

Managing change

Survive and thrive in a changing business environment

Deep down, we all know that long-term success requires us to embrace change. But how? While every business is different, approaches to change tend to fall into three broad categories:

- **Respond.** At the very least, you need to respond to new external realities, including economic conditions, changes in the products and services on the market, and shifts in customer preferences.
- **Adapt.** Savvy managers also drive change at a deeper level within the business, implementing new strategies or techniques as they become available.
- **Anticipate.** Forward-thinking entrepreneurs take change a step further, trying new ideas well before the rest of their peers in an effort to gain an edge.

Of course, these categories overlap in practice, and you may combine elements of all three. Managing change is more art than science, so the way you use change to your advantage will be as unique as the business you've built.

Focus on the customer: a moving target

Perhaps the most significant change in business today isn't due to the ups and downs of the economy or even directly caused by new technologies. Rather, it's in the ways companies interact with their customers. These have been transformed by dramatic shifts in customer dynamics, opinions, preferences, and relationships: what might be called a "customer revolution."

Today, customers enjoy more choice and greater leverage than ever before, making them hard to reach and harder to influence. However, in a world of abundant choice, rapid innovation, and time pressure, they increasingly tend to buy based on price and convenience. In this environment, a satisfying experience can give customers a sense of belonging, build strong relationships, and create a powerful competitive advantage.

The bottom line

Every time you make a business decision, ask yourself: How does this affect my customers and potential customers?

This question has implications across virtually every aspect of your business. Keep it in mind as you read the following pages and as you find your way in an ever-changing business landscape.

Local, global, and back again

New options available to customers have radically changed the nature of competition. Local businesses that used to serve primarily local markets can now operate worldwide. Global markets and new technologies can expose you to a wide range of competition, some of it quite unexpected. Ten years ago, who would have predicted that digital downloads would be on track to replace CDs and DVDs?

On the other hand, your business can also compete anywhere in the world. And the in-depth knowledge and high-quality service you can offer gives you an important edge for meeting the high standards of today's consumers.

Wearing all the hats

How many hats do you wear?

Your success as a business owner depends on managing several distinct areas of responsibility that are common to nearly every business. You might “wear all the hats” and handle everything by yourself, or your organization may have a dedicated staff for each business area. Either way, market realities, customer preferences, and business practices are constantly evolving in each of the five areas shown here. To succeed, you need to keep up with all of them.

To a business owner, these changes can present an unexpected challenge, but this isn’t due to a fear of the unfamiliar. After all, just starting a business requires a bold leap of faith. But day-to-day concerns sometimes obscure the big picture. A little guidance and some practical resources can be a big help in keeping up with the latest developments. We offer this guide as a starting point.

Five elements of a well-balanced business

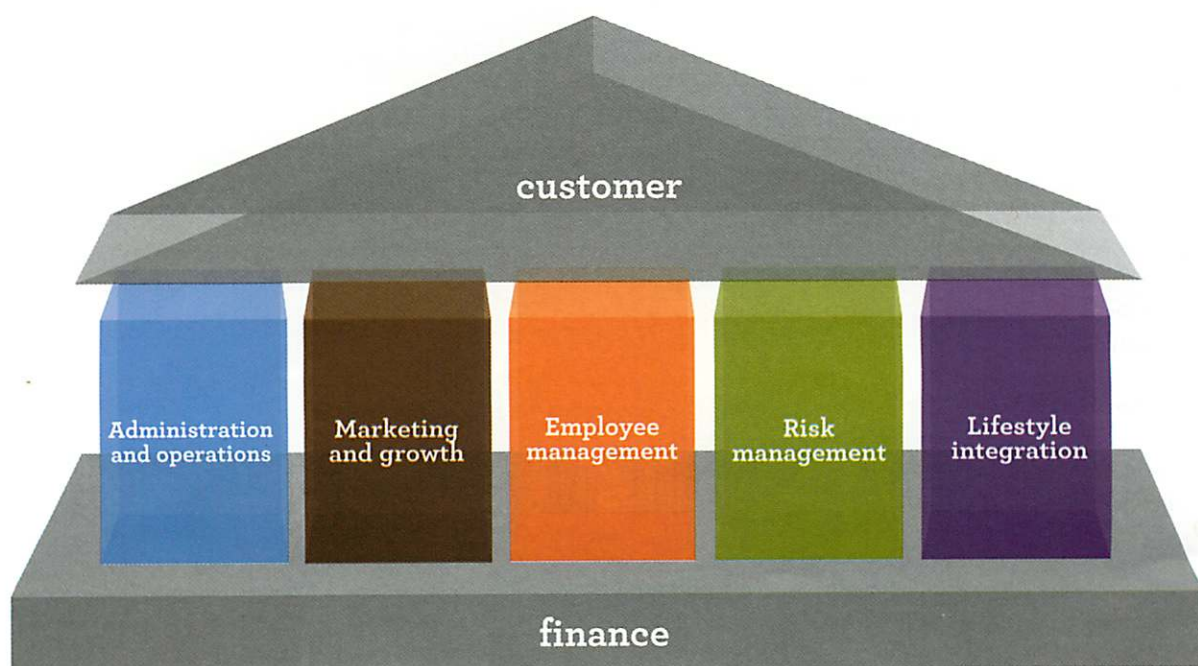
The success of every business rests on five key areas: administration and operations, marketing and growth, employee management, risk management, and lifestyle integration.

All for the customer

While each area is different, they all work together to help your company serve the customer — either directly or by providing vital support for other business needs so you can spend more time focusing on your customers.

The essential foundation: finance

Finance is an additional factor that sustains all the others. Because money is the “fuel” your business runs on, sound financial planning can benefit nearly every aspect of your company. Your banker can provide you with advice and tools to meet today’s business challenges — and tomorrow’s.



Using this guide

This guide is designed to jump-start your thinking about changes in your market and your business. In each section, you'll find strategies and techniques that industry specialists recommend and that business owners are using today. We hope you'll get ideas and inspiration to develop your own approach to change. Then it's up to you — working with your banker and other advisors — to gather the expertise, tools, and financing to meet the next wave of changes.

Pages 6-7

Administration and operations

This includes your physical space, equipment, and the day-to-day systems and processes that keep your business humming.

Pages 8-9

Marketing and growth

New technologies have radically transformed the ways you can connect with customers and build your reputation.

Pages 10-11

Employee management

Managing your people is one of your most important business responsibilities.

Pages 12-13

Risk management

Protecting against risk and proactively managing your tax liability are key obligations.

Pages 14-15

Lifestyle integration

It may sometimes be a challenge, but balancing your work with the rest of your life is vital for both.



Your banker

The relationship you build with your Wells Fargo banker — as well as our innovative products and services — can help you keep all aspects of your business up to date in changing times. A regular review of your financial needs and systems is an important part of good management. Talk to your business banker to get started.



Discover “How To Build A Banking Relationship” by visiting wellsfargobusinesssolutions.com/banker.

Look for these symbols throughout this guide, which suggest specific resources to help you further explore each topic:



Online videos



Online publications

Administration and operations

More than keeping the lights on



Today's best companies are leaner, faster, and smarter than ever before. How can you save money on your day-to-day operations – and streamline the way you do business?

Take a strategic approach to expenses

Many business owners are taking a strategic approach to costs by seeking ways to provide more value to their customers at a lower cost to the organization. This is a philosophy rather than a concrete program, but in the long run, it can pay big dividends.

Don't cut costs. Manage them.

What's the difference between cost cutting and cost management? The first simply means reducing expenses; the second describes an overall strategy for getting the most from your resources. Start with a big-picture view of the cost side of the business. Then, look for better ways to meet your needs:

- **Work with your vendors** for volume discounts or early payment.
- **Go co-op** through purchasing groups. Find them through industry associations or your chamber of commerce.
- **Negotiate with your providers** every year to reduce insurance, phone, and Internet costs.
- **Buy it with barter** instead of cash, using commercial barter organizations.

Remember that many costs can't be measured in dollars, like customer ill will because of poor service or quality, and time spent cutting costs instead of serving customers. The bottom line: Consider *all* of the factors that go into your cost-management equation.

Organize your cash flow

To manage your cash flow strategically, you need to understand where the money goes. The first step is to collect all of your income in a single, central business account. Then, use the following tips to make sense of your expenses:

1. **Cover your estimated taxes.** Set aside an appropriate percentage to avoid penalties and make cash flow more predictable.
2. **List all bills.** Track all of your regular bills and due dates, and pay them from a master list.
3. **Separate your payroll.** Create and fund a separate payroll account to streamline recordkeeping.
4. **Prepare for the future.** Set up a savings account for future plans and to fund unexpected needs.

TIP SHEET

Leave payroll to the pros

Payroll processing requires meticulous recordkeeping, precise timing, careful calculations, and compliance with federal, state, and even local regulations. A professional payroll service can help make processing and filing easy and reliable, help you avoid penalties, and save valuable time.

Online resources



Hear tips on "Understanding The Statement Of Cash Flows" by visiting wellsfargobusinesssolutions.com/cash.



Learn strategies for "Navigating Cash Flow In Today's Economy" by visiting wellsfargobusinesssolutions.com/navigate.

10% to 30%

the amount small businesses can save on utility costs by making eco-friendly investments.

U.S. Small Business Administration, "Improving Energy Use and Efficiency for Small Businesses: going green can save you green," October 2008

The receiving end

A strategic approach also means looking at the receivables side of your balance sheet. The faster you get your invoices paid, the more cash you'll have on hand. Here are some quick tips:

- **Don't wait.** Weekly or monthly invoicing may be easier, but daily billing brings the money in sooner.
- **Get it right.** Billing errors are a major cause of longer collections — and an avoidable one.
- **Extend credit.** Managed carefully, offering credit can actually increase your sales enough to bring in a profit.
- **Accept cards.** Card payments are becoming more common, even between businesses, and offer rapid payment.
- **Go electronic.** Ask corporate clients or regular customers to use direct deposit.
- **Get a PO.** A purchase order clearly sets the rules for services and payment — but remember that you'll be held to the terms as well.

Go green, stay lean

Big corporations have made headlines recently by "going green." But as a sector, small business is the single biggest energy user in the United States. Reducing your energy consumption is a clear win-win opportunity to cut waste and save money. Here are some suggestions:

- **Hit the lights.** Lighting upgrades, from bulbs to occupancy sensors, can pay for themselves within months.
- **Optimize heating and cooling.** Make sure you have proper insulation, double-paned windows, and efficient HVAC equipment.
- **Buy smart.** Reconsider your purchasing, from cleaning or landscaping contractors to recycled paper or biodegradable supplies.
- **Mind maintenance.** Following manufacturers' schedules will keep your equipment running efficiently and reliably.
- **Watch water.** Low-flow fixtures, water-efficient landscaping, recycling, and reuse can save on water costs and reduce your environmental impact.
- **Don't go it alone.** To get employee buy-in, consider incentives, rewards, and recognition. Communicate clearly, and follow up regularly.

>> Action step

Understand your energy use

An energy audit can give you a detailed to-do list for conservation. Starting with your energy bills, an auditor will inspect your building, equipment, energy-management systems, lighting, and more. You'll get a report summarizing your savings potential — and even get connected with vendors, designers, contractors, and rebates. Your utility company can set up an audit that is inexpensive, or free.

Online resources



Learn about "Going Green Profitably" by visiting wellsfargobusinesssolutions.com/green.



Find information on greening your business at business.gov/manage >> "Green Business & Energy Efficiency."

Marketing and growth

Broaden your reach, sharpen your focus

Internet technologies have dramatically expanded the range of communication tools you can use to do business. But while the rules of the game may have changed, the age-old goals remain the same: building strong relationships with existing customers and a strong reputation with potential ones.

Work your network

In the new world of online networking, it's important to remember this basic rule: Listening to customers and peers is fundamental to good business.

Listen up

Today's technologies offer massive amounts of detailed customer feedback, as well as high levels of candor and credibility. Potential channels for your business include:

- **Online networks.** Social networks like Facebook are fast becoming essential venues, sometimes even replacing websites.
- **Rating services.** Communities like Yelp and EpinionsSM are go-to resources for many customers.
- **Discussion forums.** Online forums focus on very specific subjects and tend to attract passionate, well-informed users.

TIP SHEET

Guard your good name

Your reputation is a vital business asset, but just a few negative comments can do serious damage. Here's how to manage them:

- Respond promptly and honestly.
- Make things right, if possible.
- Encourage happy customers to speak up, too.
- Use affordable, online monitoring tools to stay informed.



of small businesses had a social media presence in 2009, up from 12% the previous year.

Janet Wagner, director, Center for Excellence in Service, Robert H. Smith School of Business, University of Maryland

Reach out

Another important part of social networking is interacting with your peers. Services such as LinkedIn and Plaxo offer access to like-minded business people as well as referrals and recommendations to boost your credibility. These networks are a powerful source for:

- **Research.** Got a problem or a new idea? Try running it by a few dozen experienced professionals.
- **Best practices.** Learn what works in real life, from real people.
- **Talent.** Tap a rich source of prequalified talent, whether you're looking for employees, contractors, or volunteers.

>> Action step

Build a virtual board

Big companies look to their boards for governance and guidance. Smaller businesses can take advantage of the same kind of expertise by creating an informal "board of directors" of experienced local business people. This builds a brain trust for ongoing advice, and it also extends your reach for networking opportunities.

Online resources



Learn about "Building Your Online Reputation" by visiting wellsfargobusinesssolutions.com/reputation.



Discover new marketing tactics by visiting business.gov/manage >> "Advertising and Marketing."

Connect with customers

While traditional tools still have their place, many of today's leading marketing techniques lean toward two-way interactions with potential customers.

Earn your way

Inbound marketing is an approach that focuses on “earning” your way to customer relationships, drawing them in by providing something of value — usually information. Here's how:

- **Blog.** Talk about things that matter to your customers and how you can help solve their problems.
- **Socialize.** Put your content where readers can find it through social networks and other channels.
- **Optimize.** Search engine optimization (SEO) has become a mandatory part of building business websites. Consider hiring a pro to get your site in order.
- **Interact.** Make it easy for visitors to ask questions, leave comments, share site content with contacts or networks, and of course make purchases or inquiries.

Make the most of e-mail

E-mail marketing is another great source of inbound leads. Permission-based practices are essential (and legally required) here. Some rules of thumb include:

- **Keep it real.** Make sure you have something to say that's valuable to your audience.
- **Mind your metrics.** E-mail statistics like opens, bounces, and click-throughs help gauge your campaign's success. If one approach isn't working, try something else.
- **Outsource.** Consider using an e-mail marketing service to help manage your lists, design your e-mails, and launch your campaigns.

Build your own PR machine

Public relations is a powerful tool, but it takes a consistent effort and a well-thought-out plan to help you spot opportunities, set goals, and meet deadlines. Your PR plan can also keep you focused when you don't see results quickly. Consider the following techniques:

- **Be the expert you are.** The ways you stand out in your market can also position you as an expert for the media.
- **Use media networks.** These free services connect reporters to story pitches from organizations like yours.
- **Become a local news source.** Local media want to know about local businesses and the human-interest stories behind them.
- **Think like a reporter.** Craft compelling press releases as real news stories tied to significant events.
- **Work with the media.** Know their interests, respect their deadlines — and always follow up ASAP.



Do the math: online analytics

Unlike other kinds of marketing, online techniques offer real-time, in-depth customer data: site visits, page views, entry and exit points, referrals, searches, and more. Online analytics tell you what is and isn't working for your business and show you how to maximize the return on your investment. Best of all, a wide range of easy-to-use tools are available inexpensively, or for free.

Online resources



Learn about “Tools To Engage Customers Online” by visiting wellsfargobusinesssolutions.com/online.



Discover strategies for “Small Business Peer-to-Peer Networking” by visiting wellsfargobusinesssolutions.com/peernetwork.

Employee management

Get the most from your greatest asset

It's often said that people are your most important competitive asset. How can you make the most of this critical resource? Many companies are reconsidering the very nature of employment and finding new ways to take care of their employees.

Hire talent, not staff

Bringing on new talent doesn't necessarily mean hiring employees anymore, and outsourcing doesn't mean overseas. Thanks to the Internet, a laptop can replace a desk — expanding your potential talent pool nationwide. Here are some ways you can save money, ensure flexibility, and boost your “bench strength.”

The virtual organization

Like bookkeepers and attorneys in the past, today you can also “virtualize” your information technology, marketing, customer service, and human resource needs. Handing off these responsibilities to individual professionals or specialized organizations leaves you free to focus on your core activities.

Outsourcing sales: spend less, gain more

External, commissioned sales representation is a great place to start. Besides cutting salaries, expenses, and benefits, experienced sales professionals may also prove more effective than handling sales yourself. Reps who are already established in your target markets can also help to develop business quickly there.

Technology leads the way

Outsourcing your information technology needs can not only provide expert human assistance, but bring you the most up-to-date hardware, software, storage, and connectivity, as well — flexibly and cost-effectively. Recent trends in “cloud computing” even let you move all your documents and data online.



Find the right partner

It pays to be careful when you entrust part of your business to an external provider. Your professional networks, local chamber of commerce, and trade publications are all resources. Key considerations include:

- **Chemistry.** Culture and experience must fit your own.
- **Track record.** Current references and evidence of long-term relationships are essential.
- **Work ethic.** This is hard to judge, so consider starting with a trial period.
- **Contract details.** Be specific about performance expectations, budget, deadlines, and communication.
- **Support.** Even seasoned professionals can't succeed without training, communication, and support.

TIP SHEET

Hand off HR

Human resource functions are another outsourcing option. Many providers handle specialized areas such as payroll or benefits. At the other end of the spectrum, professional employer organizations (PEOs) can take on every aspect of the employment relationship, from on-boarding to workers' compensation — and free you from administration, regulatory issues, and risk.

Online resources

▶ Hear strategies for “On-boarding New Employees” by visiting wellsfargobusinesssolutions.com/new.

▶ Discover tips to ensure you're making “Smart Technology Investments” by visiting wellsfargobusinesssolutions.com/technology.

Consider new health care options

Health care costs are a challenge for many businesses, but your investment in benefits can pay big dividends — helping you keep the best talent and boost productivity. Fortunately, some new options are available to make health benefits more affordable.

Health Savings Accounts (HSAs)

These programs are pretty much what the name implies: savings accounts for health care. Paired with a high-deductible health plan, they help cover out-of-pocket expenses until the medical coverage kicks in. Contributions are made on a pretax basis and account balances can roll over from year to year.

Besides allowing you to switch to a less expensive health plan and choose contribution levels you can afford, HSAs encourage employees to take on more responsibility for their own health care — and offer a valuable tax benefit in return.

Wellness pays off

Wellness programs are another option. According to the Wellness Councils of America, businesses get back between \$3 to \$5 in lowered health care costs and reduced absenteeism for every dollar invested in workplace wellness — not to mention better morale and productivity.

Making adjustments

If you're sticking with your traditional plan, here are some tips to reduce your costs without sacrificing coverage:

- **Change deductibles.** If your premium rises, raise the deductibles instead of cutting popular benefits, such as prescription coverage.
- **Change coinsurance.** Ask your employees to shoulder a higher percentage of the premium.
- **Communicate.** Be clear about the value of the plan and the amount you're still contributing, especially if the company/employee split hasn't changed.

>> Action step

Build a collaborative plan

Before you make major changes, it's a good idea to sit down with your employees. Learn what coverage is most important, help them understand the issues and options on the table, and get their feedback. This will take a while, and the results still may not please everyone. But in the end, you'll be able to stretch your resources to provide the most value to the most people.



of small firms (3-199 workers) and 93% of large firms (200 or more workers) offering health benefits offer a wellness program, up from 88% of large firms in 2008.

"Employer Health Benefits 2009 Annual Survey," (#7936), The Henry J. Kaiser Family Foundation and Health Research and Educational Trust, September 2009

Online resources



View an in-depth panel discussion on "Health Care Options For Your Business" at wellsfargobusinesssolutions.com/healthcare.



Hear about "Tips To Reduce Health Care Costs" by visiting wellsfargobusinesssolutions.com/healthcarecosts.

Risk management

Protect what you've built

Good business practices include laying a foundation for growth and success, and anticipating the risks of doing business – both mundane and unexpected. It's important to guard against unforeseen events that could jeopardize everything you've worked so hard to build.

Protect your investment

Every business faces different challenges and has different needs when it comes to managing risk. While you should work with an experienced insurance professional to secure the coverage that's right for you, most companies start with these four:

- **Business property.** Covers your physical location and its contents.
- **Business liability.** Protects you from claims and expenses related to allegations of negligence.
- **Commercial auto.** Covers cars, trucks, and vans used for business purposes.
- **Workers' compensation.** Provides income and medical benefits for employees injured on the job – and is required by law in most states.

Safeguard vital information

In recent years, business owners have been increasingly concerned about security and fraud, online and otherwise. Protecting your company against financial fraud and data theft begins from within:

- **Separate roles.** Assign different people to financial tasks such as check writing, receivables, and reconciling statements.
- **Protect documents.** Lock away physical check stock, invoices, and account information. Take advantage of online statements, payments, and transfers whenever possible.
- **Update accounting practices.** Make sure your invoicing, payment procedures, and bank accounts match your company's changing needs.
- **Watch your books.** Audit check-control duties, account activity, and bank statements frequently.

Specialized coverage

As the risks of doing business change, so do the tools for protecting your business security. Some more specialized types of coverage include:

- **Business interruption insurance.** This covers your operating expenses – and replaces your profits – for the days, weeks, or months following an event that stops business.
- **Professional liability.** If you provide advice, expertise, or professional services, this protects you from claims of negligence or wrongdoing.
- **Directors and officers.** This protects your executive team against legal judgments and expenses related to their actions.

TIP SHEET

Lock down your data

The next step is to protect your data from external threats. Fortunately, hackers usually choose the path of least resistance, so some basic precautions can protect you against most online security risks:

- **Collect only essential data.** The less you keep, the lower your risk.
- **Restrict access.** Protect your network by giving access to only those who need it.
- **Change passwords regularly.** This simple precaution is often overlooked.
- **Update your software.** Software providers constantly “patch” security loopholes; make sure you have the latest versions.
- **Renew antivirus software.** Don't let a few dollars stand in the way of this vital investment.

Online resources



Watch “Protecting Your Business,” an in-depth video that covers everything from online security to insurance by visiting wellsfargobusinesssolutions.com/protect.



Learn about “Small Business Insurance Basics” by visiting wellsfargobusinesssolutions.com/insure.

Manage taxes proactively

Some business owners see taxes only as an annual ordeal. Proactive tax planning, however, should be part of everyday management. A solid tax strategy based on professional advice from your tax advisor can help you preserve more of the money you make, save time and effort, and prevent cash flow challenges and penalties.

Start with tax efficiency

Tax planning starts with a clear understanding of how personal and business taxes, retirement plans, and estate plans interact. The subject is complex, so be sure to work with a qualified tax professional to formulate a strategy. Sound tax practices also include:

- **Keep good records.** Detailed recordkeeping is the essential first step.
- **Maximize deductions and credits.** Look at your complete financial picture, then consider which deductions and credits can be most effective.
- **Manage employment-related taxes.** Staying on top of payroll taxes can prevent larger problems, and pretax benefits, such as retirement plans and HSAs, can reduce employment taxes.
- **Do the paperwork.** Don't overlook federal, state, and local employment laws regulating everything from income and FICA taxes to W-2 and 1099 forms.
- **Stay up to date.** Annual tax code changes are as inevitable as taxes themselves.



 **30%**

the increase in hours IRS agents spent auditing small businesses between 2005 and 2009.

Transactional Records Access Clearinghouse (TRAC), a nonpartisan research organization affiliated with Syracuse University, April 2010

Avoid audit red flags

In recent years, the IRS has increased its scrutiny of small businesses. While the specific criteria for audit selection are not public knowledge, tax specialists recommend avoiding these common “red flags”:

- **Independent contractors.** Make sure the IRS doesn't consider your contractors to be employees.
- **Unreported income.** Banks, brokerage firms, and employers report taxable income, so make sure you do, too.
- **Increased income.** If a company or partnership shows an increase in income, individual owners may be audited as well.
- **Excessive deductions.** Deductions exceeding 35 percent of your adjusted gross income can raise a red flag.
- **Past audits.** Be especially careful if you have a history of inaccurate returns.

TIP SHEET

Online resources



Learn more about small business taxes by visiting sba.gov >> “Small Business Planner” >> “Pay Taxes.”

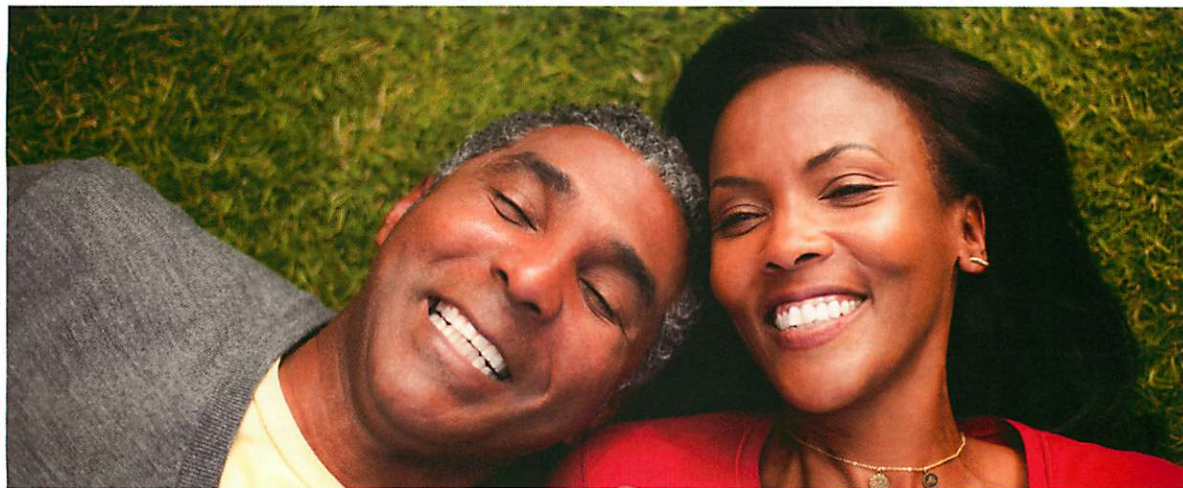


Hear tips on “Common Audit Triggers And How To Avoid Them” by visiting wellsfargobusinesssolutions.com/triggers.

Lifestyle integration

Your life really is more than your work

It may not always feel this way, but there is more to life than your business obligations. As business owners work harder and longer, it's more important than ever to maintain a balance between your business commitments and the rest of your life.



Take care of yourself

Staying well is a vital responsibility, not just to protect yourself and your family, but also to keep your company running smoothly and preserve your earning power. This is especially true for smaller firms or sole proprietors, in which you're both the boss and much of the workforce.

Protect your health

Health benefits aren't just for employees. If you're thinking about implementing a Health Savings Account (see page 11), for example, consider using it for acupuncture, massage, or chiropractic services, which typically are eligible expenses when prescribed for a specific condition. Also consider targeted programs available from your health insurance carrier for specific health issues, and general wellness benefits like discounted health club memberships.

Take back your time

When you give yourself time to breathe, you reduce stress, which keeps you healthier and more productive. Try these techniques for managing your time:

- **Set aside an hour for "me time."** Use it to add a new dimension to your life, start a reading program, or just unwind and recharge.
- **Overload your days.** It may seem counterintuitive, but if you include "want to dos" as well as "have to dos," it's more likely that both will get done.
- **Prioritize.** Do the most crucial tasks first to avoid a scramble later.
- **Stay positive.** It really is true: Positive people elevate our moods, and having a positive attitude attracts them.
- **Don't sacrifice.** Don't habitually skip lunch breaks or get too little sleep. In the long run, overwork can reduce your overall productivity.

TIP SHEET

Online resources

Discover why "Self-Employed Insurance Plans" may be right for you by visiting wellsfargobusinesssolutions.com/insureself.

Learn about the benefits of "Employee Wellness Programs" by visiting wellsfargobusinesssolutions.com/wellness.

Plan your endgame

Sometimes it's difficult to think beyond the next payroll, quarter, or fiscal year. But planning your endgame — an exit strategy for when you pass on day-to-day management — does more than protect the well-being of the company. It ensures its very existence. Forward-thinking business owners are leading a trend toward greater clarity and more structured planning around this important milestone.

Start early

Start planning a full five years in advance. This gives you time to plan for succession or to focus on maximizing the value of your business. Either way, during the first three years you need to:

- **Coordinate wealth goals.** Personal, family, and social goals for your legacy should all drive your decisions. Estate planning is a key priority, especially if much of your personal wealth is tied up in the business.
- **Gather an advisory team.** Include your banker, a financial advisor, estate planner, business appraiser, and other specialists.
- **Conduct a preliminary assessment.** Review your balance sheet and income to estimate the value of your business, and make a punch-list of areas to improve.

Four paths to a graceful exit

Your choice depends on many factors, including how much your business depends on your personal involvement and the degree to which your family is involved. The most common approaches are:

1. **Pass or sell** to a family member or members.
2. **Sell to employees** through an employee stock ownership plan (ESOP).
3. **Sell to other managers**, perhaps with outside financing.
4. **Sell to an outside buyer** or negotiate a merger or acquisition.

TIP SHEET



of family businesses survive into the second generation. Only 12% continue to the third and just 3% to the fourth, experts estimate.

Family Firm Institute, 2003

Succession or transition?

Succession: hand off to a chosen manager

1. **Groom your successor.** Skill building, feedback, and support are essential to help them “earn the job.”
2. **Prepare for the handoff.** Develop a formal plan, get buy-in, and clarify your role if you plan to stay involved.
3. **Exit in phases.** Address personal and cultural issues as well as business ones — and make sure you “let go” before you actually leave.

Transition: sell the business outright

1. **Enhance valuation.** Make sure your books, customer base, products and services, and leadership are all solid or improving.
2. **Prepare for appraisal.** Your finances, records, processes, and valuation should all appear airtight to an outside observer.
3. **Find a buyer.** There are two kinds: those who look only at appraised value and those willing to pay more for synergies that complement another business.

Online resources



Hear strategies on “How To Determine Your Business’ Worth” by visiting wellsfargobusinesssolutions.com/worth.



Learn how to prepare your business for sale at sba.gov >> “Small Business Planner” >> “Sell Your Business.”

Solutions for your business

Wells Fargo offers a wide variety of small business products and services to help you manage and grow your business. Refer to the chart below to find the best solutions to match your priorities and meet your needs.

Needs	Solutions
<p>Do you ...</p> <ul style="list-style-type: none"> ● want to streamline your business operations? ● want to save money and time? 	<p>Wells Fargo Business Services® Packages serve all of your business needs in a customized program that includes checking and savings options, lines of credit, business credit and debit cards, payroll, merchant services, and online services.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● use checks, cash, or personal credit when paying business expenses? ● want to separate personal and business purchases? ● want to be rewarded for your everyday business expenses? 	<p>Wells Fargo® Business Platinum Credit Card is an essential tool to help you manage your business expenses. You'll have a convenient way to pay for everyday business purchases and you can get rewarded with the Wells Fargo Business Card Rewards® program.</p> <p>Wells Fargo Business Platinum Debit Card gives you a convenient way to pay for your everyday business needs using your business checking funds — so you won't incur debt or fees. Plus, you have the advantage that your purchases and bill payments can earn rewards with the optional Wells Fargo Rewards® for Business Debit Card program.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● see your sales slow as competitors develop products similar to your own? 	<p>Wells Fargo Financial Leasing allows you flexible payment schedule options based on your cash flow needs. It offers the opportunity to lease buildings and equipment, and access financing solutions for real estate.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● want a convenient and secure way to access both business and personal accounts? ● want a way to make a variety of business payments quickly and securely online? 	<p>Wells Fargo Business Online® can help you and your business save time and stay in control. View balances, monitor transactions, transfer funds, and make payments quickly and securely — all online, anytime. Plus, send invoices and receive payments online — all in one convenient place — with Online Invoicing through Wells Fargo Business Online.</p> <p>With Wells Fargo Business Online, you also have access to a wide variety of fast and secure payment services designed to meet your business needs.</p> <ul style="list-style-type: none"> ● Pay invoices and bills with Business Bill Pay. ● Make time-sensitive payments, including payroll and invoices, by direct deposit with Direct Pay. ● Pay your business taxes with the WellsTAX® service. ● Send and receive payments in over 100 foreign currencies with Foreign Exchange Online.
<p>Do you ...</p> <ul style="list-style-type: none"> ● need a secure way to move funds internationally? ● want to minimize the risks that come with currency fluctuations? 	<p>Wells Fargo Foreign Exchange Services can help you and your business move funds around the world quickly and safely, and define the best strategies to minimize the risks and maximize the opportunities associated with currency fluctuations.</p>

Needs	Solutions
<p>Do you ...</p> <ul style="list-style-type: none"> ● want to improve cash flow? ● want to simplify your payment processing? 	<p>Wells Fargo Merchant Services can help you process credit cards, debit cards, electronic checks, online transactions, gift cards, and more. Plus, it gives you access to your funds the next business day for most transactions.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● need more payroll choices? ● want to simplify your payroll process? ● want a convenient way to provide payroll information? 	<p>Wells Fargo Business Payroll Services can provide convenient, cost-effective payroll processing and payroll tax services that fit your business needs, whether you have one employee or many, all with a 100 percent money-back guarantee. If you are not completely satisfied with our payroll service, you may cancel service within 90 days of your first payroll processing and receive a full refund of all fees paid.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● want to attract and retain employees? 	<p>Business Retirement Plans attract and retain employees and provide tax advantages with retirement plans designed to fit your company's needs.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● have adequate insurance coverage for every aspect of your business? 	<p>Wells Fargo Insurance makes finding and buying the insurance to meet the unique needs of your business easy. You'll receive quotes from multiple insurance companies, along with straightforward guidance from our business-savvy insurance agents.¹</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● want to refinance your commercial mortgage? ● need up to \$500,000 in financing secured by commercial real estate? 	<p>Wells Fargo Express Refi® Loans/Wells Fargo Express Equity® Loan or Line of Credit are designed to pay-off an existing mortgage on a commercial or investment property, or for customers who want to tap into the equity in their business property and use the funds for business expenses.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● need to make multiple equipment and vehicle purchases for your business? 	<p>Equipment Express® Term Loan offers a convenient, secured loan for the purchase of new and used business equipment and vehicles.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● have regular cash flow needs? ● need to buy inventory in advance? ● experience fluctuation in cash flow due to seasonal changes in demand and expenses? 	<p>Wells Fargo Small Business Advantage® Line of Credit provides access to working capital for new businesses and provides easy access to funds with checks, MasterCard® access card, ATM, phone, or online transfers.</p> <p>BusinessLine® Line of Credit provides access to working capital for mature businesses and helps you manage your cash flow during seasonal or business fluctuation.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● want to buy a business? ● want to expand an existing business? 	<p>Wells Fargo Small Business Administration (SBA) Loans can help you finance your business, buy real estate, acquire a new business or franchise, purchase equipment, or increase working capital.</p>
<p>Do you ...</p> <ul style="list-style-type: none"> ● want cost-effective financing for your business secured by your primary residence? 	<p>Business Residential Equity Line of Credit/Loan offers cost-effective financing to be used for business needs and is secured by the primary residence of the business owner.</p>

Educational videos

Wells Fargo offers a wide range of free online videos for small business owners. In addition to the resources listed throughout this guide, see the chart below for additional videos to match your needs.

Business area	Challenge	Video resource
Managing change	How do I manage a changing business environment?	"Managing Through Business Cycles" wellsfargobusinesssolutions.com/cycles
	How do I manage costs while extending my business's reach abroad?	"How Business Owners Manage Foreign Currency Exchange" wellsfargobusinesssolutions.com/exchange
Administration and operations	How do I optimize my business's cash flow situation?	"Cash Flow Strategies" wellsfargobusinesssolutions.com/cashflow
	How can credit help me manage cash flow?	"How To Manage Cash Flow And Credit" wellsfargobusinesssolutions.com/managecash
Marketing and growth	What are the benefits of social entrepreneurship?	"Social Entrepreneurship" wellsfargobusinesssolutions.com/social
	How can I reach customers when nobody is spending?	"Marketing In A Down Economy" wellsfargobusinesssolutions.com/marketing
Employee management	How do I know if my technology investments are paying off?	"How To Measure Technology ROI" wellsfargobusinesssolutions.com/roi
	How do I provide cost-effective health coverage for employees?	"Affordable Employee Care" wellsfargobusinesssolutions.com/employee
Risk management	As a business owner, what are some of the key risks I should be paying attention to?	"Identity Theft And Other Business Risks" wellsfargobusinesssolutions.com/risks
	How do I find a CPA who is the right fit for my business?	"Find A Good CPA" wellsfargobusinesssolutions.com/cpa
Lifestyle integration	How do I plan for a smooth transition to retirement?	"Retirement And Transition Strategies For Your Business" wellsfargobusinesssolutions.com/retirement
	How do I plan for the future of my estate?	"Estate Planning Strategies" wellsfargobusinesssolutions.com/estateplan