consulting was first established in 2003, it offered a broad range of tech services and a core culture of placing its clients’ needs ahead of profit motive. While that culture remains steadfastly in place, in 2010 the company made the decision to focus primarily on e-commerce, helping develop online strategies and systems to grow their clients’ business capabilities. Alesi notes that their clients come to them with a wide range of needs and knowledge: “90 percent are looking to improve their e-commerce experience, but already know the marketplace. 10 percent are just starting to learn what e-commerce is about, or they’re a startup and they need help to get going.”

“We’ve learned that e-commerce is a fast-paced field that’s ever-changing,” Alesi adds. “The technology changes so quickly and platforms may change every three years. There are new things that people hadn’t thought of 6-9 months ago, new embellishments to existing technology. We invest in the relationship with our clients to help them through that ever-changing e-commerce process.” Alesi describes the e-commerce market as “grow or die,” and the team works to both stay abreast of changes in the industry as well as provide thought leadership via web articles, speaking engagements at trade shows, and twice-yearly customer forums.

The restructuring of the business model has been remarkably successful for the company. Prior to 2010, Lyons Consulting was a smaller local business, employing approximately a dozen staff members; since then the company has grown to include well over 200 employees, with technical support offices established in Ann Arbor, Michigan; Rockford, Illinois; and Kiev, Ukraine to provide client support 24/7. In addition, as of August 2014 Lyons has also opened a new office in London in response to encouragement from its clients to expand to the international markets. “Our expansion into Europe helps us capitalize on smart people from elsewhere in the world, augmenting our stellar team in the United States,” Alesi says. “Europe has always been part of our long-term strategy, so bringing ourselves to a country with similar business practices is a good first step. We’re currently evaluating plans for east and west coast offices in the US, and in Asia for the future.”

KRD partner Jon Segal first became involved with Lyons Consulting to perform the first financial review of the company. “KRD helped validate our processes,” Alesi says. “We can go to them to help with things we don’t have expertise on. They help us a lot by extending our internal accounting.” Citing his personal experience with Segal at prior companies, Alesi considers KRD “a very strong company that I can rely on.”
KRD Team Members accumulate over 1800 hours of Continuing Professional Education (CPE) courses annually in order to maximize the financial benefits available for our clients’ needs.

KRD is recognized as one of Chicago’s Best & Brightest Companies to Work For. The National Association for Business Resources recognizes the best companies in several categories which result in better business, richer lives and stronger communities.

Happy Employees are Productive Employees

Employee happiness affects productivity. A positive culture creates positive workers. Educate, encourage interoffice socialization, recognize strengths and celebrate accomplishments.

How?

Start from the beginning, hire the right people and invest in their knowledge and skills in order to maximize their productivity.

Educate and support your managers to embrace a positive culture in order to develop a fully engaged and productive team. It is important to train managers to recognize and assess employee emotions in order to boost individual and team development. This approach helps avoid employee absences.

In today’s world it is easy to communicate digitally, however, it is important to encourage face-to-face interaction between team members, provide opportunities for employees to socialize on a regular basis.

Not all employees want or require public acknowledgement of their accomplishments, but most want to be recognized in some way. Do you know your employees’ preferences?

Can You Reduce Your Property Taxes?

Do you feel like your property taxes are going through the roof? You’re not alone. The National Taxpayer Union (NTU) says that 60% of property in the U.S. is overassessed. Review your tax statement carefully and take action because in some locations you only have 30 days after receiving your current tax bill to initiate an appeal. Following are a few suggestions to help lower your property taxes.

- Verify the Dimensions – of your home listed on the bill – is the square footage and number of rooms correct?
- Look for Mistakes – in some situations, assessors only compare description of your home with similar ones in your neighborhood. Your property could be overvalued if you’re by a busy highway or in a flood zone.
- Check Comparative Homes in Your Area – available at your local assessor’s office or online, find assessment numbers on homes similar to yours – size, age, location. Compare your value to at least six homes in your area and compare.
- Arrange a Meeting with your Assessor’s Office – if you feel your home is valued too high set the appointment and be prepared with photos and comparative data.
- Seek an Appeal – Lodge a formal appeal with the local assessment board if needed to fight your case. Tip: Sit in on someone else’s public hearing to learn how the board works.
- Hire a Pro – have a property tax consultant or attorney do the legwork – yes they charge a fee – the fee may be a flat or hourly rate or their fee may be percent of the amount saved.

If you need a recommendation, please call KRD.
Business Tax Deductions to Remember

Are you taking advantage of tax deductions to the fullest extent for your business situation? Make a checklist of business expenses to discuss with your accountant or tax preparer before the end of the year.

Interest on Loans
If you use credit to finance business purchases, the interest and carrying charges are fully tax-deductible. The same applies to personal loans when you use the proceeds for your business. Be sure to keep good records.

Professional Fees
Fees that you pay to lawyers, tax professionals, or consultants generally can be deducted in the year incurred.

Bad Debts Deductions – Goods vs. Services
If your business sells goods, you can deduct your cost of goods that you sell but aren’t paid for. Unfortunately, if your business client or customer doesn’t pay for the services you provide, no deduction is allowed for your time.

Software
As a general rule, software bought for business use must be depreciated over a 36-month period, but discuss the exceptions with your tax preparer.

Advertising and Goodwill Promotions
The cost of ordinary advertising of your goods or services – business cards, ads, and so on – is deductible as a current expense. Promotional costs that create business goodwill are also deductible as long as there is a clear connection between the sponsorship and your business.

Business Auto Expenses
If your auto is used for both business and pleasure, only the business portion produces a tax deduction. Determine which method of claiming expenses offers you the most advantages: Actual expense method – You keep track of and deduct all of your actual business-related expenses. Standard mileage rate method – You deduct 56¢/mile, plus all business-related tolls and parking fees.

Can an IC-DISC Benefit Your Company Financially?

An IC-DISC (Interest-Charge Domestic International Sales Corporation) is a tremendous export tax incentive designed for small and medium manufacturers that export.

The Tax Advantage:
The tax laws provide an opportunity for a business to use an IC-DISC to have the tax on 50% of its export income reduced by more than 50%. Additionally, the IC-DISC may create income which can then be distributed to shareholders at the qualified dividend tax rate (vs. an ordinary income tax rate). Use it as an estate planning tool or incentive for employees.

What Types of Businesses Qualify for the IC-DISC Tax Benefit?
- Closely held companies that earn significant income from exporting US-made products.
- A business that directly exports goods it manufactures (this can include software, films, agricultural products).
- A business that provides architectural or engineering services that are conducted in the U.S. for a building/bridge outside the U.S. (e.g. building designed in U.S. and built in Canada).
- A business that manufactures goods included in a product that is exported. (e.g. tires on a tractor).

Please contact KRD to help coordinate setting up an IC-DISC.

International Corner

GGI | Geneva Group International

Allen Kutchins will be attending the Geneva Group World Conference in Cape Town South Africa, October 15 – 19.

KRD has fostered positive relationships with other accounting firms around the world that have benefitted our international clients and those evaluating international growth. Let us know if we can be assistance to your organization if you’re considering growing internationally.

Can an IC-DISC Benefit Your Company Financially?

An IC-DISC (Interest-Charge Domestic International Sales Corporation) is a tremendous export tax incentive designed for small and medium manufacturers that export.

The Tax Advantage:
The tax laws provide an opportunity for a business to use an IC-DISC to have the tax on 50% of its export income reduced by more than 50%. Additionally, the IC-DISC may create income which can then be distributed to shareholders at the qualified dividend tax rate (vs. an ordinary income tax rate). Use it as an estate planning tool or incentive for employees.

What Types of Businesses Qualify for the IC-DISC Tax Benefit?
- Closely held companies that earn significant income from exporting US-made products.
- A business that directly exports goods it manufactures (this can include software, films, agricultural products).
- A business that provides architectural or engineering services that are conducted in the U.S. for a building/bridge outside the U.S. (e.g. building designed in U.S. and built in Canada).
- A business that manufactures goods included in a product that is exported. (e.g. tires on a tractor).

Please contact KRD to help coordinate setting up an IC-DISC.
Can My College Graduate Deduct Her Travel Expenses to Job Interviews?  
*(she graduated in June 2014)*

**Generally, No.** The tax law allows you to write off job-hunting expenses – including travel costs associated with going on interviews – only if you’re seeking a job in the same profession. However, you can’t deduct the cost of a job search if you’re switching your industry or profession or you are applying for your first job out of school without having established a profession. In these situations, job-hunting expense are deemed to be personal nondeductible expenses.

**Note:** When job-hunting expenses do qualify as deductible, they must be claimed as a Miscellaneous Expense subject to the 2% of AGI deduction threshold for miscellaneous itemized deduction items.

**My Daughter Is Paying Off Her Student Loans, Can She Deduct the Interest?**

**Maybe.** The annual deduction for student loan interest is limited to $2,500. The deduction begins to phase out in 2014 for single filers with a modified adjusted gross income of $65,000 and $130,000 for joint filers. Since it is claimed “above the line” it is available to both itemizers and non-itemizers.

**We Can Help**

*We welcome the opportunity to discuss how KRD can help in your tax and financial planning, please call us at 847-240-1040*