

The Rea report



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- 2 **Bright Ideas**
- 2 **Series: Control Your Destiny, Part 2: Know Your Risk**
- 4 **Don't Let Bad Behavior Take You Down**
Protection from Potential Losses
- 4 **By the Numbers**
The Impact of Fraud
- 5 **Obamacare is Here – Now What?**
Answering Individual and Employer Related Questions
- 6 **Bright Client: Greater Medina Chamber of Commerce**
Celebrating 75 Years of Business Advocacy
- 7 **Bright People**
Rea's employee highlights
- 8 **Bright Points**
What's happening in industry



bright idea

Organize Your Tax Records Now.

As 2013 comes to an end, preparation is a great way to stay on top of tax deadlines you'll face in 2014. Organize your records, prepare for itemized deductions, review your paycheck and learn about tax law changes that may affect you. You can save time, money and headaches preparing early.

Don't Get Blindsided During Your Year-End Financial Planning

What You Should be Aware of as You Close Out 2013

The sun is setting on 2013 and the holidays are fast-approaching. But before you get caught up in it all, make sure you consider these lesser-known tax changes and important financial planning considerations.

3.8 Percent Medicare Surtax on Net Investment Income

Thanks to health care reform, did you know you may be subject to a 3.8 percent Medicare surtax on net investment income?

If you have more than \$200,000 in adjusted gross income (AGI), or \$250,000 if you're married and filing jointly, you'll pay a 3.8 percent surtax on the net investment income that exceeds that threshold.

"That means if you have \$500 in investment income and your AGI is \$201,000, all \$500 will be hit with the 3.8 percent," said Joe Popp, JD, LLM, Dublin office. "If you have \$60,000 in investment income, but your AGI is only \$100,000, then none of it will be hit with the surtax."

Capital Gains and Dividend Rates

The tax rate of long-term capital gains and qualified dividends is set in stone because of The American Taxpayer Relief Act of 2012 (ATRA). Though this was good news to most people last year, 2013 is a different story.

"Now, your dividends will still receive a preferential rate instead of an ordinary income tax rate," said David Shallenberger, CPA, Wooster office.

Married couples filing jointly and earning less than \$450,000 will be taxed 15 percent, and couples earning more than \$450,000 will be taxed 20 percent. The threshold for single filers is \$400,000.

"Additionally, some individuals who meet or exceed the AGI threshold will be taxed the 3.8 percent Medicare surtax on investment income, which includes capital gains and dividends," Shallenberger said.

Permanent Extension of AMT Exemption Threshold

Congress established the Alternative Minimum Tax (AMT) in 1969 to ensure that businesses and taxpayers benefitting from certain tax breaks would have to pay a minimum amount of tax. The ATRA permanently extended the AMT exemption threshold. So what could this mean for you?

"Fewer individuals may pay the AMT in 2013 due to the larger AMT exemption and the higher thresholds of exemption phase-out," said Josh Carlisle, New Philadelphia office. "And if general taxes are raised enough, some individuals on the high earner tax bracket won't have to pay the AMT."

continued page 7

2013



Calculate Inventory Turn by Product Line.

Inventory turns indicate how many times you've sold your inventory during the year. For example, if your inventory turn is six, you are replacing that inventory for resale about once every two months. This metric is industry-sensitive so you need to compare your number with industry averages. While a jeweler may turn inventory 1.5 times per year, that metric would be disastrous for a grocery store.

Use Care When Accepting Checks.

It's easier than ever for dishonest people to create fraudulent checks on inexpensive laser printers. Make sure you are accepting legitimate checks by ensuring 1) the first two digits of the routing number match those used by the Federal Reserve Bank; 2) there is no discoloration on the check (a sign of alterations); and, 3) one of the sides of the check is perforated showing it was torn from a checkbook as most, but not all, legitimate checks have perforation.

Explore Credits and Incentives.

Many businesses don't take advantage of the more than 3,000 federal, state and local credits and incentives. To get your piece of this \$50 billion pie, put together a plan! Start by outlining key opportunity indicators, or those events that trigger a credit or incentive. Plan in advance as timing is everything. Finally, ensure everyone – from the CFO to the CPA to HR, training and safety – know these exist and the timing required.

Series:

CONTROL *your* DESTINY

PART TWO: Know Your Risk

To be a successful and responsible business owner, you've got to be at the top of your game. A couple steps ahead of your competition, your customers and even yourself. On offense and defense at the same time: looking out for not only opportunities, but for risks, too.

But "risk" is a pretty broad concept, and each business faces something different. So how do you know what your risks are? Let's look at it from the perspective of a fictional business: Big Ohio Manufacturing. While Big Ohio and its owner, Bob Wisherman, are figments of our imagination, the issues and risks they face are very real.

Identifying Risk

"When you look at risk, the question that comes to mind is 'what changes should I make?' Change often leads to positive opportunities and is typically found in key business areas like cash flow, operations, accounting, revenue, business foundation, business planning and creating wealth," said Brad Martyn, managing director, FocusCFO.

"The common denominator in all of the risk areas, I'm sorry to say, is often the owner," he said. "For example, Bob is so busy putting out fires and dealing with day-to-day issues that he forgets to spend time investing in his business, enhancing its value and focusing on his broad business goals."

"As a whole, small business owners like Bob should take a more proactive approach instead of being reactive," said Dave Cain, CPA, Dublin office. "Bob is so knee-deep in the business itself that he can't see how to maximize the long-term value of the business ... and that puts Big Ohio at risk."

"When Bob started his business, he did everything himself. After all, he knew the business better than anyone, and he had too much at stake to entrust it to anyone else. But Big Ohio is maturing, and it's time for Bob to change his leadership style and let others become involved in critical areas. That way he can minimize his risk and increase the value of the business as a whole," said Martyn.

So what should you focus on in your own business? "Each business is different. They have unique cultures, family ownership dynamics and industry and economic challenges," said Cain. "What poses a great risk to a start-up wouldn't even make a mature business flinch. But no matter the age of your business, you need to make sure you have a strong foundation with well-managed risk and value enhancement strategies."



This is part two of a four-part series that looks at what business owners should do to take control of their future.

Managing Embracing Risk and Change

You should look at your business from all angles at least once a year. Define several key areas you want to monitor and never stop evaluating. Not only is it important to know what your risk is, but you should also assess how likely it is that risk will affect your business, your employees and your family, and how bad it would be if it did. “Think of this as an opportunity to increase the value of your business,” said Martyn.

Once you have your arms around your risk, according to Martyn, you should use that risk to jump-start your strategic planning. “A lot of owners think that strategic planning is complicated, but it’s not,” he said. “Look at where you are now. Look at where you need be. And figure out what steps you need to take to get from here to there.”

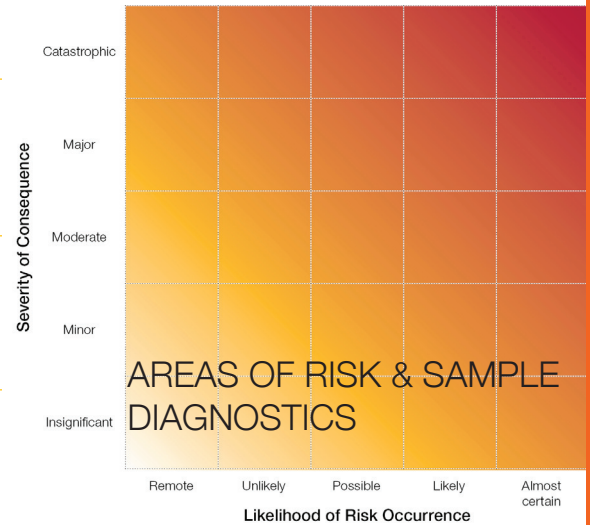
If you look closely, your business risk assessment can turn into value enhancement opportunities.

“Strategic planning is best done in small bites,” said Cain. “It’s much easier if you

tackle it in six-month increments. So pick three areas of risk or poor performance – maybe those are most likely to occur, and most catastrophic if they do. Create a vision for what you want your business to look like. Once those six months are over, look at where you are and then repeat the exercise.”

“When you identify an area of risk, make sure you see it not only as something that could hurt your business, but as an opportunity to enhance the value of your business,” said Cain.

“Facing risk gives you an opportunity to grow. I often tell business owners, ‘If you want to stay small, act small. If you want to be big, act big,’” said Martyn. “Have a broad focus. Embrace your risk and invest in your business. After all, your business is often the most significant asset on your personal balance sheet. You need to continually invest in it to maximize its value.”



CASH FLOW.

How strong is your internal cash flow? Do you have a solid banking relationship? Do you have outside equity investors?

OPERATIONS.

How are your pricing and overhead rates? Are you Lean? Do you understand your costs, especially your production or project costs? Do you have a budget?

ACCOUNTING.

Are your financial statements reliable to you and to others? Do you depend too much on one person? Do you have strong internal controls and processes, and are they documented?

REVENUE.

What’s your profitability by customer? How’s your win-loss ratio? Do you have a healthy customer concentration?

BUSINESS FOUNDATION.

Do you have the right entity structure? Are your systems and software in line with what you need? Are you ready for health care reform?

BUSINESS PLANNING.

Is your workforce properly trained? Do you take advantage of tax strategies? Do you have a good strategy and vision for growth and profits?

CREATING WEALTH.

Do you know the value of your business? Do you know how to enhance that value? What’s your succession plan?

Don't Let Bad Behavior Take You Down

A Strong Ethical Position Can Protect You from Potential Losses

By Mark Van Benschoten, CPA (Dublin office)

Susan takes money out of a cash register. Is that right or wrong? Certainly, we all know that's wrong. But what if she "borrows" a piece of equipment without asking? Takes a sizeable gift from a vendor? Enters into a relationship with a company with less-than-stellar practices itself?

Business ethics come into play when a scenario isn't clearly black and white. When it comes down to it, business ethics are your business's behaviors in its daily dealings – and the expectation for this behavior is established at the top level of a company.

Take a Stand

If you don't take a stand against unethical behavior, your employees may assume it's acceptable. Actually, communications that promote ethics can help you create a culture where unethical behavior is less likely. You, and the members of your management team, need to make it clear to employees that:

1. **You take ethical behavior seriously.**
2. **You will not tolerate fraud and other unethical behavior.**
3. **You want to hear about what is happening in the business.**

One way you can learn about unacceptable behavior is by providing a process for reporting it. A cost-effective tool many business owners utilize is an ethics hotline. A hotline allows your employees, suppliers and even customers to anonymously report any unethical behavior they see happening in your company, such as fraud, safety issues, harassment, discrimination or violence. You can then use this information to rectify situations and protect your business.

Avoid Costly Losses

Unfortunately, employment-related legal claims are increasing. The average settlement is \$40,000, which is a lot less than the \$140,000 average awarded in a trial

verdict. And when it comes to fraud, the median theft is \$140,000 – but many exceed \$1 million.

There are other losses beyond dollars. Lower company morale. Damaged reputations. A distracted team. These losses combined have a tremendous impact on your business ... and your profits.

When implemented, stakeholders such as employees and others with an interest in your organization can call the hotline to report unethical behavior. This tool isn't an outlet to "tattle" on others; instead, it's



Lower company morale.
Damaged reputations.
A distracted team.
These losses combined have a tremendous impact on your business ... and your profits.

something that can help you protect your corporate image, save jobs and possibly even help you create new ones. It's a way for your honest employees to protect their jobs as well as the jobs of the other decent people they work with.

Protect Your Company

Fraud and other unethical behavior can create a spiral effect in your company. Putting a stop to this behavior is an important step in protecting your business entity. As a business owner, you need to show, and tell, your employees that you are committed to their safety and well-being. Reinforce your words by providing them with a method for reporting unethical behavior. This will allow you to identify issues before they become litigious.

Most importantly though, make sure your employees understand that unethical behavior will not be tolerated by anyone – from the top down. 🌀

BY THE NUMBERS:

The Impact of Fraud

Fraud is a big threat to small business as smaller organizations suffer bigger losses. Here's how fraud is impacting organizations:



\$3.5 trillion
LOST GLOBALLY EACH YEAR

Most fraud isn't
detected for
up to

18 MONTHS



5%
OF AN
ORGANIZATION'S
REVENUE IS
LOST TO FRAUD
EACH YEAR



Nearly **50%**
of victim organizations
do not recover losses



87%
of fraudsters have
no prior convictions

Source: 2012 Report to the Nations,
Association of Certified Fraud Examiners

Obamacare is Here – Now What?

Answering your individual and employer-related questions

By Joe Popp, JD, LLM (Dublin office)

It's been in the headlines for years, and now it's knocking on our doors. Obamacare has arrived ... but not without a myriad of questions. Here is a look at this issue from both a BUSINESS and INDIVIDUAL perspective.

BUSINESSES

Even though business owners have an extension until 2015 on the pay-or-play provision, now is the time to look at how the Affordable Care Act will impact you and your employees. The following are questions you should ask yourself.

Q: Is dropping coverage an option for my business?

A: This is very fact-specific to your business, your employees and your plans for the future. If you can't afford to provide coverage, the exchanges are a viable alternative for your employees. In some cases, it may actually help you and your employees to drop coverage – if sending employees to the exchange results in lower employer cost, the same or lower average employee cost and the same or better

coverage. You'll need specific information from your employees to make the calculation, but it's a viable option for some.

Q. With insurance premiums set to increase again this year, how can I lower this expense?

A. You first need to determine if you're considered a large employer. If you have 50 or more full-time equivalent employees, you must offer health insurance to your employees or you'll pay a penalty. Even with the penalty, dropping insurance may work out better for you and your employees.

If you have fewer than 50 employees, you have the option to go to the Small Business Health Options Program (SHOP). Through this business exchange, you can provide your employees access to various insurance plans. You can let them buy insurance with pre-tax dollars and you can provide a contribution if you want, but you don't have to. If you meet certain requirements, your business may even be eligible for a tax credit.

Q. Is it possible for my employees to pay less if they go to the exchange for insurance?

A. Yes, your employees could pay less if they obtain health coverage through the insurance marketplace. If a large portion of your workforce is eligible for premium subsidies, or if you have a relatively small group that has several very high insurance claimants, the marketplace may be your best bet.

It's important to remember that employees can only get subsidies if you don't offer minimum value, affordable insurance.

Q. Can I give pre-tax money to my employees so they can get their own insurance?

A. If you're a large employer, you cannot give pre-tax money to your employees for health insurance purposes. However, if you're a small employer in Ohio, and you go to SHOP to get coverage for your employees, then you can offer employees pre-tax money for insurance. And you can always consider raising wages or salaries for any employees who will see increased costs.

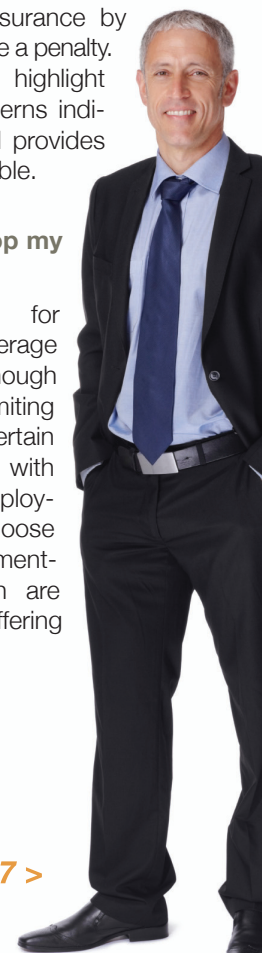
INDIVIDUALS

Individuals did not receive an extension, so they need to have insurance by Jan. 1, 2014, or they will face a penalty. The following questions highlight some of the biggest concerns individuals have right now and provides guidance on options available.

Q. Can my employer drop my coverage?

A. Yes, it's possible for companies to drop coverage for all employees (though there are restrictions in limiting coverage to only certain employees). Employers with 50 or more full-time employees or equivalents that choose this route will pay government-imposed penalties, which are often cheaper than offering health insurance.

more Q&A on page 7 >





BRIGHT CLIENTS

GREATER MEDINA CHAMBER OF COMMERCE

Medina's Business Backbone Greater Medina Chamber Celebrates 75 Years of Business Advocacy

If you ever have the pleasure of visiting Medina, Ohio, you'll see a bustling downtown with a mix of restaurants and retail shops. A quaint city park with a beautiful gazebo. A rich history and strong manufacturing presence. What you won't see ... pigs. And you can thank the Greater Medina Chamber of Commerce for that.

The First 75 Years

A group of area businessmen came together in 1938 to form the chamber with the goal of creating an organization for business. Now, as it celebrates its 75th anniversary, the chamber is so much more.

The chamber has always focused on supporting businesses, but also takes on issues like transportation, infrastructure, water and zoning. And yes, in its early years, the chamber was responsible for getting an ordinance passed that outlawed pigs within the city. The chamber was also instrumental in the purchase of the Medina Municipal Airport.

"The chamber spent its first few decades getting up-and-running," said Debra Lynn-Schmitz, president of the chamber. "It started with a business focus – not much of a social component – and it hasn't swayed from that. The chamber began growing in the 1970s and really hasn't stopped."

But keeping an organization running for 75 years – and running well – is no easy task. It takes a steadfast focus on its mission and goals, but also requires flexibility to change courses and adjust when necessary.

The Chamber Today

According to Lynn-Schmitz, who has been with the chamber for 25 years, adjusting to growth is a constant challenge. "It's a welcome challenge, but a challenge nonetheless," she said. "With growth comes the need for infrastructure, and we're a huge influencer in those decisions. We're constantly involved in economic and community development conversations. We want to participate in any decision that has an impact on businesses in our community, and that includes legislation."

Aside from helping its 525 members build connections and strengthen their businesses, the chamber has helped other organizations get off the ground, too. Organizations like Leadership Medina, Main Street Medina, the Medina County Safety Council and the Medina chapter of the Society for Human Resource Management started under the chamber, but eventually became standalone organizations.

"Whenever we take on a new initiative or project, we have to



consider whether it supports our mission and values of business advocacy, economic development and membership services and programs," said Lynn-Schmitz. "We also have to consider, of course, whether the community needs it."

The Next 75 Years

What does the chamber of the future look like? "I see an even stronger alignment with organizations in the community," said Lynn-Schmitz.



"It's exciting to see how our members are constantly evolving. It challenges us to be relevant and timely, and that's so much more exciting than being stagnant."

"Chambers of commerce are changing," she said. "We're going to have to change how we structure members' investments in the organization and how we collaborate with other organizations."

Of course, the future is always uncertain. "The economy is out of our control. And there are always government regulations that could affect our members," said Lynn-Schmitz. "We have to focus on influencing those decisions. We have to be on the ball and always aware of what's going on."

"It's a constant balancing act to match our funding and revenue with the programs we need to offer. An uncertain economy makes that even more challenging," she said. "But it's exciting to see how our members are constantly evolving. It challenges us to be relevant and timely, and that's so much more exciting than being stagnant."

To learn more about the Greater Medina Chamber of Commerce, visit www.MedinaOHChamber.com

2014

What You Should be Aware of as You Close Out 2013

continued from cover

Focus on Estate Planning

Many individuals haven't made estate tax planning a priority, but you should really focus on estate planning.

"If you have family members with unique or specific needs that could be taken care of with your assets after you're gone, you'll want to make sure they are," said Inez Bowie, CPA, Marietta office. "If your estate plan isn't in order, then state law will determine for you who gets your assets."

The New Tax Bracket

Single filers who make more than \$400,000 a year and couples filing jointly who make \$450,000, will pay 4.6 percent more in taxes for 2013.

"Because you're in a new tax bracket – the top one – created by the ATRA, you'll be taxed at a higher rate," said Lisa Beamer, CPA, New Philadelphia office. "The tax rate is 39.6 percent. Combine that with your investment income and you will face a 43.4 percent marginal tax rate." ☺

Obamacare is Here – Now What?

Answering your individual and employer-related questions

continued from page 5

Q. My employer dropped my coverage. What are my options?

A. You have the opportunity to purchase insurance through your state's insurance marketplace or exchange. Check out www.healthcare.gov. There, you can answer a few brief questions, see what various insurance plans will cost and find out if you are entitled to premium subsidies that are like financial aid from the government to help you pay for insurance. It can also point you to your state-run exchange if you aren't covered by the federal exchange.

Whether your employer drops your coverage or continues to offer it, you have the option to choose insurance from the marketplace.

Q. What kind of fees will I pay for exchange insurance?

A. Exchange coverage prices are based on the following: age, smoker or non-smoker, zip code, metal tier selected and premium subsidies.

There are four metal tiers of coverage: bronze, silver, gold and platinum. The higher the metal tier, the higher your monthly premium cost, but the lower the cost share (deductibles, co-pays and the like). Premium subsidies are available to help offset the cost of insurance for those who qualify. However, you will generally have to use after-tax dollars to buy exchange insurance.

Q. Can my employer set up something through my company's payroll to help me pay for coverage on the exchange?

A. Perhaps. It's important to note that your employer cannot help you pay for coverage on a pre-tax basis. The government agencies administering this (Health and Human Services, Internal Revenue Service and Department of Labor) issued guidance in September that closed loopholes that would have allowed this. However, your employer can offer after-tax payroll deduction as a convenience to you.

If you are part of a retiree-only plan, you could still benefit from some of the loopholes that allow for exchange insurance to be purchased pre-tax. ☺



bright people

Joe Popp (Dublin) spoke alongside Ohio Governor John Kasich at a press conference about the state's new tax withholding tables that began Sept. 1. He shared how Ohio's tax reforms are net tax relief for the state. Joe also presented on health care reform at the 2013 Healthcare Reform Seminar in Akron, Ohio; the Ohio Association of Public Treasurers' annual conference; and the Ohio Society of CPAs' Cincinnati Accounting Show. He also recorded two webinars on the topic for the Ohio Society of CPAs.

Paul McEwan (New Phila.) spoke at "Preparing Your Business for Health and Wellness in 2014 and Beyond," presented by the Tuscarawas County Chamber of Commerce, Healthy Tusc and the Healthy Ohio Business Council. Paul shared his own experiences with improving fitness and nutrition and Rea's initial efforts at establishing a wellness program.

Chad Bice (Zanesville) spoke at the Moore Stephens North America Tax Conference on state & local taxes.

Darlene Finzer (New Phila.) presented "Terminating a Defined Benefit Plan" at the Employee Benefit News Benefits Forum & Expo. She also presented "Understanding Auditor Ease" at the International Society of Certified Employee Benefit Specialists Symposium.

Katie Tolin (practice growth, New Phila.) was named one of *Accounting Today's* Top 100 Most Influential People in the accounting industry.

Lee Beall (Dublin) was appointed as a member of the American Institute of CPAs' Practice Advisory Group.

Tim McDaniel (Dublin) spoke at the Columbus Growth Club on growing the value of your business. He also presented at the Ohio State Bar Association's annual conference on valuations for merger & acquisition purposes.

Joe Welker (New Phila.) presented "Taking Ownership of your Data" at the County Auditor Association of Ohio's Annual Conference.

Dave Cain and Will Bauder (Dublin) co-presented "Identifying and Managing the Risks of Your Business" at the Ohio State University's Center for Entrepreneurship at Fisher College of Business. The pair is also mentoring a group of students and young entrepreneurs.

What's Happening in Industry

▼ MANUFACTURING

In September, manufacturing grew for the fourth month in a row, according to the Institute of Supply Management. The Purchasing Manager's Index (PMI), a key index used to measure the success of the manufacturing industry, rose by 0.5 points to 56.2. The industry is in expansion mode when the PMI is above 50.

▼ CONSTRUCTION

Uncertainty with Obamacare had led to a slowdown in health care-related construction. However, according to FMI Corp's Construction Outlook, the construction industry as a whole is seeing growth. Residential construction is really taking off by comparison. As residential growth stays strong and the economy continues to improve, other areas of construction will follow suit.

▼ DENTAL

A shortage of dentists is expected in the coming years as more dentists retire than enter the profession. The shortage is expected to be regional, especially in rural areas. One solution may be the utilization of more dental practitioners, who are similar to nurse practitioners, to work in underserved areas.



▼ OIL & GAS

Qualified workers are harder to find, and the U.S. is on the verge of a major shortfall. Two-thirds of respondents to the 2013 Oil & Gas Global Salary Guide expect to hire more people over the next 12 months, and nearly 60 percent of current professionals are over the age of 50. Businesses will need to train new employees, find ways to automate tasks and consider hiring foreign workers.

▼ NOT-FOR-PROFIT

Hiring may be on the rise for those not-for-profit organizations that have received more contributions. Thanks to an improving economy and potential federal tax regulation changes, last year was the third consecutive year of an increase in donations to nonprofit organizations since the financial crisis of 2008.

CELEBRATING

75
Years

1938-2013

The Rea Report

Special Insert



Lee Beall

From the CEO

I'm incredibly proud to be part of an organization that has served our clients for 75 years. It's been a great time to celebrate our history, but to also look to our future.

Earlier this year, we began a process to revisit the vision for our firm. We decided to make this a collaborative effort. An outside facilitator interviewed dozens of people from across the firm to determine what we want Rea to look like in the future. After all, many of these people will be managing this firm in future decades and it's important that we go in a direction they envision.

The findings of those interviews were then used to craft a vision statement. I'm proud to share that statement with you now:

Rea will be the premier accounting, investment and business advisory firm in our markets. We will build trusted business relationships with our clients by providing proactive solutions that increase their wealth, value and effectiveness. We will be the employer of choice for business-minded individuals that seek rewarding experiences. We will remain true to the principles of our founder, living The Rea Way as a unified firm.

Whether you've been in business five, 75 or 125 years, you need to rely on your past, but look to the future. If you are uncertain as to where you're going, I encourage you to craft your own vision to help guide your actions. 🌀

From Leader to Leader

How to Successfully Transition a Business to a New Leader

By Mike Taylor, CPA (Millersburg office)

Many businesses don't survive a change in leadership. But I've been around the block long enough to see Rea transition from its original CEO to three additional ones – and I've seen clients do this successfully, too. Here are some of the best practices I've picked up along the way.

IF YOU'RE PASSING IT ON...

Take Your Time

Transitioning a business to a new leader is a difficult process (certainly). But it can be much easier if it's orderly and well thought-out. The last thing you want to do is transition hastily because of a crisis. It's always better to have an extended transition period – even as long as 18 months – to ensure that the new leader is well-trained on normal operations as well as critical issues. You don't have a chance of transitioning successfully if you do it haphazardly.

Remember Your Customers

You've built a lot of relationships over the years. To help ensure a smooth transition, introduce your customers to new team members before you exit the business, especially if you're in a relationship business like a professional services firm.

Show your customers that you're leaving them in good hands. They will probably be nervous about dealing with someone new, and the one taking your place will feel like he or she has big shoes to fill. Make introductions early and often. You can't transfer the relationships that you built over the years, but you can build a good foundation.

IF YOU'RE TAKING IT OVER...

Tread Lightly

If you're taking over as the new leader of a

business, be aware of your management style – chances are, it's different than the old leader's style.

Sure, you want to make an impression on the organization, but if that's your top goal, you won't be successful. Instead, evaluate what's going on in the organization, listen and don't be hasty when making decisions or changing processes or procedures.

Just give it some time. Allow your team to become comfortable with your leadership style. Earn their respect and solicit their input and buy-in. Then you can begin to move the organization in the direction you want it to go.

Just be careful not to move too quickly, act without listening and change too much too soon.

Respect the Pedestal

One of the things I told Lee Beall when he took over as Rea's CEO is, "People are listening now." Sure, he was in the spotlight as executive VP of operations, but being CEO is a different ballgame.

When you're the leader of the company, you're automatically on a pedestal. Whether you earn the right to stay on that pedestal or not is completely up to you.

Be very conscious of what you say, how you say it and who you say it to. Set the tone for how people view you as a leader.

Things have changed, even if you don't feel it. People expect different things from you so you have to view yourself differently.

When it comes time for you to pass your business on, be sure that you're giving the next leader – and the business that you've spent so many years building – the greatest chance of success. 🌀

The Ingredients of Business Success

What defines success? Is it lots of money? A fancy title? A nice car and a big house? Sure, these things can feel like success, but having them doesn't always mean you are successful. Our founder, Richard Rea, developed 11 common traits that successful business-people have. Let's see how you measure up.

To be successful is to...

Work hard and be dedicated. Do you live, eat, sleep and breathe your business? No personal sacrifice is too great because your business should be at the forefront of everything you do.

Be humble. There are times where you may have to be the one that steps in and gets your hands dirty.

Know your business. Make sure you understand every part of your business, from the process to make the widget to how the most important decisions affect it. Also, talk with similar businesses to learn their successes and failures.

Be tough competition. You don't always have to be the lowest price to compete with your competitors, but make sure your customers see the value in your business compared to the others. Convenience, selection and courtesy are often more important to your consumers.

Be dissatisfied. Never settle. If things are going great for your business, now is the time to look for the opportunities to make great, greater.

Learn from mistakes. Accept that not everything will work the first time. Learn from that mistake and try something else.

Protect your credit. Emergencies can happen, so make sure you are maintaining good credit to help you get through it. Plan carefully so you have credit available to you when you may need it.

Live within your means. It is nice to have nice things, but be careful with overspending. You want to make sure you are living within your means and putting profits back into your business.

Be flexible. Success is not an exact science. What works for others may not work for your business. Be open and flexible to new ideas.



TRAITS

SUCCESSFUL PEOPLE
SHARE

Treat people right. Your customers are the ones who buy your products or services, but don't forget your employees. Make sure you show them how important they are, too. They are the face of your business.

Have a plan or goal. Look to the future with everything you do. What will your business look like in five years? 10 years? Know that now so you can develop your plan for getting there.

So for some, success may be defined by status or possessions. But true success is in your characteristics and actions.

REA THROUGH THE YEARS

1938

Richard Rea founds Rea & Associates in New Philadelphia, Ohio.

1938-1978

Richard Rea leads the firm for 40 memorable years. Rea grows to a staff of 50, located in seven offices throughout Ohio.

1957 – Rea opens its Millersburg office by purchasing a CPA practice from two local accountants.

1958 – The firm distributes its first-ever newsletter to clients informing them of accounting industry trends. The Millersburg office spearheads this publication.

1963 – Rea incorporates a complete in-house computer system, the IBM 1401, into its business operations. Rea is a pioneer as a regional accounting firm using the computer.

1965 – The firm grows again by opening an office in Coshocton; then adds a second practice after a sole practitioner retires.

1969 – Rea purchases several CPA practices in the Medina area between 1969 and 1971, and establishes an office there.

The Rea Way

You are a Rea ambassador. Always.
Maintain integrity in all you do. Be honest.
Be a good steward. Take ownership.
Respect profitability.

Respect your clients, your colleagues and yourself.
Be generous with praise and constructive with criticism.
Take your work personally. Quality counts.

Choose to be positive, every day.
Show others that you care. *Work together.*
Rejoice in others' achievements.

Embrace change. Be open to the possibilities.
Opportunities abound. *Believe in yourself.* Dare to dream.

Value your clients. Challenge them to reach their potential.

Be a person of influence. Share your ideas.
Raise up leaders. *Listen intently.* Let your listening fuel action.

Fail forward. Be persistent in finding creative solutions.

Invest in your family, your community and your future.
Never stop learning.

Have fun. *Enjoy the journey...*

A Value Statement That Inspires People 75 Years in the Making

1990-2000s

1978-1998 – Chet Stocker takes the reins as Rea's second managing partner. He leads the company for a successful 20 years.

1978 – Rea purchases the practice of a retiring CPA in Cambridge, and expands further by purchasing and merging several other practices.

1980 – Rea & Associates, Inc. incorporates on May 1, 1980.

1984 – Rea acquires an accounting firm in Lima.

1992 – Rea enters the world of personal computers, and all Rea employees are issued their own work computers.

1992 – The firm expands its presence into the Columbus area, when it purchases a two-partner firm located in Dublin. Since then, several other practices in the Columbus area have been acquired and added to the Dublin office.

1997 – Rea grows to 100 employees.

1997 – Rea's presence moves into Marietta, Ohio, when it acquires a large local accounting firm.

1998-2008 – Tim Michel, the firm's third managing partner, leads the firm through many exciting mergers and acquisitions.

1999 – The Rea Foundation, an organization that provides charitable contributions to the communities Rea serves, is founded.

1999 – The human resources (HR) function is formalized with the hiring of the firm's first HR director.

2000 – "The Rea Way," the firm's set of values, is developed.

2001 – The firm expands with the merger of a local CPA practice in Wooster.

2003 – The firm's marketing function is formalized with the hiring of the company's first marketing professional.

2006 – Rea merges with a local Mentor area firm and opens an office there.

2006 – The firm hits the 200 employee mark.

2008 – Rea opens an office in Zanesville.

2008-present – Lee Beall takes the helm as Rea's fourth managing partner.

2013

Rea celebrates its 75th anniversary!



REA THROUGH THE YEARS



AT OUR ANNUAL TEAM RETREAT, we took time to celebrate the firm's 75th anniversary, as well as our bright future. The entire firm gathered to reflect upon where we've been and where we're heading.

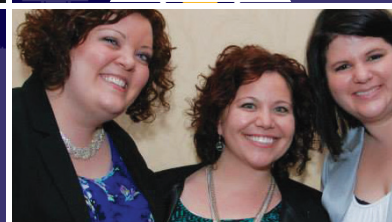


The Business World in 75 Years

When he opened the firm, could our founder have guessed what business would be like in 2013? What will our work days look like 75 years from now? We asked some team members to weigh in.

"Who knows, maybe we've got some chip in us, and we come in [to file taxes] and scan our fingerprint. Everything's uploaded, and we're done!" – **Josh Carlisle** (New Phila.)

"In the future, people might talk about flying cars and 3D printers. But me? I'm just happy if my niece realizes that I do more than count stuff all day." – **Katie Snyder** (Wooster)



"You don't have to worry about email. It's great! All you gotta do is talk into your computer, and it types the email for you." – **Ted Klimzcak**, CPA (Medina)

"I think we're going to have a female-dominated partner group. So, ladies, get prepared!" – **Don McIntosh**, CPA (New Phila.)

To view even more predictions (and learn more about the firm's history), visit <http://bit.ly/75thAnniVideo>