



# Business Solutions

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## EMPLOYEE MANAGEMENT

### Give a Man a Fish or Teach a Man to Fish?

Are you delegating or training? A delegator is someone who assigns tasks and allocates responsibilities. A trainer looks for ways to give employees additional responsibility; helps them acquire the skills, confidence, and capabilities to succeed; and supports them as they progress.

Managers must do both; but training must happen before and during delegation so employees are equipped to handle their assigned tasks.

It's true that training is a time-consuming endeavor that entails ongoing monitoring and mentoring. But when you assign someone a task without providing sufficient guidance, coaching, and support, you set them up to fail.

How can you establish a successful system of training and delegating? Before investing in a training regimen, look for those who are truly motivated to move up in the organization and then identify their areas of interest. The next step is to create a development plan for them that zeroes in on the skills they need to advance. Focus on giving them assignments that call for those skills, as well as tasks in areas they might want to explore.

Structure the experience so that they are able to work their way up to more complex and challenging tasks. Be aware that people often need a nudge to focus on their weaknesses.

Keep in mind that taking on employees as apprentices requires effort. Your own productivity may suffer temporarily as a result of the time you spend mentoring others. But when you make this kind of training a regular part of your job, you multiply yourself and ultimately increase your team's productivity. As the saying goes: teach a man to fish...

## ACCOUNTING

### Business Assets: Accounting for 'Goodwill'

When you buy a business, whether to expand your current enterprise or to venture into new entrepreneurship, you will encounter an element of accounting known as goodwill. The simplest definition of goodwill is a premium paid above the market value for tangible assets such as equipment.

For example, buying a business might result in obtaining equipment worth \$20,000, plus office supplies valued at \$400, as well as a \$600 computer and a truck with a \$30,000 market value. Based on face value, if you acquired these items separately, they would cost you a total of \$51,000. If you pay \$60,000 to buy the business, the extra \$9,000 is a cost for goodwill. It covers the intangible value that is above and beyond the tangible assets you acquire.

Each of the types of items you purchase must be accounted for separately in your books, so identifying the fair market value for each tangible asset is crucial. A business buyer and a seller always agree on the fair market value for tangible assets, and the buyer designates the premium paid as goodwill. The seller also needs to know how much goodwill you're buying, since that's the amount of goodwill he's selling. A seller's tax calculations depend on the cost for each item sold, including the goodwill.

Keep in mind, goodwill is another asset on your business balance sheet. It is not an expense that you deduct. Your bookkeeping should record distinctive amounts for inventory, supplies, various categories of equipment, and goodwill. Additionally, different tax treatment applies to each type of asset. Consult with your financial professional to ensure goodwill is accounted for correctly when paying taxes.



### How to Win Big in Today's Economy

The altered economic landscape presents innovative and nimble businesses with opportunities to thrive.

Find out how by requesting my free report "How to Win Big in Today's Economy" by emailing me at [a.tellis@tellisandcompanycpas.com](mailto:a.tellis@tellisandcompanycpas.com)

## Up-Skilling for the Future: Look for These Essentials

What qualities do you seek in potential employees?

Although it is difficult to predict what the jobs of the future will be, it is possible to identify some of the proficiencies and abilities that will be required in future work settings. Here are some of the key skills 21st-century employers are looking for in employees and job candidates.

**Critical thinking and complex problem-solving:** The jobs of the future call for people who can analyze, evaluate, and apply the power of technology to difficult problems and projects.

**Social-emotional intelligence:** Formerly considered a “soft skill,” the ability to read people’s reactions and be sensitive to the motivations and triggers of others, whether they are coworkers, customers, or strangers, is now an essential workplace attribute.

**Cognitive flexibility and creativity:** More and more employers are looking for people who are comfortable with

ambiguity and can use technology to connect dots and create new ideas.

**Self-initiative:** In the brave new world of tomorrow, successful workers will chart their own destinies. Employers should be looking for individuals with initiative and drive to grow, learn, adapt to new realities, and push beyond their comfort zones.

**Cross-cultural competencies:** Those who know how to adapt and adjust their communication/collaboration style will have an advantage when working across time zones and with different cultures.

**New media literacy:** The world of videos, blogs, podcasts, and social media has influenced how we communicate and consume information. Job candidates need to be fluent in digital and social media forms of communication.

It’s unlikely any candidate will be strong in all of these areas; but focusing on these qualities will help you identify those with the greatest potential for the future.

## WISDOM

### Quotes on ... Training

The purpose of training is to tighten up the slack, toughen the body, and polish the spirit.

Morihei Ueshiba

Job training empowers people to realize their dreams and improve their lives.

Sylvia Mathews Burwell

It’s all to do with the training: you can do a lot if you’re properly trained.

Queen Elizabeth II

Hire for passion and intensity; there is training for everything else.

Nolan Bushnell

Sometimes when you fail, it allows you the opportunity to grow more motivation and get more intense about your training.

Abby Wambach

Parenting is one of the best management training programs there is.

Irene Rosenfeld

The best training program in the world is absolutely worthless without the will to execute it properly, consistently, and with intensity.

John Romaniello

## Worth Reading

**It’s Never Too Late to Hit Your Peak**

By *Tim Herrera*  
*The New York Times*

Great news! Researchers have gathered scientific proof that it is never too late for a person to hit their career peak. Despite the common belief that people are more likely to peak earlier in their careers, the study found that your “hot streak” – the years in which you’ll create your greatest, most effective work – has equal probability of happening at any point in your career. **Learn more:** <https://tinyurl.com/bizread1-jan2019>

**Hide Your Inbox While You’re Doing Email**

By *Nick Douglas*  
*Lifehacker*

It’s easy to get distracted by your email inbox. That’s why there’s a Chrome extension that can help you protect your focus. The extension Inbox When Ready allows you to do basically anything you need to do in your email except for actually looking at your inbox. Not ready to take the full plunge? You can customize the extension’s settings to meet your needs. **Learn more:** <https://tinyurl.com/bizread2-jan2019>

**3 Ways to Ensure Your Job Survives Automation**

By *Jeff Christensen*  
*Entrepreneur*

Are you worried about how automation might affect the future of your workforce? It’s natural to worry. As many as 800 million jobs worldwide are at risk of being replaced by robots and automated technology, experts say. But not all hope is lost. There are things you can do right now to protect your future self from being bested by a robot.

**Learn more:** <https://tinyurl.com/bizread3-jan2019>

## Selling Your Equipment? How to Account for Asset Sales

As you operate a business, you'll accumulate assets. These might include equipment, machinery, computers, furniture, vehicles, and buildings. These are not garden-variety expenses. They belong in a category for items with extended periods of use and more than nominal cost.

These assets are in contrast to minor expenditures, such as computer keyboards, staplers, or small chairs. While these items may last a long time, their costs are too low to count as assets. They are expensed in the same way as disposable items that you purchase. These minor expenditures are found on the statement of income and expenses, while asset costs are found on the balance sheet.

For many entrepreneurs, this accounting gets tricky when it comes time to disposing assets. The process is shrouded in mystery, and unraveling it is essential to achieving accurate bookkeeping and tax filing. Here are the basics.

### Fixed Asset Facts

Knowing the value of an asset is of course essential when selling it. But the market value price tag you place on the asset is not the same as the value your company's accounting has for the asset.

Your business bookkeeping reports the original cost of the asset and the amount by which it has depreciated in value since it was acquired. That depreciation was a tax-deductible expense over the time your business owned the asset.

When you sell a business asset, the price you receive gives back the past amount of depreciation you've deducted. For example, let's say you paid \$10,000 for a piece of equipment two years ago, and you have depreciated it by \$7,000.

If the useful life of the asset is about 10 years, it still has a market value of \$8,000. The balance sheet for your business, however, only has a remaining value of \$3,000 (the \$10,000 cost less the \$7,000 of depreciation). If you sell it for \$8,000, that is \$5,000 more than the remaining value on your balance sheet. So, you have \$5,000 of income, but you sold the equipment for \$2,000 less than your original cost, which seems like a loss.

The solution to this problem is two distinct steps in the transaction, which must be appropriately accounted for in your tax records.

### Asset Sale Steps

First, you have income from getting back the depreciation previously

deducted. In our example, the \$8,000 selling price for the equipment returns to you \$7,000 of past depreciation.

Second, you received \$8,000 for equipment that originally cost \$10,000, causing a \$2,000 loss.

These separate elements offset to render a \$5,000 profit. However, you have two components: the recaptured depreciation of \$7,000 and the loss of \$2,000. The \$5,000 of income from recaptured depreciation is taxed differently than is the \$2,000 loss.

Clearly, sound records of cost are crucial. Don't forget to include the sales tax, shipping, and installation fees.

Also keep in mind that disposing of assets doesn't only occur when selling them. If an asset wears out and you scrap it, that's the same as selling it for zero dollars.

Your bookkeeping and tax return should report both sold and scrapped assets. The key is communicating with your bookkeeper and tax accountant to correctly record asset disposal and identify tax consequences.

## LINKS YOU CAN USE NOW

### This Month – Public Speaking

It's something most business professionals must do at some point in their careers. It's also something many people dread. If the thought of public speaking makes you cringe, use the following links to beef up your skills and boost your confidence.

Fear of public speaking is common. If your butterflies feel more like birds, use these tips to overcome your anxieties: <https://tinyurl.com/links1191>

What methods will help you deliver a powerful presentation that engages your audience? Discover four here: <https://tinyurl.com/links1192>

There's a key to persuasive public speaking that you might have missed: breathing. Learn the proper techniques for your next speech: <https://tinyurl.com/links1193>

If your presentation skills are lacking, you can make up for them with passion. Here's how: <https://tinyurl.com/links1194>

Different occasions call for different speaking abilities. From delivering sales pitches to accepting awards, use these overviews to prep for your next on-stage moment: <https://tinyurl.com/links1195>

### Quick Quiz

Each month I'll give you a new question.

Just email me at [a.tellis@tellisandcompanycpas.com](mailto:a.tellis@tellisandcompanycpas.com) or call 313-873-3812 for the answer.

#### This month's question:

In what year did the Guinness Book of World Records debut?

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### *BUSINESS CULTURE*

## **Your Desk Speaks: What It Says about You**

Did you know your personal workspace reveals a great deal about you?

For example, people with clean, well-organized desks tend to be conscientious, dependable, and diligent. These are the reliable, task-oriented, planner types who always meet their deadlines and arrive at meetings on time.

By contrast, creative people often have messy desks. They seem to find inspiration amid what looks to others like a profusion of colors, sounds, toys, papers, pictures of friends and family, and other clutter.

Unusual or rare objects indicate that a person is curious and open-minded. An eye for original art and unique objects suggests one who is open to exploring

and embracing new ideas and experiences. On the other hand, puzzles and games are reflective of a person with intellectual curiosity; someone whose brain craves continuous stimulation.

People who surround themselves with inspirational posters and messages are given to being optimistic and self-aware. The sayings they choose to display communicate these positive principles to others.

A welcoming setting, as indicated by comfortable chairs and a candy or cookie jar, suggests that a person is outgoing and approachable. This can invite open communication and encourage relationship development. However, while office hospitality can

create connections and opportunities, it can also result in constant interruptions throughout the day.

We all work better in surroundings that feel right to us. While it is important to think about function, decorative touches that make you feel comfortable, relaxed, and inspired, or that simply help you smile on a stressful day are important too.

Think about what you like or what soothes or stimulates you as an individual. Then, choose office decorations and accessories accordingly. These personalized surroundings can make you more productive and happier at work, as well as let others know what they can expect from you.

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