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April 2009

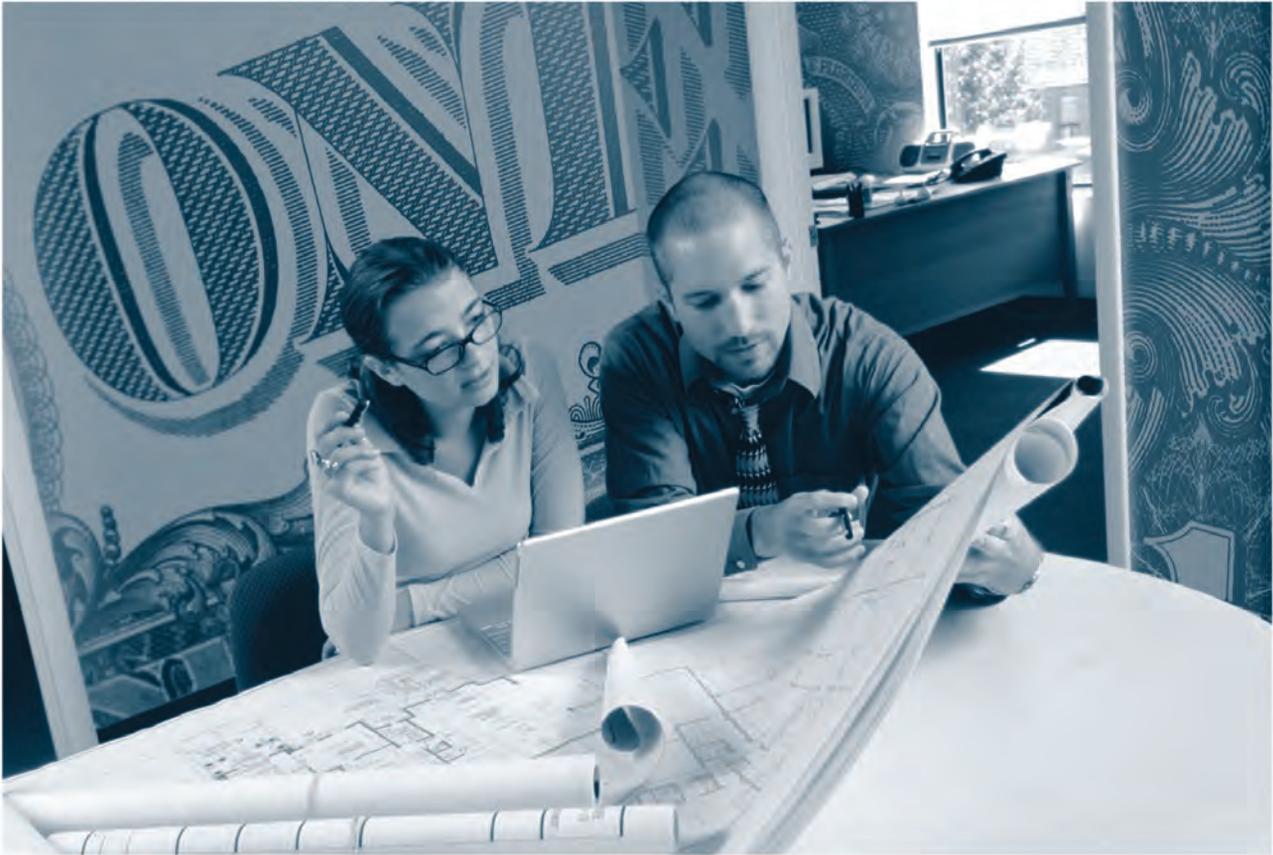


The Benefits Game

Evaluating Employee Benefit Concerns in Downsizing

Plus...

**Is Your Bad Bank Treating You Badly?
A Great Place to Ride Out the Recession
Tax Regulations for Selling an S Corporation**



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▼ **PUBLISHER'S NOTES**

The Tools You Need to Survive

In these difficult times, business owners need a trusted resource to lean on. Rest assured, you have that resource with your membership in SMC Business Councils. Membership in SMC is now a small business' best asset. Why? Because under our "New Directions" program we have undertaken a comprehensive, systematic process to bring you the tools you need to survive and prosper in any economic environment — especially this one!

Many SMC members have requested information about the Stimulus Package and how they could participate as a small business. On March 31, an outstanding group of panelists discussed "Opportunities for Economic Stimulus Funding." If you did not attend the workshop, please check these websites, which provide the information you need: American Recovery & Reinvestment Act for Pennsylvania (www.recovery.pa.gov), Small Business & the American Recovery & Reinvestment Act (www.sba.gov/recovery), and the Grants Policy Committee (www.grants.gov).



The panelists at our program represented various agencies, each one having a variety of programs for small businesses. Two major participants were the Pennsylvania Department of Community & Economic Development (www.newPA.com) and the Department of Environmental Protection (www.dep-web.state.pa.us). Energy loan and rebate programs are also hot topics and we were able to identify two resources for you: www.energyloan.net and www.keystone-help.com.

In this issue, we are highlighting a new value added benefit – Health Savings Accounts – and a special discount program through PR Newswire as well as the popular Credit Reporting Service. We are currently working on a Marketing Center to help you publicize and promote your products and services as well as a payroll service to streamline your record keeping. On page 22 in this issue you'll find a comprehensive listing of all the benefit programs accessible to-date through your SMC membership. Please know that the SMC staff is working diligently to develop more programs for you. As these projects are completed, we will announce them in the New Directions column. So please keep reading "New Directions at SMC." And, as always, your constructive feedback would be appreciated via e-mail – lee@smc.org. ▼

Lee Taddonio
Publisher

Health Reform Website

The National Small Business Association (NSBA) has launched a new link on their website called "Health Reform Today" (www.nsba.biz) that promotes an overhaul of the U.S. health system. "The cost of health care is becoming a significant barrier to many considering opening their own business," said David Stetler, NSBA's chair of Health & Human Resources. "Small business creates the overwhelming majority of new jobs and innovations, and Congress must do all it can to ensure that entrepreneurship remains a viable option." In 2008, the number of small business owners who could provide health insurance fell to 38 percent from 67 percent in 1995. The new feature includes policy recommendations, facts and news about health care, and the results of the March Health Care Survey for Small Business. ▼

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U.S. Small Business Profitable Last Year

According to a report in the Baltimore Business Journal, a new survey has found that 69 percent of U.S. small businesses were profitable in 2008. Network Solutions and the University of Maryland Robert H. Smith School of Business polled 1,000 small business owners in December 2008 and January 2009. Sixty-nine percent of those reporting a profit said their success last year was equal to or better than their performance in 2007. Seventy percent expect their companies to be in business in five years, as opposed to closing, being sold or transferred. ▼

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Entrepreneurship and Innovation in Global Enterprises

Carnegie Bosch Institute has partnered with the Donald H. Jones Center for Entrepreneurship of the Tepper School of Business at Carnegie Mellon University to present Entrepreneurship and Innovation in Global Enterprises, a new open enrollment executive education program on May 11-13, 2009. This program will equip managers with the customizable tools necessary to adapt to changing business environments and lead their teams and organizations to new frontiers. To request a brochure, contact Jeff Tsai, Forum director, via e-mail jefftsai@cmu.edu or phone 412.268.7812. ▼

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NewsMakers

Martha O'Grady of *Panta Rhei Media* has received international recognition by winning six awards for creating the concept and then writing, directing, shooting and editing audio-visual materials and programs for PHILIPS Resprionics and MEDRAD. Information: www.panta-rhei.com.



Eugene DeFrank

▼ **Eugene DeFrank**, assurance shareholder, and **Mark DiPietrantonio**, senior tax manager, at *Schneider Downs* have earned the Certified Construction Industry Financial Professional credential. Information: www.schneider-downs.com.



Mark DiPietrantonio

Elliance® received the Best in Class Interactive Media Award for its design of the *Phipps Conservancy* website – <http://phipps.conservatory.org>. Information: www.elliance.com.



Hal Coffey



George Evan



Edward Schenck

▼ **Hal D. Coffey** of *Grogan Graffam, P.C.* was named the 2009 Outstanding Young Lawyer by the Allegheny County Bar Association's Young Lawyer Division. **George M. Evan** and **Edward A. Schenck** joined the firm as shareholders and **Holly M. Whalen** was promoted to shareholder. Information: www.grogangraffam.com.



Holly Whalen

Softwriters, Inc., an SMC-member company, was named one of the Top 50 in Business Surviving and Thriving in an Economic Downturn by the *Pittsburgh Post-Gazette*. A special section, published on March 17, described how these companies and the Pittsburgh region are outperforming other cities and succeeding.

▼ **Robert Conway** of *Schnader, Harrison, Segal & Lewis, LLP* has been named president of the Pittsburgh Legal Administrators Association. Information: www.schnader.com.



Robert Conway

Ronald Mock, managing partner of *Mock Bosco & Associates, PC* and CEO of *Independent Controller Services, Inc.* was elected to the board of directors of *Allegheny Valley Bancorp, Inc.* and **Allegheny Valley Bank of Pittsburgh**, located in Lawrenceville.



Dan Brettholle

▼ **Dan Brettholle** has joined *GatesmanMarmion Drake, Inc.* one of Pittsburgh's fastest growing marketing communication agencies, as a designer. Information: www.GMDadv.com.

Robert S. Bernstein discussed credit policy at the 2009 *Pumper and Cleaner Environmental Expo*, the world largest annual trade show for environmental service professionals. *The Bernstein Law Firm, P.C.* has a national reach in Bankruptcy & Restructuring and in Creditors Rights. Information: www.bernstein-law.com.



Joan Ellenbogen

▼ **Joan Ellenbogen, CPA, JD**, managing partner of *CrawfordEllenbogen LLC*, has been named Distinguished Accounting Alumnus for 2008 by the accounting faculty at the A. J. Palumbo School of Business Administration at Duquesne University.

▼ **Kenneth S. Kornacki** has been elected a member of the firm of *Metz Lewis, LLC* practicing in the areas of commercial litigation, employment law, and adoption.



Kenneth Kornacki

Jim Noe and **Paulette Burns** have been promoted to associates at *Lami Grubb Architects, LP*. Information: www.lamigrubb.com.

▼ **Lisa Pierce**, continuing education director at *LarsonO'Brien Marketing Group*, has earned Leadership in Energy and Environmental Design (LEED) Certification from the Green Building Certification Institute.



Lisa Pierce

Jason Korn, a director and member of the Construction and Litigation practice groups at *Cohen & Grigsby*, has been selected the 2009 recipient of the Men of Distinction Award by *The Education Foundation of Collier County* and *Naples Daily News*. Information: www.cohenlaw.com.



▼ **Dr. Joseph F. Lagana** has received the 2009 Lewis Hine Award for outstanding service to children and youth from *The Homeless Children Education Fund*, which he founded in 1999 to advocate for the educational support of at-risk children throughout Allegheny County. Dr. Lagana has served as an educator, school superintendent, and executive director of the Allegheny Intermediate Unit. The Lewis Hine Award, presented by Ms. James of The National Child Labor Committee, is given to unheralded professionals who devote extraordinary time and energy to helping children and youth. Information: www.homelessfund.org.



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SMC In the News

SMC Chairwoman Marilyn Landis (president, *Basic Business Concepts, Inc.*) was interviewed on the March 11 KDKA Radio Morning News by Larry Reichert and John Shumway. Landis discussed the effect of the credit crunch on small businesses. On March 12, **Carl Bongiovanni**, president, *Bon Tool Company*, continued the discussion with Larry and John.

SMC President Lee Taddonio discussed the key role small business plays in the economy on *Renaissance Radio* on March 3. Taddonio also discussed the economic recovery plan on *Channel 4 TV's Action News* on March 25.

SMC Insurance Agency Vice President Tom Henschke participated in the Stimulus Summit in Harrisburg, where he asked **Senator Arlen Specter** how the stimulus bill will create jobs. A summary of the meeting, including Senator Specter's response, was carried over *NPR Radio* on April 3.

Anthony Greco, an account executive with the *SMC Insurance Agency, Inc.*, was the guest speaker at the *Rotary Club of Pleasant Hills* on March 10. Greco discussed the challenges facing small businesses in 2009. Information: www.smc.org.

Announcing Health Savings Account Set Up and Administration through First HSA

by Thomas Henschke

Consumer directed health care is now widely believed to be one of the best solutions to the rising costs of health insurance. At the SMC Insurance Agency, we've noticed a trend. More and more small business owners are researching ways to reduce escalating health care premiums and are taking a second and third look at what Health Savings Accounts can offer to them and to their employees. Ten million Americans are now covered under this type of program and it is predicted that more than 55 million will have an HSA by the end of 2010. While doing our research, we found that HSAs are difficult to set up, tough to navigate, and even harder to administer.

Last fall, we decided to investigate the health savings account market with the goal of finding solutions that would make it easy for SMC members to establish and administer these accounts, saving money in the process. In doing so, we evaluated vendors and programs across the United States. This is our report.

What is a Health Savings Account?

An HSA is a tax-free bank or savings account combined with a high-deductible health plan (HDHP). The health savings account is

used to pay for qualified healthcare expenses until your health plan deductible has been satisfied. The insurance company will pay for all, or a percentage, of the covered medical expenses, once the deductible has been satisfied.

What is a High Deductible Health Plan?

In order to put money into an HSA an individual is required to have a High Deductible Health Plan in effect. This is simply health insurance that meets certain minimum deductible and maximum out-of-pocket expense requirements. In 2009, a HDHP has a minimum deductible of \$1,150 for self-only coverage and \$2,300 for family coverage. A HDHP must not exceed a maximum out-of-pocket expense per year, excluding out-of-network expenses, of \$5,800 for self-only coverage and \$11,600 for family coverage.

Why should a small business owner consider an HSA?

A HDHP can significantly lower the cost of a standard health

(Continued on Page 6)

Yes, Business Owners, You Can Reduce Your Insurance Premiums



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How? By Establishing a High Deductible Health Plan for your Employees and offering them a Health Savings Account through the SMC Insurance Agency, Inc.

You Benefit

- FREE Account set up.
- Experienced Administrator - since 1999 – offering specialized expertise and support.
- Control Premium Expense and CAP Insurance Costs.
- Electronic enrollment.
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Your Employees Benefit through a Consumer Driven Program...

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- Direct Stake in Health Care Decisions.
- Unused Funds Roll-Over from Year-to-Year.
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- Additional Investment Opportunities.
- Less expensive than traditional HMOs.
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Health Savings Accounts (Continued from page 5)

insurance premium and establish a fixed cost for providing this employee benefit. For example:

Standard \$250	
Deductible PPO Plan	\$12,000 annual family premium
\$2000/\$4000 High	
Deductible Health Plan	\$8,000 annual family premium
	<hr/>
	\$4,000 savings

A portion or all of the \$4,000 in savings can be contributed into each employee's individual HSA account, thus, eliminating any out-of-pocket exposure to the employee. A health savings account is portable and can be used with any insurance carrier's qualified high deductible health plan. It is owned by the individual and the individual controls when, where, and how the money is spent. By giving employees ownership of these funds, unnecessary utilization of healthcare expenses will significantly decrease. The challenge many employers face today is uncontrollable premium increases. An HSA strategy allows employers to cap their insurance costs by adjusting HSA contributions for each employee based on future premium increases.

Where Can I Establish a Health Savings Account?

Health Savings Accounts can be established through banks, insurance companies, and independent administrators. However, in doing our research, we found that programs offered through banks and insurance carriers were difficult to set up and not easy to use. In most instances a banking platform is insufficient for tracking and substantiating HSA contributions and withdrawals and creates mountains of additional paperwork. HSA accounts offered by health insurance carriers can be difficult to use especially when you change health insurance plans.

Our goal was to find a partner with substantial HSA administration expertise, industry credibility, and a customer-centered business model with a core focus on HSA account management. An independent administrator was felt to be the best solution and we moved in that direction.

Introducing First HSA

SMCIA has selected First HSA to be our preferred vendor of Health Savings Accounts. Based in Reading, PA, they are the fifth largest HSA administrator in the United States with over 50,000 accounts. First HSA has been in business since the inception of medical savings accounts (predecessor to the HSA) in 1999.

When offering a High Deductible Health Plan to your employees, it is equally important to combine this plan with an administration company that provides the tools to make it successful. First HSA has helped thousands of small business owners and their employees. They know, understand, and appreciate your concerns. A real person answers the phone when you call, too!

In addition to free account set up for SMC Members, First HSA offers specialized expertise and support: an informative website, electronic enrollment, medical procedure pricing tools, prescription pricing and comparisons. As a Charter Member of the Health Savings Account Coalition they continue their advocacy before Congress and the U.S. Treasury.

For more information on this new benefit, please visit our website www.smc.org. ▼

Editor's Note: Thomas Henschke is vice president of the SMC Insurance Agency, Inc. and can be reached via e-mail, tom@smc.org.

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SMC Webinar Schedule

Friday, April 24

Cost Saving Solutions for Your Business

2:00 - 3:00 pm

A New Benefit with Equifax providing banking information on credit reports; know-how to make better credit decisions; and, extra services for your credit "tool box."

Thursday, May 7

Health Savings Account Basics

10:00 - 11:30 a.m.

Designed for those individuals and businesses looking to learn more about HSAs and how they can help their business.

Thursday, May 7

Health Savings Account Advanced Concepts

2:00 - 3:30 pm

Designed for those individuals and businesses that have completed HSA basics or have basic knowledge of HSAs. This Webinar is designed for current HSA account holders and HDHP enrollees that want an easier way to manage their account.

Wednesday, May 27

Health Savings Account Basics

10:00 - 11:30 a.m.

Designed for those individuals and businesses looking to learn more about HSAs and how they can help their business.

Wednesday, May 27

Health Savings Account Advanced Concepts

2:00 - 3:30 pm

Designed for those individuals and businesses that have completed HSA basics or have basic knowledge of HSAs. This Webinar is designed for current HSA account holders and HDHP enrollees that want an easier way to manage their account.

To register: Go to www.smc.org and click on "Events" or call 412.371.1500

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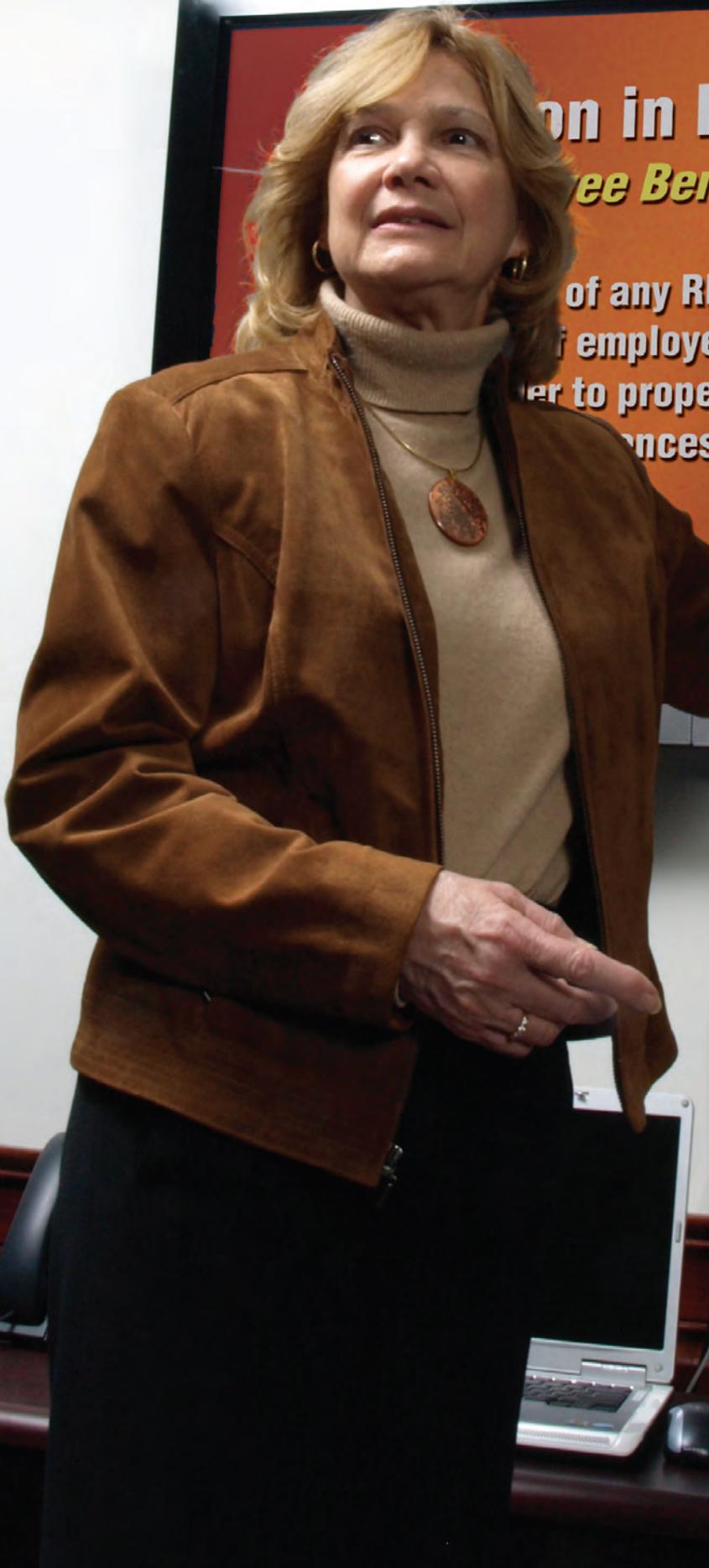
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Reduction in Force Program *Employee Benefit Concerns*

of any RIF should consider
employee benefits issues
to properly assess the
risks and costs.

The Benefits Game: Evaluating Employee Benefit Concerns in Downsizing

by Sarah Lockwood Church, Esq.

A reduction in force program ("RIF") should involve consultation with your labor and employment counsel, as well as your employee benefits attorney. As described below, there are a number of employee benefit issues to take into consideration when designing a RIF.

Fiduciary Considerations

If you are giving serious consideration to implementing a window program or other voluntary RIF with enhanced benefits, you must be aware of your fiduciary obligations under ERISA when communicating any program to employees and responding to employee inquiries.

Severance Pay Plans and Severance Agreements

ERISA — If you have established a pattern or practice of providing severance benefits that involves ongoing administrative obligations, then you probably have an ERISA-covered arrangement that should be documented in writing. An ERISA-covered plan imposes reporting and disclosure obligations, but also provides your company with more protection through the ERISA claims process.

401(k) Plan Compensation — Confirm that contributions to 401(k) accounts do not violate restrictions on treating severance payments as compensation.

Code Section 409A Compliance and Exemptions — In order to avoid liability for failure to withhold and penalties to former employees, make certain your severance pay plan, including any individual severance agreements, either complies with Code Section 409A or is exempt from coverage.

Avoid Establishing an Unfunded Pension Plan — Pension plans, but not welfare plans, are subject to very specific ERISA rules regarding vesting, funding and eligibility requirements. Therefore, any severance benefits should be designed to be a "welfare benefit plan." This requires the severance program to meet certain limitations on both the amount and duration of payments.

Welfare Benefit Plans

Group Health Care Plans

New Cobra Obligations and Subsidy — The recently passed Stimulus Act provides for a temporary employer funded COBRA premium subsidy of 65 percent of the amount that would otherwise be payable by employees, with employers taking a credit for amounts paid against their payroll taxes. New arrangements and existing separation arrangements should be designed to properly reflect this subsidy.

Self Insured Plans — RIF's that continue health care coverage under a self-insured plan must consider the impact of 409A's requirements to avoid adverse tax consequences, as well as the impact of providing benefits to highly compensated individuals. Further, you should confirm that any stop-

loss carrier will not disallow excess claims (and shift the expense to your company) if you agree to extend health care coverage beyond the applicable COBRA period.

Miscellaneous Concerns — The terms of your health care plans should be in writing and should reserve your company's right to modify coverage with respect to individuals who separate from service. Further, you should confirm that your insured health, life or disability policies allow continued coverage for terminated employees, or you may incur an additional self funded liability. Finally, the effect of any post-employment benefits on your company's financial statements should be analyzed.

employees who are participants under a defined benefit plan are terminated, the PBGC may require you to fund a portion of any unfunded liability (or post a bond) attributable to the participants who were terminated as a result of the facility shutdown. This may also be a PBGC reportable event and may result in liability even if the plan is well funded.

Multiemployer Pension Plans — A RIF may cause a complete or partial withdrawal liability and may trigger a large funding obligation. The liability for withdrawal is completely separate from your obligation to make required contributions under your collective bargaining agreement(s).

"If you are planning a reduction in workforce program, the employee benefit considerations will depend, in part, upon the types of employee benefit plans you currently maintain, the types of termination packages you decide to implement, and the nature of your workforce."

- Sarah Lockwood Church, Esq.

Defined Benefit/Defined Contribution Retirement Plans

Involuntary termination of a substantial percentage of your employees may cause a partial plan termination (presumed in a 20 percent or more reduction) and may be measured over more than one year. "Affected plan participants" must generally be 100 percent vested in a partial or complete termination; however, in the case of a defined benefit plan such participants must only be vested to the extent that the plan is funded.

Defined Benefit Plans

Reportable Events — The primary PBGC reportable event you should consider in connection with any RIF is an "active participant reduction." This reportable event occurs when the number of active participants in the plan is reduced by 20 percent in one plan year or by 25 percent over a period of two plan years. The filing is waived for well-funded plans. Penalties of up to \$1,100 a day can be assessed for a failure to file.

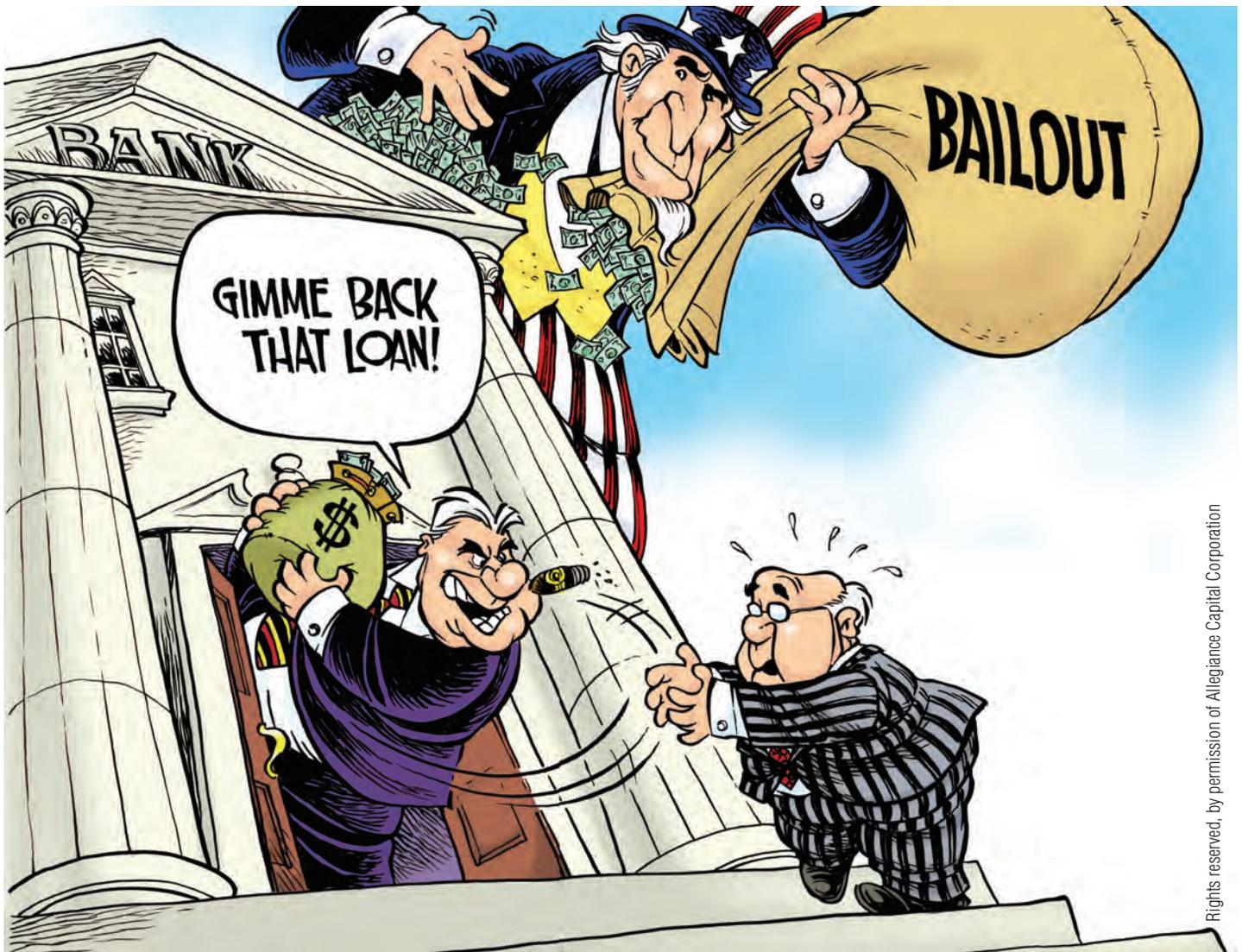
Facility Shutdown Funding — If you cease operations at a single facility and, as a result, more than 20 percent of your total

The design of any RIF should consider a variety of employee benefits issues in order to properly assess the consequences and costs. An employer considering such a program should be prepared to consult with an employee benefits attorney in order to ensure that the RIF does not run afoul of the laws impacting employee benefits and potentially subject an employer to significant unanticipated costs and any unnecessary litigation risks. ▼

Editor's Note: Sarah Lockwood Church, Esq. is partner and practice leader, Employee Benefits Practice Group, Thorp Reed & Armstrong, LLP. She can be reached via e-mail, schurch@thorpreed.com.

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Is Your **Bad Bank** Treating You Badly?

by David Mahmood

Are you frustrated and fed up with how your bank has been treating you? You are not the only one who feels that your bank is mistreating you. Scores of business owners are finding that their credit lines have been reduced or recalled all together as they struggle to obtain credit for the operating capital that they desperately need right now. For some business owners, it will not be poor sales or lack of revenue that drives them out of business. Instead it will be their bank that has refused them credit to run what would be an otherwise profitable business.

In the current economic crisis, many banks in the United States have been confronted with a variety of problems, which include bad investments on their part. The credit markets have come to a standstill, to

a large degree, and the politicians in Washington openly acknowledge that it will be very difficult to solve the financial difficulties we are facing until the credit markets regain some measure of normalcy. Although the Obama administration just formally released their plan to purchase over \$1 trillion in troubled assets that are debilitating the banks and clogging the credit markets, it will take time for the plan to impact small and middle market business owners that are desperately seeking additional credit.

Plans are in the works in Washington, but in the meantime the credit crunch persists and banks are taking action on their own. Since banks cannot get money from bad clients or from their nonperforming loans, they are rolling up on their good

clients. Banks are calling on good customers and, for example, are slashing their \$10 million credit facility to \$6 million. The banks are blaming these reductions, and in some cases total recalls, on the weak economy.

In some instances, banks have decided that certain segments of the economy, such as auto parts manufacturing, must be avoided due to high-risk concerns. As a result, banks are calling in loans even on customers that are performing well simply because the bank dislikes their industry. The frustration for these business owners is in knowing that their bank received millions or billions in federal bailout dollars, which from their perspective as a taxpayer was their money. Now, the very bank that received the bailout dollars is damaging their business.

Alternatives for Raising Capital

The bank bailout is costing taxpayers billions of dollars, and these very same taxpayers are not getting much help from their banks. Until the credit markets rebound, business owners that are not getting the credit they need from the bank have a variety of alternative ways to raise capital. These opportunities for capital raising include, but are not limited to:

- **Real estate holdings:** If the business owns the land and buildings, consider a sale lease back. The equity built up in the property can be extracted to invest into the business.
- **Non-traditional lenders:** There are a wide variety of non-traditional lenders that will provide capital at higher interest rates. In some cases you can combine the money you can get from the bank with that from a non-traditional lender for the balance of the money needed. When you blend the two interest rates, the cost of money is not unreasonable.
- **New equity:** Bring in additional equity to strengthen the balance sheet of the business. Many times this additional equity can expand the bank line of debt

level the company will be approved to take on. Mezzanine capital is a form of a loan that is supported by a small equity kicker in the business. The mezzanine capital provides debt capital needed to grow the business, and the company pays back the equity kicker at a later date.

- **Off-book transactions:** Sometimes, equipment or other assets are purchased through the creation of leasing companies or other mediums that allow the company to get the equipment it needs but not impair its balance sheet.

Do not let your business suffer or even collapse because your bank is treating you badly. Capital is available depending on the need and what best fits the approach a business owner wants to take to acquire the money. ▼

Editor's Note: As the founder of Allegiance Capital Corporation, David Mahmood is a serial entrepreneur. He has founded and developed seven different companies. Allegiance Capital is his eighth. David's 35 years of experience in Fortune 500 companies to entrepreneurial start-ups gives him firsthand knowledge of a wide variety of business transactions — from the founding and financing of companies, to the sale of businesses. As an investment banker for the last 25 years, David has worked on hundreds of com-

A Few Words About Cartoon Marketing

Allegiance Capital Corporation has created a strong brand asset by using the humor of cartoons to humanize the sometimes daunting world of business finance. The cartoon entitled, "Your Bad Bank," was designed by celebrated editorial cartoonist Dan Foote whose cartoons have appeared in *Newsweek*, the *New York Times*, and the *Dallas Morning News*. Foote has created over 40 cartoons for the firm. "A picture is worth a thousand words," said Allegiance Capital founder and chairman, David Mahmood. "We all appreciate when a good point is made through the use of humor. Our cartoons really connect with business owners. It shows that we have a good sense of humor in an industry that is often confusing, frustrating and boring."

plex multi-million dollar transactions in North and South America. Allegiance Capital Corporation is a full-service investment banking firm specializing in the middle market (companies with revenue from \$20 million to \$500 million), with offices in Dallas, New York, Minneapolis/St. Paul, Vancouver, Shanghai, Tel Aviv, and Madrid. Through its worldwide network, Allegiance Capital assists companies in every aspect of selling and financing a business, including debt restructuring, mezzanine financing, buy out management, strategic partnering, consulting and other related services. Through its newly created Special Situations group, the Company handles financial restructuring and distressed mergers and acquisitions. Information: www.allcapcorp.com.



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The Pittsburgh Region: A Great Place to Ride Out a Recession

by Philip Cynar

While the hard-hitting economic crisis began taking a toll on cities and regions across the country, positive momentum continued in the Pittsburgh region. During 2008, capital investments in excess of \$4.2 billion were announced in the region, according to data released on March 18 by the Pittsburgh Regional Alliance Partnership (PRA) – a coalition of 50-plus private and public sector leaders and economic development professionals from 10 southwestern Pennsylvania counties. These investments are related to a number of the 290 regional economic development deals or “wins” of 2008, also compiled by the PRA Partnership.

“The total of corporate investment and development projects across the 10-county region announced last year 290 – was nearly neck in neck with the total of 308 in 2007, which was a “golden year” for regional business development ...one of the strongest for

“Despite the economic downturn, the Pittsburgh region boasted \$4+ billion in capital investments in 2008 due to corporate expansion, relocation, and development projects.”

- Pittsburgh Regional Alliance

the region,” said PRA President Dewitt Peart. “These numbers underscore Pittsburgh’s resilience in a year of severe economic challenges nationwide.”

Transforming the Region

US Steel and Allegheny Technologies both renewed commitments to the region in 2008 by announcing plans to invest more than \$1 billion each in their local manufacturing operations transforming them – through environmentally sensitive upgrades and other enhancements – for a new era of progress in a region regarded for its traditional manufacturing heritage. Additionally, six other metals companies announced planned upgrades and expansions resulting in additional capital investment of at least \$93 million. These high-level capital investments indicate that the metals industry is alive and well in southwestern Pennsylvania.

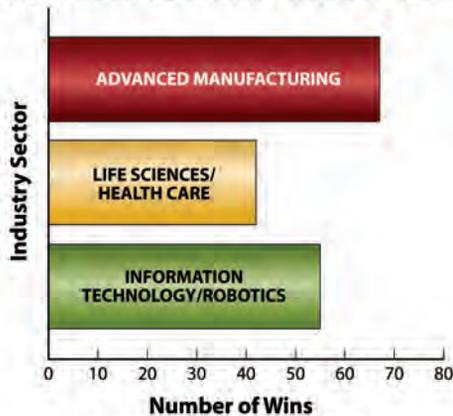
Progress Ahead

The 2008 economic development wins are expected to create, over time, 13, 208 new jobs in the Pittsburgh region and will retain 17,047 jobs for a total employment impact of more than 30,000 jobs. Employment impact increased by 7,000 jobs compared to 2007’s report, with its total of 23,000 jobs. “Our region’s impressive total of wins is the direct result of collaboration among the PRA’s economic development partners in every one of the region’s 10 counties. These organizations – along with developers, government nonprofits and investors – are to be commended for providing the support that can make wins happen,” said Peart. “We’ve sent a strong message about the region as a great place to do business by working together to support companies considering location or expansion.”

Growth Is The Key

According to the PRA, the 2008 wins underpin growth in the region’s key sectors – information and communications technology, life sciences, and advanced manufacturing. “Approximately 60 percent of the corporate investment wins were in our region’s key industry

Key Industry Sectors – 2008 Projects



Source: Pittsburgh Regional Alliance, March 2009

Other Key Sectors – 2008 Projects



Source: Pittsburgh Regional Alliance, March 2009

sectors. The largest number, 67, was in manufacturing, which reinforces that sector's vitality," said Jim Futrell, vice president of market research and analysis at the PRA. Information and communication technology had 49 wins and life sciences had 36 – double the number from 2007. "These numbers are powerful indicators of growth because companies don't announce intents to expand if they are concerned about their ability to grow and prosper in a region."

Outside of the region's key industry sectors, business/professional services performed well with 40 wins reported.

Another significant trend during 2008 was the continued emergence of southwestern Pennsylvania as an energy industry hub. Westinghouse Electric continues erecting a new 800,000-plus SF headquarters, which will make the Pittsburgh region the epicenter of the global commercial nuclear power industry. Beyond nuclear power, nine companies – primarily natural gas exploration and services – established operations in the region. Companies manufacturing for and supplying to the energy industry, including alternative energy, were among the wins in this emerging sector. They include Converteam, Elliott Company, Plextronics, and Holtec Manufacturing, an SMC-member company. ▼

Editor's Note: Philip Cynar is senior communications specialist, Allegheny Conference on Community Development and Affiliates, and can be reached via e-mail pcynar@allegheny-conference.org. The Allegheny Conference works in collaboration with public and private sector partners to stimulate economic growth and improve the quality of life in southwestern Pennsylvania. Information: www.alleghenyconference.org. The Pittsburgh Regional Alliance, a Conference affiliate, markets the benefits of conducting business in southwestern Pennsylvania all over the world to enterprises that are growing, relocating, or expanding. Information: www.pittsburghregion.org.

Total Regional Investment and Development Wins –2008



*The capital investments related to investment and development projects announced by companies in the Pittsburgh region in 2008 totaled \$5,734,377,851. Capital investment in 2008 exceeded that in 2007 by \$2.8 billion.

Source: Pittsburgh Regional Alliance, March 2009

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Selling an S Corporation - **New Tax Regulations** for 2009 and 2010

by **Scott D. Mashuda**

On February 17, 2009 President Barack Obama signed the “American Recovery and Reinvestment Act of 2009” (“ARRA of 2009”) into law. Section 1251 of the bill temporarily reduces the recognition period for “built-in” gains tax (BIG tax) on S Corporations from 10 years to seven years for the 2009 and 2010 tax years.

Why is this important?

Historically, if you were a shareholder in an S Corporation that converted from a C Corporation and sold the company within 10 years of the date of conversion, you would be subject to BIG tax. For 2009 and 2010, that 10-year “recognition period” has been reduced to seven years. So, if you sell

your S Corporation in 2009 or 2010 and it has been converted from a C Corporation at least seven years prior, you will avoid the 35 percent BIG tax. Companies originally organized as S Corporations have never, and remain, not subject to BIG tax.

A Closer Look

When you sell a C Corporation the proceeds from the sale of the assets are owned by the corporation. They get taxed once at the corporate level (35 percent) and then again upon distribution to the shareholders where they are taxed at your personal rate. This effective “double tax” makes it advantageous for the shareholders of a C Corporation to convert to an S Corporation prior to sale. In an S Corporation the pro-

“New rules now apply when selling an S Corporation.”

- Scott Mashuda

ceeds from sale are “passed through” directly to the shareholders and taxed ONLY at their individual tax rates.

Since the result of converting a C Corporation to an S Corporation is a reduction in revenue for the IRS, the IRS states that the conversion must occur prior to the recognition period or the proceeds from sale will be taxed on a prorated basis.

Example

Assume a C Corporation converted to an S Corporation less than seven years prior to sale. A valuation of the company is needed at the date of conversion. All sale proceeds up to the dollar amount of the valuation are taxed at the BIG tax rate of 35 percent and distributed to the shareholders where they are again taxed at the shareholders’ personal rates. This effectively recognizes the value created within the company while it was organized as a C Corporation and taxes it accordingly (known as BIG Tax).

The valuation at the date of conversion is then subtracted from the sale price to determine the value created while the company was an S Corporation. That value is “passed through” directly to the shareholder in accordance with S Corporation treatment.

Before February 17, 2009, BIG tax treatment could only be avoided if a C Corporation converted to an S Corporation at least 10 years prior to the date of sale. Now, with the signing of the ARRA of 2009, a C Corporation that converted to an S Corporation in 2002 or prior can avoid the BIG tax by selling their business in 2009 or 2010. A C Corporation that converted to an S Corporation in 2003 or prior can avoid paying BIG tax by selling their company in 2010. ▼

Editor’s Note: Scott D. Mashuda is managing director, River’s Edge Alliance Group. For more information, he can be reached via e-mail, smashuda@riversedgealliance.com.

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Collections in these Economic Times

by *Elsa Evanitz*

To be an effective collector of your past due accounts, your primary objective should be to establish a regular set of collection procedures that work within your company. As the credit/collection manager, you should have a systematic plan for sending notices, making telephone calls and knowing when to make a personal visit. Timely follow-up and persistence is the key. When these methods fail, go to the next level and begin to think about a reputable third party collection agency. Think of them as an extension of your credit department. Don't wait till it is too late!!!

There are many collection agencies and I am sure you get a dozen calls a week from different companies vying for your collection business. However, it is important to do your homework and find a reputable, effective and long standing collection agency to represent you in the collection of your accounts. They should have a separate Trust account for all monies collected and those funds should not be co-mingled with their general operating account.

Prepare your agency by providing them with the details of the account. If there is a dispute, outline it for them. If it is a matter of cash flow or other circumstances, let them know up front so they have a good picture of what they are going to be dealing with. Provide them with invoices, purchase orders, credit applications and personal guarantees.

Should the collection agency be unsuccessful in collecting the matter in house, and the amount and circumstances warrant legal action, they should have access to a network of collection attorney's that are bonded through the law lists.

Remember that most agencies and collection attorney's work on a contingent basis so they have a built in incentive to work hard for you and collect your money. ▼

Editor's Note: Elsa Evanitz, Collection Manager, Pennsylvania Association of Credit Management, can be reached at 412.344.1600 or e-mail, elsa@peacm.com. Please call her should you have any questions.

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SMC NEWS

Insurance Corner

NSAIDs and the Risk of Stomach Woes

Do the benefits of aspirin and NSAIDs for your heart outweigh the risks to your gut? Here's advice from Johns Hopkins Health Alerts on how to reduce the risk and what to do if you begin to experience side effects.

Most of the time, over-the-counter and prescription medications are helpful and safe. But sometimes they can cause gastrointestinal side effects. These adverse effects are more likely to occur if you're already at risk for digestive prob-

lems or if you don't take the medication exactly as instructed. Fortunately, most of these side effects are not life threatening and disappear after the medication is stopped.

Aspirin and other nonsteroidal anti-inflammatory drugs (NSAIDs) such as ibuprofen (Advil, Motrin), naproxen (Aleve, Naprosyn), diclofenac (Cataflam, Voltaren), and ketoprofen (Orudis) cause stomach upset, bleeding in the digestive tract, and ulcers in some people.

NSAIDs have these effects because they disable the stomach's protective mechanisms that shield it from the acidic juices used to digest foods. Older people are most at risk for these NSAID-related stomach problems, since the protective mechanisms operate less well with age. NSAIDs can also cause bleeding in other parts of the body, because they inhibit the bloods' ability to clot.

Reducing the risk of NSAIDs

When taking an NSAID for pain relief, use the safest drugs first. In fact, the first drug to try – acetaminophen (Tylenol) – isn't an NSAID at all. If acetaminophen doesn't offer sufficient pain relief, try a nonprescription NSAID such as aspirin, Advil, Motrin, or Aleve. When using these nonprescription NSAIDs, take them with meals and do not exceed the recommended dosage or duration of use listed on the label.

If you need to take a nonprescription pain reliever for longer than 10 days, consult your doctor. When you need to turn to one of these drugs, use the lowest effective dosage, for the shortest time possible. If you are taking an NSAID regularly for pain relief or a daily aspirin to prevent a heart attack or stroke, ask your doctor if you should also take a stomach-protective drug such as sucralfate (Carafate) or a proton pump inhibitor – esomeprazole (Nexium), lansoprazole (Prevacid), or omeprazole (Prilosec) – to reduce your risk of ulcers and bleeding.

When NSAID Side Effects Arise

Call your doctor right away if you experience any of the following symptoms of NSAID-related damage: stomach pain; black, tarry, or bloody stools; vomit that contains blood or coffee ground-like material; or weakness, dizziness, chest pain, or shortness of breath. If you're taking aspirin to prevent a heart attack or stroke, don't stop taking it until you speak with your doctor. Stopping aspirin abruptly can actually increase your risk of a heart attack or stroke. ▼

Source: John Hopkins Health Alerts

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Central Chapter Meeting Discussed Safety Issues

by Lois A. Snell

Wednesday, March 25, 2009
Radisson Penn Harris Hotel
Camp Hill, PA

An informative Chapter Meeting – “Proactive Safety – Can Small Business Afford It?” — was held in SMC’s central region on Wednesday, March 25. John E. Wolgemuth, founder of J. W. Safety Management & Training, Inc., was the guest speaker.

Mr. Wolgemuth emphasized that every work environment has its unique safety hazards. “It’s important that business owners be proactive with employee safety programs. Don’t make the mistake of implementing a safety program only after an accident has occurred,” he told the audience.

Business owners were advised that an approved safety committee in the work place reduces accidents and results in a reduction of the business’ liability and workers’ compensation insurance premiums. After his formal presentation, Wolgemuth answered questions and addressed many members’ concerns. Attendees expressed gratitude at the availability of such valuable and informative information and the forum in which it was presented.

The next SMC Central Chapter Meeting will be held on Thursday, April 23, at Central Penn College in Summerdale, Pennsylvania. John F. Powers, Jr., director of Pennsylvania’s Office of Homeland Security, will be the guest speaker. Contact Lois Snell at lois@smc.org or call 877-762-4748 to register for this sure to be informative event. ▼

Editor’s Note: Lois A. Snell is Member Services manager, SMC Business Councils, in the Central Region office. For information, call Toll Free 877.762.4748 or e-mail lois@smc.org.



▼ PEAK PERFORMANCE SELLING

Uncovering Budgets

by Scot Teachout

Investment constraints must be determined sooner rather than later in the sales process. If we wait too long we may find out that we have invested a lot of time and effort to propose a solution that is out of line or unrealistic for the prospect’s budget. Our only fallback position is to walk away from the opportunity or cut our margins. Neither option is attractive and could have been prevented if we understood the budget constraints earlier in the process. Many organizations have problems that we can fix but have no money. Even though we want to help solve their pain, money is a necessary part of the equation in sales. If there is not a problem to be fixed or there is no money, there is no sale.

The simplest way to uncover the budget is to ask. If we ask, there are only a finite number of responses that we may hear and we should be prepared for those answers. The question may sound like “Do you have a budget for this project?”

The first possible response is “Yes and it is _____.” We now know if we have a common ground to formulate a solution to their issues. If not it allows you to end the process early and not waste time following an opportunity that can never be.

The second possible response is “Yes, but I’m not going to tell you.” Our answer should be three parts:

- First: “Not unusual, I hear that often.”
- Second: “My experience dealing in this area with companies like yours, although everybody’s different, is that you should expect to spend somewhere between \$5,000 and \$7,000.”
- Third: “Can you see your company spending that much money to fix this problem?”

We call this bracketing the budget. If they cannot spend that kind of money then we may need to abort the sales call. We may not be talking to a qualified prospect. If our bracket meets their expectations, continue.

The third possible response is “I don’t know how much we have to spend to fix the problem.” Our answer is similar to the one above.

- First: “Not unusual, I hear that often.”
- Second: “My experience dealing in this area with companies like yours, although everybody’s different, is that you should expect to spend somewhere between \$5,000 and \$7,000.”
- Third: “Can you see your company spending that much money to fix this problem?”

We can only devise solutions after we understand the entire problem that we are trying to solve and the constraints that surround the problem. Sales people that offer solutions before understanding the entire situation often waste time on an “opportunity” that doesn’t exist.

Our efforts are to uncover the budget constraints sooner rather than later and before we offer a solution. We need to qualify our prospects and develop a solution that fits their needs exactly. That includes how much they can conceivably spend on the solution. ▼

Editor’s Note: Scot Teachout is a principal at Peak Performance Management, Inc., a sales force training and development company that helps businesses increase close ratios, increase margins, and shorten selling cycles. For information: www.superiorselling.com or phone 412.928.9933.

Human Resources Report

Stress Management: What is Stress?

by Jaime Morgan, MS, LPC

Stress is the "wear and tear" our bodies experience as we adjust to our continually changing environment; it has physical and emotional effects on us and can create positive or negative feelings. As a positive influence, stress can help compel us to action; it can result in a new awareness and an exciting new perspective. As a negative influence, it can result in feelings of distrust, rejection, anger, and depression, which in turn can lead to health problems such as headaches, upset stomach, rashes, insomnia, ulcers, high blood pressure, heart disease, and stroke. With the death of a loved one, the birth of a child, a job promotion, or a new relationship, we experience stress as we readjust our lives. In so adjusting to different circumstances, stress will help or hinder us depending on how we react to it.

How Can I Eliminate Stress from My Life? — As we have seen, positive stress adds anticipation and excitement to life, and we all thrive under a certain amount of stress. Deadlines, competitions, confrontations, and even our frustrations and sorrows add depth and enrichment to our lives. Our goal is not to eliminate stress but to learn how to manage it and how to use it to help us. Insufficient stress acts as a depressant and may leave us feeling bored or dejected; on the other hand, excessive stress may leave us feeling "tied up in knots." What we need to do is find the optimal level of stress, which will individually motivate but not overwhelm each of us.

How Can I Tell What is Optimal Stress for Me? — There is no single level of stress that is optimal for all people. We are all individual creatures with unique requirements. As such, what is distressing to one may be a joy to another. And even when we agree that a particular event is distressing, we are likely to differ in our physiological and psychological responses to it. The person who loves to arbitrate disputes and moves from job site to job site would

be stressed in a job, which was stable and routine, whereas the person who thrives under stable conditions would very likely be stressed on a job where duties were highly varied. Also, our personal stress requirements and the amount which we can tolerate before we become distressed changes with our ages. It has been found that most illness is related to unrelieved stress. If you are experiencing stress symptoms, you have gone beyond your optimal stress level; you need to reduce the stress in your life and/or improve your ability to manage it.

How Can I Manage Stress Better?

— Identifying unrelieved stress and being aware of its effect on our lives is not sufficient for reducing its harmful effects. Just as there are many sources of stress, there are many possibilities for its management. However, all require work toward change: changing the source of stress and/or changing your reaction to it. How do you proceed?

1. Become aware of your stressors and your emotional and physical reactions.

- Notice your distress. Don't ignore it. Don't gloss over your problems.
- Determine what events distress you. What are you telling yourself about the meaning of these events?
- Determine how your body responds to the stress. Do you become nervous or physically upset? If so, in what specific ways?

2. Recognize what you can change.

- Can you change your stressors by avoiding or eliminating them completely?
- Can you reduce their intensity (manage them over a period of time instead of on a daily or weekly basis)?
- Can you shorten your exposure to stress (take a break, leave the physical premises)? Can you devote the time and energy necessary to making a change (goal setting, time management techniques, and delayed gratification strategies may be helpful here)?

3. Reduce the intensity of your emotional reactions to stress.

- The stress reaction is triggered by your perception of danger...physical danger and/or emotional danger. Are you viewing your stressors in exaggerated terms and/or taking a difficult situation and making it a disaster? Are you expecting to please everyone?
- Are you overreacting and viewing things as absolutely critical and urgent? Do you feel you must always prevail in every situation?

- Work at adopting more moderate views; try to see the stress as something you can cope with rather than something that overpowers you.
- Try to temper your excess emotions. Put the situation in perspective. Do not labor on the negative aspects and the "what if's."

4. Learn to moderate your physical reactions to stress.

- Slow, deep breathing will bring your heart rate and respiration back to normal.
- Relaxation techniques can reduce muscle tension. Electronic biofeedback can help you gain voluntary control over such things as muscle tension, heart rate, and blood pressure.
- Medications, when prescribed by a physician, can help in the short term in moderating your physical reactions. However, they alone are not the answer. Learning to moderate these reactions on your own is a preferable long-term solution.

5. Build your physical reserves.

- Exercise for cardiovascular fitness three to four times a week (moderate, prolonged rhythmic exercise is best, such as walking, swimming, cycling, or jogging). Eat well-balanced, nutritious meals.
- Maintain your ideal weight.
- Avoid nicotine, excessive caffeine, and other stimulants.
- Mix leisure with work. Take breaks and get away when you can.
- Get enough sleep. Be as consistent with your sleep schedule as possible.

6. Maintain your emotional reserves.

- Develop some mutually supportive friendships/relationships.
- Pursue realistic goals that are meaningful to you, rather than goals others have for you that you do not share.
- Expect some frustrations, failures, and sorrows.
- Always be kind and gentle with yourself — be a friend to yourself.

Editor's Note: Our guest author this month is Jaime Morgan, director of Business Development, Lytle Eap Partners. Please contact Jaime Morgan at 800-327-7488 to find out how Lytle can help your employees and save on costs associated with personal work/life issues impacting your company's bottom line.

Dynamic Business readers should contact Eileen Petrone, SMC's manager of Human Resources, for HR help and advice via e-mail, eileenpetrone@smc.org. For answers to your HR questions, e-mail hrhelpline@smc.org.

News for Manufacturers by Carol Winterhalter

Groundbreaking Skills Certification System Will Help New and Transitioning Workers

The National Association of Manufacturers (NAM) and The Manufacturing Institute have launched a new NAM-endorsed Manufacturing Skills Certification System that “will revolutionize education and training for the 21st century manufacturing workforce,” according to NAM President and CEO John Engler. “At a time when millions of Americans face unemployment, manufacturing jobs with excellent salaries – and across all skill levels and sectors – are unfilled because of the lack of qualified applicants,” Engler said. “These tough economic times call for clear pathways to skills in demand to help new and transitioning workers prepare for good manufacturing jobs. Our education system isn’t adequately preparing the next generation of workers. We must do a better job aligning education and training to the needs of employers and job seekers. NAM is endorsing a revolutionary new approach to certification and credentials that will help workers succeed in high-quality, middle-class jobs,” he said.

The NAM system will initially focus on the core, basic skills required for entry-level workers in all sectors of manufacturing, from alternative energy and computers to aerospace and life-saving pharmaceuticals. The core skills include personal effectiveness competencies such as willingness to learn and dependability; academic competencies such as applied science and presentation skills; workplace competencies such as teamwork and applied technology; and industry-wide technical competencies such as supply chain logistics and health and safety.

This new program provides a solution to our nation’s talent development needs and maps to both career pathways across the manufacturing economy and to educational pathways in postsecondary education. These pathways will be deployed through community colleges to provide students and transitioning workers with industry-recognized skills certifications that are educational credentials with real value in the workplace. Individuals who earn national Career Readiness Certificates will have the core foundational skills to begin successful career paths in the manufacturing industry. Plus, the certificate is valuable as a common standard of measurement for assessing the foundational skills and training needs of workers transitioning from other occupations. For more information: www.nam.org/institute. ▼

BOTS IQ Competition and Manufacturing Expo

Saturday, April 25, 2009 at Century III Mall, West Mifflin

Students from 48 high schools will compete in the BOTS IQ Competition at Century Three Mall on April 25. Participating high school students designed and built bots with the assistance of 39 technical advisors from regional manufacturing companies. The competition finals begin at 10:00 a.m. There is no charge to attend. Between battles, attendees are invited to visit the **Manufacturing Expo** where informative displays will showcase the region’s industry, while providing information about careers in manufacturing. If your company would like to participate in the Manufacturing Expo, please call Rosann Linza, 412.342.1604 or e-mail, rosann@smc.org for information. It promises to be an exciting, fun-filled event for the whole family. ▼



Business Quick Guide

Are you looking for venture capital or working capital? Perhaps you’re thinking of applying for a workforce-training grant. Or maybe you’re interested in writing a business plan and need help with financial projections. If you’ve answered “yes” to these questions, we have a solution for you. Go to www.smc.org and check out the “Business Quick Guide: Pittsburgh Region’s Business Development Resource.” This informative Guide of business related, not for profit assistance agencies providing management assistance, funding sources, and specialized services

was produced by SMC Business Councils in conjunction with the Duquesne University Small Business Development Center and the Pittsburgh Regional Alliance. The link to the Guide is in the lower left hand corner of the website’s home page. Check it out today. The quick-reference Guide was created especially for the busy manufacturing executive. ▼

Editor’s Note: Carol Winterhalter is staff liaison to the Manufacturing Council and advertising manager of Dynamic Business. She can be reached at carol@smc.org.

Business Quick Guide: Pittsburgh Region's Business Development Resource

quick reference guide of business-related not-for-profit assistance agencies that provide services to area businesses and entrepreneurs.

The regional resource guide is designed to help business and entrepreneur identify not-for-profit organizations whose resources include assistance in locating and prospective businesses. The organizations listed offer services to help businesses launch, prosper, and grow. The organizations are arranged alphabetically with cross-coded references listing its specific services offered.

The intended use of the **Business Quick Guide** is to provide a quick reference of agencies that offer the most services with the least number of calls/research from the inquiring individual.

The **Business Quick Guide** – distributed via SMC Business Councils/Dynamic Business Development Center – is also available with the most up-to-date information online at www.pittsburghregion.org in partnership with the Pittsburgh Regional Alliance (PRA).

The Pennsylvania SBDCs provide educational seminars and consulting services for entrepreneurs looking to start or develop a business. Over the past 15 years, the SBDCs are responsible for the start of over 20,000 new businesses and the creation of over 100,000 new jobs in Pennsylvania.

The Pittsburgh Regional Alliance (PRA) works to market the southwestern Pennsylvania region to business worldwide. They strive to provide the benefits of conducting business in this region by growing, relocating, or expanding companies as well as catering to the growth of existing regional employers.

The premiere business association in Pennsylvania, SMC Business Councils helps businesses to connect with programs, services, and people essential to business development. SMC serves smaller Pennsylvania businesses of all types with a strong and rapidly growing member base.

Duquesne University SBDC has put forth considerable effort in collecting accurate and comprehensive organizational information. If you have questions or comments relating to the Business Development Guide, please contact Diane Sandstrom, Duquesne University SBDC Consulting Manager, at 412-366-6233 or via email at dsandstrom@duq.edu.

For periodic updates, visit <http://www.pittsburghregion.org/quickguide>

The alphabetical listing of assistance agencies is arranged with cross-coded reference lines where they apply to specific help functions offered.

The **Business Quick Guide** is designed to offer a broad overview. It is not intended to be exhaustive.

Legislative Report

The Members Have Spoken: SMC Government Relations Issues Survey

by Eileen Anderson

We are now assembling our federal and state position papers in preparation for spring grassroots lobbying trips to Harrisburg and Washington, D.C. Members have asked how our legislative agenda and positions on state and federal issues are developed.

We listen to what you have told us over the past year, whether it be at events, or at meetings. Also taken into consideration is the likelihood of legislation coming up, what's realistic, and what we worked on last year. In addition a Government Relations Issues Survey was sent out to members in March. We combined information from these sources to write draft position papers. The papers were then reviewed at the Government Relations Committee meeting on March 5 and further comments from members were solicited.

Consensus at the March 5 meeting is that it's impossible to single out any one issue over another in importance this year. At the Federal level we will address Health Care, Labor Issues, Taxes, and Economic Development. At the State level we will address Health Care, Taxes, Workforce Issues, and Economic Development. The SMC position papers are still a work in progress and will be available later on this spring. However, following is some of the information gathered from our recent survey:

TAXES - Survey results clearly showed that slow sales, the high cost of health insurance, and taxes are the main concerns of members. See charts 1, 2, and 3. Twenty-three per cent of members indicated they had already laid off workers as of March 2009.

Message: Given the state of the economy now is not a good time to raise taxes of any kind on businesses or individuals. That money can be put to better use for investment in business for the creation of jobs.

LABOR - In a November survey, 65 per cent of respondents were opposed to "Employee Free Choice Act" legislation. This bill does away with the secret ballot process in votes to organize unions in the workplace. Eighty-three per cent were also opposed to a provision in the same legislation that mandates compulsory binding arbitration on the employer and employees.

On another labor issue, the Family and Medical Leave Act, 88 per cent were opposed to reducing the threshold from 50 to 25 employees for applicable benefits.

Message: The unionization of workplaces and increasing regulations stifle business and hamper job creation.

HEALTH CARE - Health care and insurance costs are a significant burden for many small businesses and the Obama administration is going full steam ahead to tackle Health Care Reform. Respondents were asked what they would do if they were in charge of health care and were given nine reforms to choose from. Twenty-four per cent are in favor of giving tax credits to small business to aid in purchasing insurance, 20 per cent would do away with the use of an individual's health history as a rating tool, and 18 per cent were in favor of building reforms using both public and private systems. Thirteen per cent would encourage the use of health savings accounts. Thirteen

per cent would like to retain the employer-based system and improve on it and seven per cent want to eliminate the employer-based system totally. Five per cent wanted a single payer system, and none want to eliminate the employer's tax deduction for health care, none are in favor of an employer mandate, five per cent wanted a single payer system.

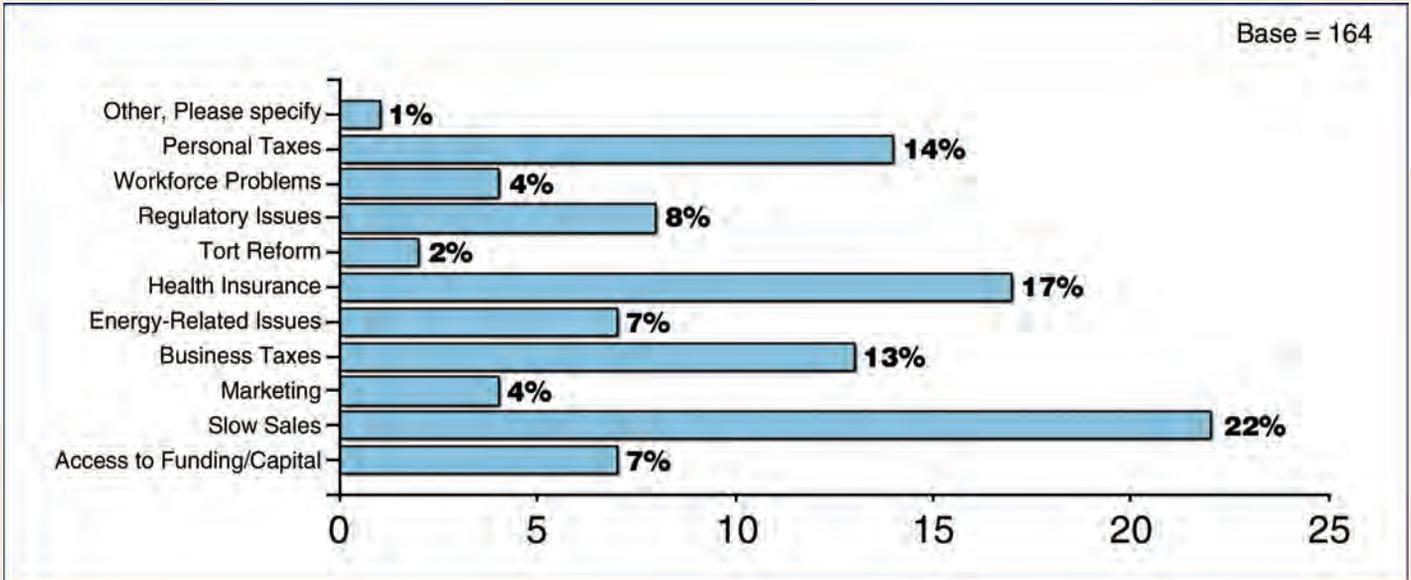
Message: Health care costs must be reined in. Now is not a good time to be adding more fees and requirements on small employers.

Participants were also asked what additional issues SMC should be working on. They cited in order of importance: 1) simplification of the federal tax code; 2) state government reform; 3) lawsuit abuse reform; 4) state economic incentives for small businesses; 5) access to Small Business Administration loans; 6) workforce issues; 7) small business contracting; and, 8) independent contractor's classification.

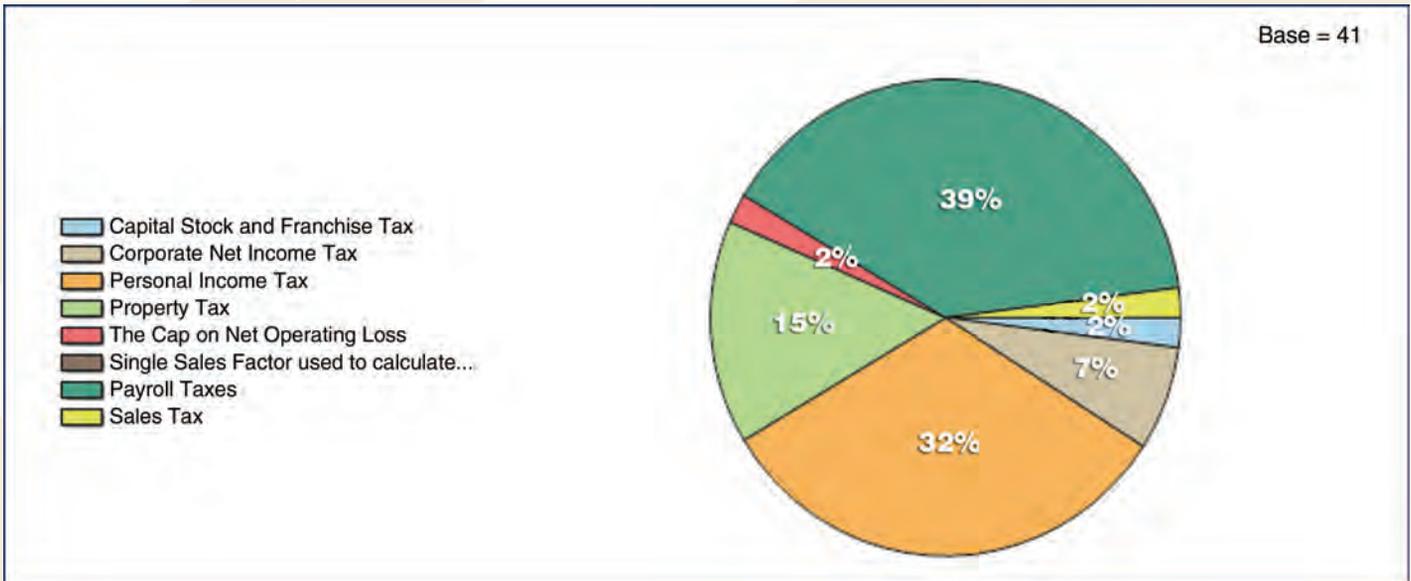
Our grassroots lobbying trips are scheduled for Monday, May 4, 2009 to Harrisburg, and Tuesday and Wednesday, June 9 and 10, 2009, to participate in the annual Washington Presentation to Congress in Washington, D.C. Please join us if you can. E-mail eileenanderson@smc.org for information and to register. ▼

Editor's Note: Eileen Anderson is vice president of Red Clay Tile Works and SMC's Government Relations manager. She can be reached via e-mail, eileenanderson@smc.org.

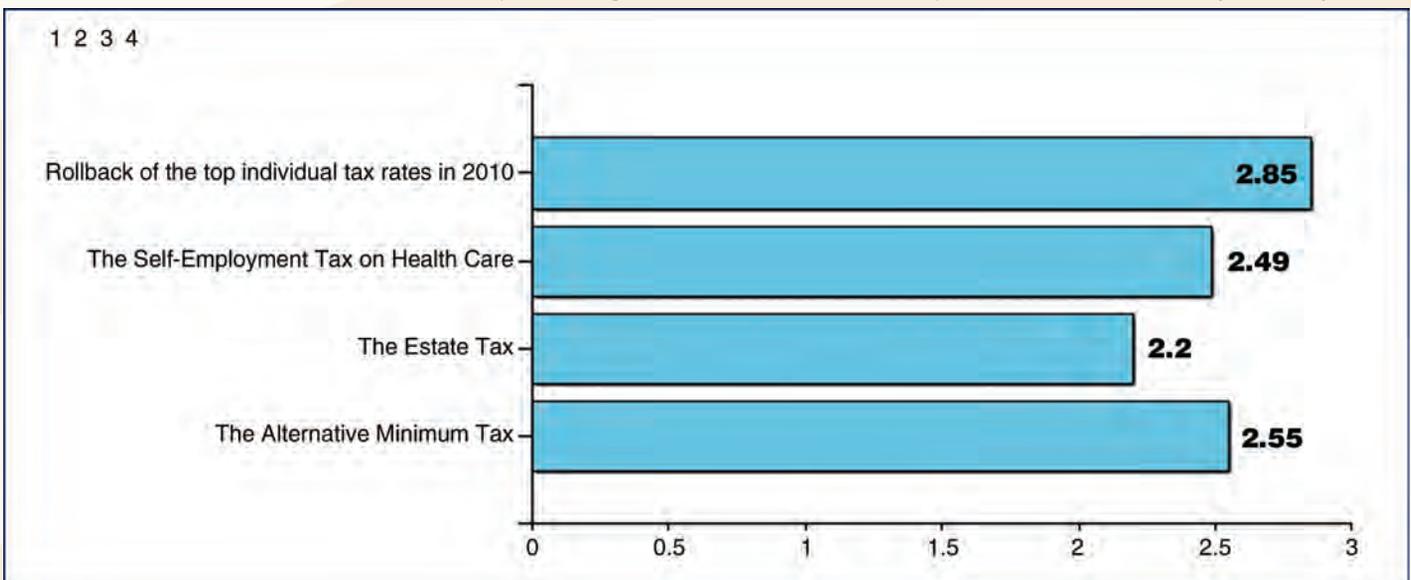
What problems do you foresee over the next 12 months?



Which of the following state taxes impacts your business the most?



What federal taxes have the most impact on you? Rate in order of importance with 3 being the highest.



Your Member Benefits



Many members are not aware of all the benefits available for their membership dollar. This page is a new regular feature that you can use as a reference to keep you up-to-date on the added values now at your disposal.

Business Development

- Save \$195 subscription fee to PR Newswire to promote your company through the media.
- Free online listing of your business on SMC website with links to your website
- Promote your events to other members on the SMC website (*free for limited time*)
- Engage fellow members and entertain clients at networking and social events
- Maximize exposure to SMC members through *Member Vendor Program*

Information Resources

- *Ask An Expert Helpline* for fast, free, and straightforward answers to human resources, legal, accounting, marketing and other questions
- *Human Resources Management Services* include compensation guidance, employee policy consultation, employee handbooks, and more
- *Chapter Meetings* and *Continuing Education* programs highlight the latest trends you need to know to grow your business
- Keep abreast of the news, trends, and developments affecting small business by reading the electronic *SMC Update Newsletter*, *HRM Update*, and *Dynamic Business* magazine

Business Products

- Two free business credit reports and more through a major credit reporting firm
- Large potential commercial electricity savings for Duquesne and Penn Power customers
- *SMC College Tuition Reduction Program* for employees at local colleges
- Payroll Preparation Services
- Favorable rates on Business Equipment Leasing
- Office Supplies discounts through a major retailer
- Shipping Service discounts through a leading national carrier
- Gasoline discount
- Fall and Summer Fun Packs for your Employees
- And much, much more

Insurance Programs

- Group Health, Dental, and Vision Insurance
- SMCIA Group Life, Short-and Long-Term Disability, and Workers' Compensation Insurance
- SMCIA acts as liaison with insurance carriers to customize and administer your group insurance plan

Business Advocacy

- Stay informed about the latest political, legislative, and regulatory issues. Sign up for SMC's free electronic *Government Newsletter*
- Participate in SMC's lobbying efforts in Harrisburg and Washington, D.C.
- *The Business Quick Guide* is available for locating venture, working capital, and grant funding organizations

SMC Business Councils

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For more information – visit WWW.SMC.ORG or call Toll Free 1.800.553.3260

New Members

Pittsburgh and Western Region

Abrill Industries

owner
Industry
820 Atlantic Avenue
Franklin, PA 16232-2210
Phone: 814 437-5354

AC Power Tech, Inc.

Dimitri Cerretti
Electrical Supplies
P. O. Box B
Monessen, PA 15062-0561
Phone: 724 684-6301
E-mail: dcerretti@acpowertech.com

Beaver Valley Janitorial Supply

David Tomei
Janitorial Supplies & Service
3132 Brodhead Road
Aliquippa, PA 15001-1372
Phone: 724 375-8666
Fax: 724 375-5027
E-mail: dtomei@bvjanitorial.com
http://www.bvjanitorial.com

Brackenridge Construction

Zeb Sasse
Construction
300 Cherry Street
Brackenridge, PA 15014-1408
Phone: 724 224-3404
E-mail: zsasse@brackenridgeconstruction.com
http://www.zsasse@brackenridgeconstruction.com

Datavibes, Inc.

Dan Wagner
Boutique business services company that partners with the IT organization in the client companies to help them achieve business objectives by optimally leveraging progressive technologies.
2121 Noblestown Road, Suite 106
Pittsburgh, PA 15205-3956
Phone: 412 921-9995
E-mail: dwagner@datavibes.com

Deere Acres Livestock

Daniel Coleman
455 Wainwright Road
Punxsutawney, PA 15767-7421
Phone: 724 286-9945

Family Life Media Com. Inc.

David Croyle
Corporation
114 South Jefferson Street
Kittanning, PA 16201-2408
Phone: 724 548-8000
E-mail: dcroyle@familylifetv.com

Helmick Corp.

Louis Helmick, III
Manufacturing
998 Minor Avenue
Fairmont, WV 26554-3682
Phone: 304 366-3520
E-mail: lhelmick@helmickcorp.com

Insight Pipe Contracting

Diane Reiber
Sewer Maintenance
232 East Lancaster
Butler, PA 16037
Phone: 724 452-6060
E-mail: dianereiber@insightpipe.com

Integrated Environmental

Pikake Vetere
Environmental Integration
221 Hope Street
Carnegie, PA 15106
Phone: 412 429-2700
E-mail: pvetere@ies-pch.com

JV Manufacturing Co

Rich Celecki
Tool & Die
1603 Burtner Road
Natrona Heights, PA 15065-2824
Phone: 724 224-1704
E-mail: celecki@jvmfgco.com
http://www.celecki@jvmfgco.com

Kayafas Architects

Amber Sobota
Architecture
2307 Chapline Street
Wheeling, WV 26003-3907
Phone: 304 233-1816
E-mail: gus@kayafasarchitects.com

Mainline Drug Testing Services

Randy Brodsky
Drug Testing, for companies using collection sites,
Non-DOT Drug Testing
P. O. Box 98143
Pittsburgh, PA 15227-0543
Phone: 412 398-8074
Fax: 216 831-4120
E-mail: mainlinedts@yahoo.com

Millenia Group

Nick Calabrese
Printer Circuit Board MFG
1105 Pittsburgh Street
Cheswick, PA 15024-1330
Phone: 724 274-7741
E-mail: calabrese.n@trianglecircuits.com

Morocco Electric Inc.

Cathy Spivey
Electrical Contractor
201 South Pleasant Avenue
Somerset, PA 15501-2136
Phone: 814 445-4267
E-mail: cspivey@meisystems.com

Nardone Chiropractic

Debbie Zucco
Chiropractic
1076 East Bethlehem Blvd.
Wheeling, WV 26003-4961
Phone: 304 243-1055
E-mail: nardonebilling@yahoo.com

PM Computing, Inc.

Vicki Wilson
Computer repairs, maintenance
27 Girdwood Lane
Gibsonia, PA 15044-5026
Phone: 412 204-8076
E-mail: vicki@pm-computing.com
http://www.pm-computing.com

Packaging Specialists

Matt McDaniel
Packaging and Manufacturing
499 Nixon Blvd.
Cheswick, PA 15024-1037
Phone: 724 275-3700
E-mail: Mattm@boxes1.com
http://www.mattm@boxes1.com

Panhandle Cleaning & Restoration

Tom Contraguero
Cleaning Service
42 38th Street
Wheeling, WV 26003-4324
Phone: 304 232-2321
E-mail: tomc@panhandlecr.com

Penn Valuation Group

Gail Hinchberger
Realty
2591 Wexford Bayne Road
Sewickley, PA 15143-8676
Phone: 724 742-3324
E-mail: ghinchberger@irr.com

Precision Kidd Steel Co., Inc.

Dom R. Lea
Producer of high quality cold finish bar and wire steel products.
One Quality Way
Aliquippa, PA 15001-2459
Phone: 724 378-7670
Fax: 724 375-6685
E-mail: dlea@precisionkidd.com
http://www.precisionkidd.com

Prinzo & Associates

Norine Prinzo
CPA
3402 Washington Road, Suite 204
McMurray, PA 15317-2964
Phone: 724 942-3622
E-mail: nprinzo@prinzo CPA.com

Results

Thomas Bockius
Industrial consulting including both management consulting and engineering
1459 Network Drive
Canonsburg, PA 15317-8507
Phone: 724 747-0004
E-mail: tbockius@gmail.com

Ritter Technology

Wendy Valeriano
Technology
100 Williams Drive
Zelienople, PA 16063-2602
Phone: 724 452-6010
E-mail: wvaleriano@rittert.com

Smithfield Trust Company

Susan Restano
Financial
20 Stanwick Street
Pittsburgh, PA 15222-1330
Phone: 412 261-0779
E-mail: srestano@smithfieldtrustco.com

Springboard Design

Paul Rosenblatt
Architecture
24 Terminal Way
Pittsburgh, PA 15219-1209
Phone: 412 390-4040
E-mail: paul@springboarddesign.com

StarFlight Systems

Andrea Daquellente
Manufacturing
P. O. Box 421
Connoquenessing, PA 16027-0421
Phone: 724 789-9200
E-mail: andrea@starflitesystems.com
http://www.andrea@starflight systems.com

Stitt-Garofalo, Inc.

Ms Sarah Stitt
Gifts
170 Knob Road
Brownsville, PA 15417-9328
Phone: 724 785-2129
E-mail: sstitt@zoominternet.net

Tecnocap

Mike Demko
Manufacturer
1701 Wheeling Avenue
Glendale, WV 26038-1728
Phone: 304 845-3402
E-mail: m.demko@tecnocapclosures.com

Terrace Trophies

Homer R. Sleek
194 Revco Road
Somerset, PA 15501-7733
Phone: 814 445-3539

Tool Sales & Service Company, Inc.

Ingrid Boyd
Tool sales service
1137 Electric Avenue
East Pittsburgh, PA 15112-1401
Phone: 412 824-0021
Fax: 412 824-9960
http://www.toolsalesandservice.com

Triangle Circuits

Steve McClintick
Circuit Board Manufacturer
1105 Pittsburgh Street
Cheswick, PA 15024-1330
Phone: 724 274-7741

Urology Associates of Beaver

Janet Evans
Health care
350 3rd Street
Beaver, PA 15009-2261
Phone: 724 774-3232
E-mail: jevans@uab.com

Harrisburg and Central Region

AdAbility, Inc.

Anne Aufiero
Integrated marketing communications agency
3607 Rosemont Avenue, Suite 504
Camp Hill, PA 17011-6943
Phone: 717 737-1744
Fax: 717 737-1742
http://www.adability.com

Greg Adams

Greg Adams
Financial Advisor
467 Old Farm Road
Palmyra, PA 17078-8718
Phone: 717 514-5193
E-mail: gradams@verizon.net

Exit Preferred Realty

Ada L. George
922 Crestwood
Chambersburg, PA 17202-4604
Phone: 717 264-9880
Fax: 717 264-8540
E-mail: adageorge@exitpreferredrealty.com
http://www.jeffandadageorge.com

Jan T. Hartman

Jan Hartman
777 East Park Drive
Harrisburg, PA 17111-2738
Phone: 717 734-2523

Law Offices of Joseph L. Hitchings

Joe Hitchings
Law
2413 Cope Drive
Mechanicsburg, PA 17055-5355
Phone: 717 458-8123

T. A. Leiphart Masonry, Inc.

Tammy Leiphart
Masonry
P. O. Box 25
Red Lion, PA 17356-0025
Phone: 717 246-3561
Fax: 717 244-0474

Paul A. Mattus Agency & Sons, Inc.

Paul Mattus
Insurance
All State Rep
3810 Market Street
Camp Hill, PA 17011-4327
Phone: 717 731-5456
Fax: 717 731-0699
E-mail: aol7875@allstate

S & R Enterprises, LLC

Hilary Evans
Steel and Precast Erector
7385 Allentown Blvd.
Harrisburg, PA 17112-3607
Phone: 717 652-3080
Fax: 717 652-3081
E-mail: hevans@srenterprises.com
http://www.srenterprises.com

Christie Sorkin

Christie L. Sorkin
20 West Lawn Circle
Wormleysburg, PA 17043-1142
Phone: 717 889-1686

Warehouse Bay Corp.

Amy Seibert
121 Cherry Street
W. Reading, PA 19611-1202
Phone: 610 372-3411
Fax: 610 372-2314
E-mail: amy@warehousebay.com
http://www.warehousebay.com

Friday,
 March 20, 2009
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*Westin Convention
 Center Hotel*



SCENE AT...



Thursday, March 12, 2009
Wine Tasting Mixer
Palate Partners

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Tuesday, March 31, 2009
Opportunities
for Economic
Stimulus Funding
Westinghouse Research
and Technology Park
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Small Business Calendar

SMC Committee Meetings

Ambassadors/ Membership Committee

Thursday, May 21, 2009
at 12:00 p.m.

R.S.V.P.: Gerri Corvino,
E-mail gerri@smc.org

Benefits Committee

Tuesday, May 19, 2009
at 12:00 p.m.

via teleconference
R.S.V.P.: Kim Flowers,
E-mail kim@smc.org

Communications Committee

Monday, May 18, 2009
at 11:30 a.m.

R.S.V.P.: Mary Heindl,
E-mail mary@smc.org

Education Committee

Date to be Determined
Information: Eileen Petrone
E-mail eileenpetrone@smc.org

Government Relations Committee

Date to be Determined
Information: Eileen Anderson
E-mail eileenanderson@smc.org

Manufacturing Committee

Date to be Determined
Information: Carol Winterhalter
E-mail carol@smc.org

All Committee meetings
are held at SMC Headquarters,
Westinghouse Research &
Technology Park
1382 Beulah Road, Building 801
Pittsburgh, PA 15235

Editors' Note: SMC Members are cordially invited to attend any meeting of their choice. Committee meetings are held at SMC Headquarters. We ask that you please let us know if you're planning to attend as food is served. Members in the Central Region can participate via our teleconferencing system. Ask Lois Snell in the Harrisburg office for details. Phone: 877.762.4748 or e-mail lois@smc.org.

Coming Events

Thursday, April 23, 2009

Central Region Chapter Meeting

Dr. John F. Powers, Jr.
Director, Pennsylvania Office of
Homeland Security
Central Penn College
Conference Center
Summerdale, PA
8:30 – 10:00 a.m.
No Charge
RSVP: 1.877.762.4748

Friday, April 24, 2009

Equifax Business Credit Reports Informative Webinar

One-Hour Free Educational Session
with Ted LaBadie, Vice President
Equifax Commercial Information
Solutions
2:00 p.m.
RSVP: www.smc.org or e-mail
kim@smc.org

Saturday, April 25, 2009

BOTS IQ Competition & Manufacturing Expo

Century Three Mall, West Mifflin
Manufacturing Expo will run from
10:00 a.m. – 4:00 p.m.
No Charge

Thursday, April 30, 2009

2009 Insurance Renewal Workshop

SMC Headquarters
1382 Beulah Road, Building 801,
Churchill
Registration - 9:30 a.m.
Workshop - 10:00 a.m. – 12:00 p.m.
No Charge
Highmark Blue Cross Blue Shield rates
and benefit changes for the July 1,
2009 renewal will be discussed at the
Workshop.

Monday, May 4, 2009

Grassroots Lobbying Trip to Harrisburg

9:15 a.m. – 10:30 p.m.
No Charge to SMC Members
E-Mail eileenanderson@smc.org

Wednesday, May 6, 2009

DEP Energy Management Workshop

Connelley School Auditorium
1501 Bedford Avenue,
Pittsburgh 15219
8:00 a.m. – 12:00 p.m.
No charge for workshop to discuss
ways to reduce energy costs
RSVP: Contact DEP at
717.783.8411 or visit
<http://www.depweb.state.pa.us/DEP>
keyword "Ombudsman" (click on
"Upcoming Events")

Tuesday, May 12, 2009

Pirate Night at PNC Park

Pittsburgh Pirates vs. St. Louis
Cardinals
7:05 p.m.
Pre-Event Mixer at Firewater's
5:00 – 6:45 p.m.
\$39 per person (event package only)
RSVP: www.smc.org

May 17-19, 2009

SBA's Observance of National Small Business Week

More than 100 small business owners
from across the country will gather at
the Mandarin Oriental Hotel in
Washington, D.C., to be honored for
their accomplishments. Information:
www.sba.gov/sbw.

Thursday, May 21, 2009

SBA Advocate Awards Luncheon

Sponsored by the Western PA Small
Business Network
Omni William Penn Hotel
\$45 per person; \$450 for tables of 10
RSVP: www.allegHENYconference.org

Thursday, June 4, 2009

Entrepreneur's Growth Conference

Duquesne University Small Business
Development Center
Full day program
RSVP: www.egc.duq.edu

Tuesday, June 9 and
Wednesday, June 10, 2009

Washington Presentation to Congress

Save the date; details to follow
Fee: To Be Determined
Information: E-mail Eileen Anderson,
eileenanderson@smc.org

Thursday, June 18, 2009

Pig Roast and Bike Night

Rock Bottom at the Waterfront,
Homestead
5:30 – 7:30 p.m.
Fee: To Be Determined
RSVP: www.smc.org

Tuesday, July 21, 2009

SMC Night at Kennywood

This is Fireworks Night and Italian Day
\$34.95 per person includes nightrider
pass and one-hour "all you can eat"
buffet beginning at 6:00 p.m.
RSVP: www.smc.org

SMC 2009 Golf Outing Schedule

Thursday, May 21, 2009
Edgewood Country Club

Churchill, PA
Fee: \$175 per person

Tuesday, June 23, 2009
Fox Chapel Golf Club

Fox Chapel, PA
Fee: \$260 per person

Thursday, July 23, 2009
Allegheny Country Club

Sewickley, PA
Fee: \$250 per person

Wednesday, August 19, 2009
Butler Country Club

Butler, PA
Fee: \$230 per person

All golf outings begin at 1:00 p.m. and
include a buffet luncheon, golf, dinner,
carts, practice range, all other country
club fees, and MANY prizes.
RSVP: www.smc.org

Important: All players must pay for the outing either by
check or credit card before the outing or on the day
of the outing. SMC no longer invoices for golf outings
Information: Jerry DiFrango, 412.342.1622 or e-mail
jerry@smc.org.

YOU are cordially invited to join an SMC Committee . . .

In order to make association service more meaningful to volunteer members who serve on SMC Committees, all Committee meetings have been restructured so that 40 percent of the meeting time is devoted to association topics and 60 percent of the time is spent on business topics related to members' stated interests. Topics range from the economy to human resources and tax questions, or advice on how to solve a problem one of the members is having within his/her company. Several Committees have asked their members to submit specific marketing, financial, or HR problems for group discussion. At the next meeting, the Committee as a whole will brainstorm and discuss the topic with the goal of finding a creative solution to a member's problem.

Just e-mail the staff liaison person listed on the business calendar if you want further information about the Mission and Duties of each SMC Committee or are interested in participating as a volunteer leader of SMC. We look forward to welcoming you soon...and often.



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- Dynamic Business Electronic Edition

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* Call Joe Palermo for details at 412/371-1500.



Jim Papariello
Studios, Inc.

412.831-8478

KAG inc

Kostilnik & Associates Graphics, Inc.

300 Camp Horne Road
Pittsburgh, PA 15202
Ph: 412.734.1708
Fx: 412.734.1717
kaginc1@earthlink.net

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- 67% buy banking services
- 65% buy printing products
- 60% buy computers



CALL CAROL WINTERHALTER AT DYNAMIC BUSINESS MAGAZINE
412/371-1500

Coming Attractions

in DYNAMIC BUSINESS

	Ad Space Closing Date	Artwork Date Due
May 2009 SBA Advocate Awards	Mar. 27	Apr. 13
June 2009 Banking/Manufacturing	May 1	May 15
July/August 2009 Energy/Conservation	July 6	July 20

For More Information, Contact
CAROL WINTERHALTER,
ADVERTISING MANAGER,
412-371-1500, x1611
or carol@smc.org

The Philosophy of Business

Recalling a recent conversation between Ron Morris and Don Jones

1. The success of a company will be inversely proportional to the size and elegance of the CEO's office.
2. If the CEO has a reserved parking spot — I'm out. I don't even go there.
3. Company leaders must have a marketing bent. So many times we find these technologists that want to start a company, and they're good people, but they don't think in markets. They get gratification when they build one — I want a person who gets gratification when they sell 1,000. You need to capture a market, rather than create a widget.
4. A leader needs to exude enthusiasm and can be beaten up in his office (like when the bank calls their debt or when your biggest customer cancels an order) and can still walk out to his people and be as cheery as can be. Remember — the attitude at the top permeates through the organization.
5. Ninety-five percent of the people are followers and want to be led.
6. The difference between an entrepreneurial company and one that isn't: The leader of an entrepreneurial company is a visionary while the other one is just a curator of assets. This curator keeps

things as they are. They may talk about vision, but it's mostly lip-service. When faced with difficult times, they revert back to what's comfortable: the status quo.

7. Face-to-face trumps telephone. Telephone trumps e-mail. E-mail trumps text messaging. Get out and see people face-to-face.

"Two highly successful entrepreneurs share their secrets."

8. Never underestimate anyone. You can and will learn from everybody if you are open to learning it.
9. If you want to find out what someone is really like - see how they treat the people who serve them lunch.
10. So many "entrepreneurs" today are more concerned with salary than they are with equity. Get your money at the end. Why do you think Steve Jobs only makes \$1 a year? ▼

Editor's Note: For more than 30 years, Ron Morris has been an entrepreneur and a pioneer in Pittsburgh's high-tech community. He founded eight separate technology companies between 1973 and 1999. Ron is now director of the Entrepreneurial Studies Program at Duquesne University, a program he founded in 2003. Morris' passion for building businesses can be heard every Saturday morning from 9:00 a.m. to 12:30 p.m. when he hosts, "The American Entrepreneur (TAE)" radio show on WMNY 1360 Business Talk Radio and on the web at www.taeradio.com and www.Talkshoe.com. In the fall of 2008, Morris founded Pittsburgh Business Radio (PBR), which is an all-local, unique business talk radio format that airs Monday through Friday from 3:00 - 6:00 p.m. on WMNY Money Talk 1360 AM.

Donald Jones is a managing director of Draper Triangle Ventures and a nationally recognized entrepreneur and investor with over 30 years of experience in growing early stage companies involved in information technology, telecommunications, Internet-related businesses, advanced automation, and medical technologies. Mr. Jones was the founder and CEO of four highly successful technology companies and provided capital and management resources for many other early stage companies that have experienced dramatic growth. Jones also endowed the Center for Entrepreneurship at Carnegie Mellon University and is a former adjunct professor of entrepreneurship at Carnegie Mellon University's Tepper School of Business.

Comment on the philosophies above or share your own by visiting: <http://www.taeradio.com/rons-blog/2009/3/18/the-philosophy-of-business.html#comments>

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