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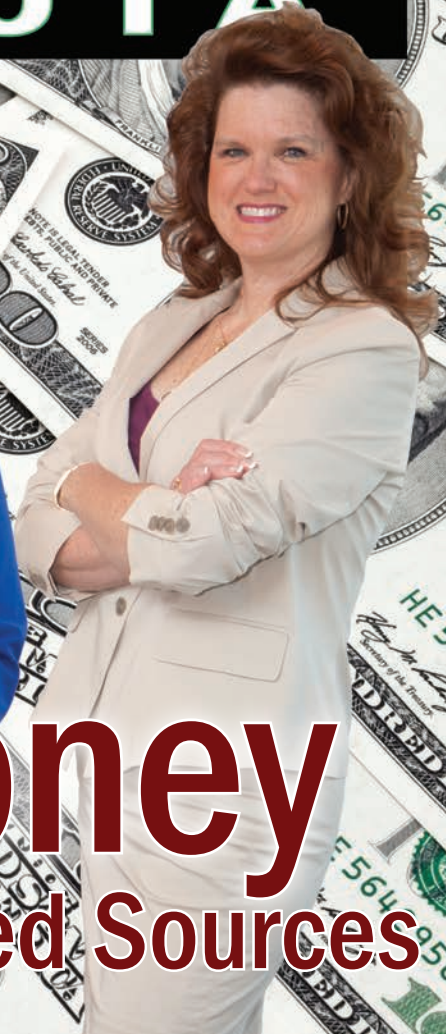
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Money Unexpected Sources

Special Report

Money is the life blood of any business. This issue explores alternative ideas to manage, grow and uncover revenue that many new and small business owners may not be aware of. New Business Minnesota presents these experts to help show you the way: **Bill Humphrey**, New Direction IRA on Self-Directed IRAs as a Source of Funding; **Lesley Farmer**, KLC Financial Inc. on Equipment Leasing Alternatives; and **Jill Gibson**, Softech Solutions LLC on Getting More from Current Customers.

Money Unexpected Sources



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Looking for Money? You're Surrounded by Investors

Self-Directed IRAs Open Up New Opportunities to Fund Your Business and Grow Your Retirement.



Clay Malcolm, Jennifer Berg and Bill Humphrey of New Direction IRA.

By Bill Humphrey
New Direction IRA

Businesses run on money. Entrepreneurs need it to fund their dream, to expand operations, buy new equipment, acquire a competitor, and to invest in their retirement.

One of the most overlooked funding options for private companies is self-directed IRAs. Even though they have been around since the mid 70s, it really wasn't until the tech bubble hit the stock market in 2000 and the crash in 2008 that investors started looking at alternative asset opportunities that would give them more control of their tax advantaged accounts.

Unfortunately, many people mistakenly believe their IRA can only be used to buy publicly traded securities, stocks and bonds or mutual funds.

Many also feel that to invest in private companies (and other alternative assets for that matter), they have to take a distribution from their IRA, an action which may incur taxes and penalties. IRA investment in alternative assets, however, it is not a distribution. You can invest the money without a tax penalty or a taxable event if you follow the rules. All you need to do is have an IRA with a provider that knows how to handle the type of asset in which you want to

invest.

More Investment Options

You can direct your IRA account to invest in physical things like real estate or precious metals. And you can buy private equity such as shares of stock or a percentage of ownership in a privately owned business.

While you can invest in other businesses, you can't invest in your own. You can fund loans to your brothers, sisters, aunts and uncles, but not your parents, spouse or children. It is important to pay attention to the details. That's why investors use providers like New Direction IRA that deliver free, easily accessible information, to sort it all out.

Funding Your Business

A primary funding source for new and expanding businesses is family and friends. We find that, in many instances, when they decline to invest it's because they don't have available funds. Or so they think.

Once they discover they have another pot of "investable" money in the form of their IRA, they are able to make an investment in someone they know and believe in.

Here is a good example of how an entrepreneur used IRA funding as for his growing business, which involved moving new cars from a

New Direction IRA *Continued from Previous Page*

rail depot to dealerships on car carrier trucks.

Business was so good that he needed to add more trucks to his fleet. Rather than turning to a bank, he talked to IRA holders he knew and offered them the opportunity to buy car carrier trucks of their own. He even provided each of them with contracts to move his cars, guaranteeing an income stream.

The IRAs received this income, less the organizer's take. In addition, at the end of the contract, they were able to sell the trucks themselves.

The business owner was able to significantly increase his trucking capacity without putting up extra money, and the IRAs increased in value. The beautiful thing about this type of personal investing is that no one has to lose for everyone to win.

Here is a classic example of IRAs as a "hidden" source of funding. I know of a high tech company that was still in the investment phase and preparing to launch its first product. To keep going, they needed another round of financing.

When the company found that IRA holders could be investors, they went back to their original pool of investors who were already sold on the company as a good investment. With New Direction's help, their self-directed IRAs were now able to provide a second round of financing.

Think of the time it would have taken to essentially start from scratch and find a new group of investors, meet with them, and sell them on the potential of the company. The time and effort required for that could have delayed the launch schedule.

It's surprising how many IRA funds are on the investment sidelines right now merely because people don't realize they have options when it comes to making that money work for them.

Convenient Administration

Another plus to working with IRA investors is the reduced administrative burden. There are no challenging and complicated public disclosure requirements. The IRS doesn't require credit statements and collateral when an IRA acquires an investment.

The IRA investors do their own due diligence before they put their money into play. There is no minimum or maximum investment, and their participation can look like a loan with a prescribed return or an equity interest tied to company performance.

It's relatively straight forward once you realize that your IRA funds are available, but it needs to be set up and documented properly, which is what our clients rely on us to do for them.

Take, for example, a baker who needs a new oven but doesn't have the cash to do it. The baker turns to a friend who has an IRA. The IRA makes the loan and then receives the principal and interest via the payment schedule, and the baker gets the oven he needs.

For some business owners this real life example may resonate. We have an account holder who recently made a loan to his brother. The brother needed some capital, so the account holder lent him the money through his self-directed IRA.

They, of course, were close enough that the loan could be made without any need to put up collateral. The note was a relatively informal document specifying the agreed-upon terms. That note, along with a short form was all we needed to complete the loan.

Active Investing

Using a self-directed IRA is active investing as opposed to a situ-

ation where someone else is making choices on your behalf which is passive. This active participation is a paradigm shift from what most people are used to with their retirement accounts.

You take control of what happens with your IRA. If gold is an asset that you want in your retirement portfolio or say you want rental property to be producing cash for your retirement, you can include those types of investments in the mix.

Providers like us don't give financial advice, but we can educate and guide you on how to use IRAs as a tool. We want our clients to know all the rules to preserve the account's tax advantages. We provide the knowledge and the infrastructure to make IRA investing as easy as possible. Our online portal makes it easy for our account holders to see how their investments are doing as well as perform many account functions.

If you lent money from your IRA, your borrower can make payments directly into your IRA online. If your investment, real estate for instance, requires paying bills you can use our free bill-pay to pay the vendors that are servicing the property.

The IRS requires self-directed IRAs to be administered by a custodial entity such as a bank, trust company, credit union or a provider like us. You are in charge of selecting investments, and you direct us to execute your orders.

Our role is to provide client education, assemble proper documentation, and provide personal and technological account holder services. When clients need help, they call their account's internal liaison at New Direction IRA. Each client has their representative's phone extension and email address.

Your Hidden Edge

One of the things I've learned from our clients is that they are cutting edge. They are comfortable being in control, and they are always analyzing new business opportunities they come across. If they meet someone successful, they listen closely and look for lessons that can be applied to their own investing or business.

Call it curiosity, studiousness or whatever you want, but recognize that as an entrepreneur you see the world differently. To paraphrase a quote from the lead character from the movie "Taken," you have a unique set of skills.

Just about anyone reading this article who has started a business will have great "local knowledge" about their industry, their community or their peers in the Chamber of Commerce or professional associations. Now you have another way to capitalize on that information.

If you invest in someone you know personally or professionally who has a great track record of success, you are investing actively and with unique knowledge. Contrast that with keeping your IRA in mutual funds managed by someone you'll never meet.

Conclusion

Take the time to learn more about what you can do with a self-directed IRA for your business and for your personal retirement. We can help you evaluate what your options are and determine whether a self-directed IRA is right for you.

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Bill Humphrey is Co-Founder and CEO of New Direction IRA, a self-directed IRA provider that specializes in alternative asset investments for individuals and business owners. For more information, call one of our IRA experts at (877) 742-1270 ext. 155 or info@ndira.com www.newdirectionira.com

Call To Action

Download self-directed IRA Private Equity Investing Guide at <http://tinyurl.com/IRA-Investing-Guide> or call (877) 742-1270 x155.

Find Hidden Treasure in Your Customer Data

CRM Software and Process Management Can Boost Sales to Current, Past Clients.

By Jill Gibson

Softech Solutions LLC

All entrepreneurs I've ever met have goals. Chief among them is growing their business. To do that, they often invest time, energy and money in search of new customers or clients.

But is that really the best option they have to growing their business? In reality, they are looking to grow revenue. That's an important distinction.

Your next new source of revenue – an unexpected source for many – is right there in your database, spreadsheet or shoe box. Your existing customers. It is right under your nose.

Research consistently shows that increasing customer retention rates by 5 percent can increase profits by 25 percent to 95 percent. And it can cost six to seven times more to acquire a new customer than to keep an existing one.

Obviously, you need to put your money where it will do the most good. For some startups, they need to acquire their first wave of customers. For businesses that have been around a while and already have a base of customers, they have to decide how to split their marketing investment between existing and future customers.

If you don't use a customized Customer Relationship Management (CRM) program and set it up properly, you will be at a distinct disadvantage in pursuing old or new customers.

And a new business should have a good CRM strategy in place from the beginning. As your business grows, that CRM will give you a firm marketing foundation to fuel that growth. And you will do a better job of retaining those hard-won customers.

For more mature businesses, they need to ensure their CRM layout is set up to deliver its full potential and that it is faithfully being used.

Tend to Customer Needs

What I do at Softech Solutions is set them up

on Act! Contact Management software and integrate it with QuickBooks. Then I show them how it can drive revenue.

Act! contains the potential and existing customers and QuickBooks has the current customers. Between them, my clients can keep track of all the tasks associated with managing sales and client contact in a way that will deliver results to the bottom line. This tracking is how you keep things moving forward, provide customer support and deliver what you promised.

Unless you have a robust CRM to help, you'll spend hours just figuring out the next step.

For my clients, I set up automatic email reminders that trigger the required action for every step. When a prospect surfaces, certain emails will go out. When the prospect says Yes, that is noted in the CRM and an email thanking them is automatically sent out and an account is automatically created in QuickBooks.

Follow up calls, deadlines or other specific events are automatically scheduled and put in your calendar. You get a 24-hour early warning so you can react better.

Automation helps eliminate the white noise in your brain that is bouncing around with thoughts of picking up dog food, dry cleaning or kids at daycare. It takes a toll on you to manage all the details in your life. Your dog will remind you if you forget, your client may not. They'll just move on to the next provider.

Your sales cycle will actually speed up because the reminders keep the process moving along. You'll get to closing faster.

Accounts receivable are also included. When the due date approaches, a reminder is sent out. So many people just forget or think a payment has been made. A re-



Softech Solutions *Continued from Previous Page*

minder really helps. This simple adjustment means you'll also get paid faster.

From a customer standpoint, they will see you as being on top of things, on the ball. Since they know you will follow up be prepared for meetings better and that makes them step it up as well.

And if you've got happy customers, you'll get more referrals, not just repeat business. Referrals are gold; just pure gold. That trumps any other form of marketing.

Process, Process, Process

To build a customer-harvesting database requires you to create a "process" map. The map traces all the steps you take when someone becomes a customer.

Put yourself in your customer's shoes as you do this. What do they need and how can you do it more efficiently? Structure the process to take better care of them.

When you email a quote to a prospect it's important to follow up. I set a reminder to follow up in 48 hours if I haven't heard from them. When my alert pops up, I either mark it cleared if there has been client contact, or I pick up the phone and call to make sure the quote was received.

That has saved my behind many times because the email didn't get through. That simple prompt to follow up increased my sales by 25 percent. I'm a data person and even I was surprised.

It's important in my process to track the time from when a prospect is created to when the sale is closed. Entering that information and tracking helped to quicken the sales process, which improved cash flow.

Ten days after a sale closes, another phone call or meeting is supposed to take place. Each contact is recorded.

Some businesses have a five-step process. Others have 50 steps. You have to find what is right for you, which I'm very good at helping my clients with.

When I first start asking questions about their process, they think I'm merely a stickler for detail. They don't get it right off. I'm like a personal trainer. I'm leading them someplace important and all they hear is, "Wax on wax off." Understanding will come.

Valuable Data

The data you store is likely in three places: Excel spreadsheets, QuickBooks and your CRM application. Bringing that data together – another thing I do – makes it more useful and valuable.

One client wanted to know how much money his top 20 clients spent over the past five years and how many times they had meetings. I was able to export all the critical data to Excel, create a pivot table and build a bar chart to lay it out clear as day.

He was blown away to see the results over five years. Then he asked about one year. So I made it a dynamic query so he could take a snapshot. If he wanted to, he could see quarterly reports.

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The chart showed him the high maintenance / low profit clients as well as the low maintenance but high profit ones.

After seeing the reports, he realized the two large companies were taking up a lot of time, so they changed how meetings were handled. He would proactively put meetings on a set schedule rather than let a nervous client call a meeting because they merely felt it was time for one.

Adjusting expectations and taking charge made that existing client more profitable. All they had to do was change their sales process.

Customer Contact

Revenue is lost when we allow customers to drift away. Sometime they buy less or stop altogether because their business is off. Next thing you know, they're out of your loop. And you have no way of knowing that they rebounded without you.

Make it a rule to always contact every customer at least once a year. Your CRM should track that for you and give you a list every day to act on.

When you call, just ask how things are going. You might learn they've added iPads or laptops, are doing more in the cloud or working more from home. This gives them a chance to talk and it sparks more questions. Do an assessment of what they are planning next.

You might discover that purchasing declined because your "champion" left the company and they don't know you exist.

Data segmentation will allow you to customize marketing messages to fit select groups, like those whose orders declined by 50 percent, haven't ordered in six months, only order in certain seasons, etc.

Each can be scheduled – in advance – to receive a custom offer or message. Imagine 26 email marketing campaigns going out throughout the year. All you did was set it up once.

Conclusion

Building the right data infrastructure is the surest way to gain access to the revenue hiding in QuickBooks, your CRM or Outlook. Even with the structure you have now, there are tricks to reveal opportunities you are missing out on.

Use data and your process to shorten the sales cycle, retain current customers, pull more revenue from them and open up new opportunities by improving your customer contact and customer service. Do that, then go after those more costly new customers.

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Equipment Leasing Can Preserve Your Working Capital

Don't Borrow Money From a Bank Without Considering the Alternatives

By Lesley Farmer
KLC Financial Inc.

You have a great idea for a business that you know is a winner. For years you've dreamed of the day you can open up your own business and bring your product to the people. You know they'll love it and you're sure it will be a success.

You've done everything you're supposed to; researched the demographics; put together a business plan; determined the equipment, furniture, and decoration expenses. You know exactly how much you have to make to ensure you do more than break even.

Now it's time to put your plan into action and head to the bank to get the loan to get your business off the ground.

Unfortunately, business is full of unexpected turns. What you thought was a simple loan application process ran into a finance reality: Banks have constraints that don't always make sense to individuals who are looking for startup business loans.

That's where financing and leasing companies like KLC Financial come in with customized financing solutions.

Bouncing Back

A business I recently worked with fit the above description. They had a great plan for a family entertainment center and felt confident when they approached their bank.

Like I said, banks have constraints, especially when it comes to balancing risk. The financing plan called for them to pledge all their assets, plus put down 30 percent to get the loan. They weren't expecting that.

Considering they had already paid the franchise fee, they were getting worried. They were terrified of the commitment the bank was asking for.

Like many banks, this one made the best

deal they could, but their hands were tied. They referred them to me, knowing KLC has alternative financing capabilities.

After reviewing all their options, I was able to put a package together that would finance all the equipment for the facility, using the equipment alone as the collateral.

They were thrilled to preserve their capital, which was needed for other parts of the business. I was able to move fast and keep their launch schedule.

Leasing Solutions

What that company went through, the path they took looking for money, isn't that unusual. Most people don't know that there are alternatives to solving their money problems.

The first idea in their heads is that they have to purchase equipment, furniture, fixtures, point-of-sale (POS) machines and other items necessary in order to get their business off the ground.

The upfront cost of purchasing is often prohibitive and many times financing the purchase doesn't give a return on your investment that makes sense. Leasing has many advantages and frequently allows you to save some of your capital so you can purchase equipment down the road.

Because KLC Financial is one of the leading leasing companies, we have relationships with vendors and banks across the country. We get referrals from them when they aren't able to find a solution.

Evaluating Options

Every business owner's situation is different and it's important that I meet face-to-



KLC Financial *Continued from Previous Page*

face with clients and evaluate their business plan.

After that, I'm able to work the numbers to provide a cost benefit analysis, weighing tax breaks, interest rates for purchasing, depreciation and leasing costs. Such a plan will show the benefits of leasing certain equipment to preserve capital now so it can be used down the road to make payroll and other important working capital needs.

Many business owners I meet, think interest cost is the primary consideration when deciding whether to lease, finance or purchase equipment. They'll do a simple analysis that only looks at the loan interest rate and the effective interest rate in making their decision.

What they don't do is a working capital analysis. That is far more important to the business owner's profits than the interest cost. To thoroughly answer this question, one must justify the acquisition by calculating the operating profit the acquisition will generate and then determine the cost of acquisition.

Then they have to objectively consider two perspectives:

First: What is the total cost of making the acquisition? The normal rule: the lower the interest cost, the higher the net profits.

Many decision makers fall into the trap of believing this is the only rule and look no further. It can be a good rule, as long as the effect on the amount of their working capital is equal.

This brings us back to the first rule of business: Working Capital is the most valuable tangible asset of a business and must always be preserved for its best and highest use.

The use of working capital creates profit. Leasing allows for the best use of the most working capital, which translates directly to more profit. Leasing means lower cash outlay and effective reduction of tax liability.

Leasing provides ease of maintaining the most effective means of production and also preserves and creates working capital better than any other method of obtaining equipment.

Second: Business owners should consider the effect on their personal assets and liabilities. Prudent business owners must know this, or they might be forced to close their doors without knowing exactly what effect that would have on them personally. Have they honored all their obligations? Will their personal credit and business reputation suffer?

If the company can pay cash for the proposed asset, they have added an asset with no liability. A very safe position, but as the old saying goes, "A ship is safe in port, but ships are not built for that."

A capital asset should be acquired with financing or leasing while keeping sufficient liquid assets available to pay off any obligations created in the acquisition, keeping in mind the worst case

liquidation value of the asset.

KLC Financial specializes in helping businesses conserve their working capital and improve their cash flow by structuring leasing and financing terms tailored specifically to their needs. We don't take a cookie cutter approach but design each agreement to help our customers succeed – because our success is based on theirs.

Our programs often prove to be a smarter approach than buying or financing because they help businesses avoid tying up cash or credit in equipment that depreciates and becomes obsolete.

We can even provide comprehensive solutions that bundle equipment, software, installation, training and other services into a single convenient lease payment that is often lower than loan payments for equipment alone.

The benefits we look out for are conserving capital for unforeseen expenses, improving cash flow, preserving business and personal credit, avoiding obsolescence by regularly upgrading equipment, bundling equipment, software, installation, training, maintenance and other services into a single lease.

Small Business Financing

If you're a small business, you know how important it is to maintain your equipment and to pay attention to advances in your industry equipment that can keep your costs down. Whether it's an energy-saving advance, something that makes your business more efficient or even software that can allow you to expand your business or offer a new product, you have to stay on top of it or your competitors can pass you by.

Unfortunately, you also know that all of this costs money. Though you're doing well, and your capital budget is in pretty good shape, once you investigate the cost of this new equipment, you work the numbers and aren't sure if you can afford the expenditure right now.

So you start looking into a business loan, again work the numbers and though the payments are affordable, you don't think there will be a sufficient cost benefit to justify the expense.

Conclusion

Working with financing professionals like KLC Financial will introduce you to a new world of financing possibilities. This isn't our first rodeo. We've probably encountered your challenge many times before and helped produce a positive result.

It's a smart strategy to understand all your alternatives. When you hear a No, you really need to know where you can find a Yes.

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Call To Action

If you are looking for financial solutions for your business, either as you launch or to expand, please call Lesley Farmer for free review your financing plans to see if there are alternatives that will better serve your business.
(952) 224-2901

*Lesley Farmer has done Business Development for KLC Financial Inc. for more than 10 years and she manages a portfolio of large and small business clients in all stages of development. She can be reached at (952) 224-2901 or lesley@klcfinancial.com
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