



Mike Armbrust

Speak out

a message from our president

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What's Your Business Worth?

Human Resources

Summer 2010

We hope this letter finds you and your businesses doing well and beginning to see some signs of a positive return of the economy and your revenue. This past quarter has brought about some changes to the AMBA. By now most of you are aware that Melissa Millhuff, the Executive Director of the AMBA has resigned. Melissa will be relocating to Michigan after becoming engaged, and her husband-to-be is unable to relocate to Chicago because of business commitments. Melissa's last day as Executive Director was Friday, July 9th.

The Board of Directors would like to personally thank Melissa for all of her dedication and hard work she put into the Association. Melissa was very proud of what the AMBA team accomplished during her tenure as executive director and wishes all the staff, members and partners the best of luck as the organization evolves. I hope you join us in congratulating Melissa on her upcoming marriage and wishing her the best for the future.

In early June, the Board of Directors hired Harbour Results, Inc. to come and facilitate the Association through the development of our first long term strategic plan. The board thought it critical to assess the Association and develop a plan to reinvigorate the organization much like we have all had to do with our companies. We have put some very exciting new plans in place to grow the organization, create new programs, provide new value to members, get great speakers for our upcoming events and promote the AMBA brand. We continue to remain focused and committed to the vision of the Association and these new plans will allow us to do much more for the members, customers, partners, suppliers, government and educational institutions so we truly make a difference.

In response to Melissa's departure we were able to secure the team of Harbour Results, Inc. to not only assist with strategic planning but also step in as interim Executive Management of the AMBA. As of July 12th Laurie Harbour and Gary Burns from Harbour Results have been working with the staff of the AMBA to ensure that our accomplishments continue.

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2011 AMBA Annual Convention
Red Rock Casino, Resort & Spa
Las Vegas, Nevada
March 2-6, 2011



Speak Out: A Message From Our President

(Continued from front cover)

new initiatives are implemented and business goes on as usual. You can meet Laurie and Gary at the AMBA offices and at our Washington Fall Conference event on September 28 – 30th. This new team is excited and looking forward to serving the AMBA. If you have any questions or concerns, please don't hesitate to contact the AMBA office or any one of the board members.

Thank you for your commitment to the AMBA. Don't forget to sign up for the Washington Fall Conference. We have critical issues that will be covered and you won't want to miss the opportunity to talk with your congressional representatives and senators about your business and our industry, and impress upon them our needs and desires for the future of U.S. manufacturing. You can read more about the Fall Conference in this issue. Remember, fair trade starts with you!

I am proud to be an American Mold Builder! God Bless America! ☐

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lawsuits, claims and judgments. The grantor (business owner) creates the GRT trust and transfers the business to the trust. The trust is set up for a number of years (typically 5-8 years) which during this time the grantor retains full control of the business and their income just as they currently do. Because the trust is structured so that the grantor receives back over the GRT term of years, an amount equal to their salary, the payments are calibrated to pay back to the grantor the grantor's initial contributions. In addition, when you factor in the time value of money from the time the transfer is made to the time the children actually receive the business, a business owner can expect to transfer the family business for 20 cents on the dollar. In other words, a \$1,000,000 business can be compressed to \$200,000 in the eyes of the I.R.S

When the GRT term is reached the business passes to the grantor's children or to a trust for their benefit of the children. Should the grantor wish to add the appropriate language to the trust, we find the business will remain in trust not only for the benefit of the children but will pass to the grandchild free of all estate and gift taxes as well.

As with all great tax planning tools there is a catch. If the grantor structures the GRT trust for five years, the grantor must live five years and one day; the grantor must outlive the trust period. When creating a GRT trust you need to structure it so there are enough years to obtain a good discount on the asset being transferred, yet short enough to obtain a high probability of outliving the trust. This is where we take a look at the client's health and as well as their family history. Even though the probability of out living the trust may be high, there is always a chance the grantor will die prematurely. With this in mind, the grantor will often obtain an insurance policy on their life, owned by the children. In the event the grantor dies, the children will receive the death benefit and use the proceeds to buy the business for the surviving spouse. The surviving spouse will now have adequate cash to maintain their standard of living and the children will own the business. Should the grantor outlive the trust the grantor has two options, keep the insurance policy or cancel the policy, but that choice will be made at that time.

Should you have any additional questions pertaining to the above referenced business secession planning technique please call Kevin W. La Mont, ChFC, The La Mont Group, President of Advance Planning and Investments at 949-413-5090. □

Timeless Ways That Will Grow Your Business

By: Verne Harnish

For almost 30 years I've been organizing, advising, and just hanging with leaders of the world's top growth firms. Dubbed "gazelles," these companies continue to hire even as the economy stumbles.

What makes such fast-track businesses tick? How do they prosper in the hardest of times? Here are six timeless strategies for doing just that -- in good times and bad. Whether you run a small or mid-size business or manage a department in a larger company, these tips will work for you.

1. Get an edge

Find an underlying advantage of 10 to 30 times over the competition to dominate your industry. Barrett Ersek, founder of Philadelphia-based Happy Lawn, innovated a way to close sales in minutes instead of weeks using a proprietary mapping and price-quoting process.

How to figure this out? Look at your industry's biggest cost and time constraints and challenge the conventional thinking in those areas of the business.

2. Own a phrase

Brand is about owning a word or two in the minds of your market. No confusion about what niche Trench Safety & Supply Inc. owns. J. Darius Bikoff, founder of Energy Brands, coined "enhanced waters" as a new multibillion-dollar beverage category. Chris Krause is focused on "athletic scholarships" for high school athletes.

And how do you know if you own the phrase? Google it and see if your company shows up.

3. Hyperfocus

Align the entire company around a single measurable priority each quarter. Not 75, not five, but one overarching focus for the next 90 days that removes a significant bottleneck in the business.

One company needed to hire 16 specialists; another focused on doubling inventory turns; a third concentrated on its Google ranking. What about yours?

4. Control your cash

Growth sucks cash, so construct a business model that fuels your growth without the need of outside capital. Gift cards, advanced payments, tighter billing practices, and shorter sales and delivery cycles are a few of many strategies. And to stay focused, look at your cash position daily. You'll sleep better knowing the business can fund its own growth.

5. Write!

Flood the digital market space with blogs, white papers, YouTube videos, and Twitter messages that align with the phrase you own (check out The Shipping Bloke blog). Then enhance your authority by writing a book like Chris Krause's *Athletes Wanted*.

Published content is king in driving education-based marketing programs and in establishing you and your company as the authorities in your industry.

6. Pulse faster

If you want to move faster, pulse faster. The executive teams of the fastest-moving companies huddle daily, as if in constant crisis mode -- driving on priorities, metrics, and data gathered from the market.

Billionaires like T. Boone Pickens formally meet twice a day with their teams. And successful executive teams gather once a week vs. annually to get some talk time around the six strategies I've outlined for growing the business. It's about having a bias for action.

Taken From The Stellar Journal, 4.3. □

Why Mold Shops Qualify for the R&D Tax Credit

By: Mark Lauber and Zee Makhani

Most mold shop owners do not believe they qualify for the R&D (Manufacturers') Tax Credit. In addition, this notion has been reinforced by their CPAs.

The average person would think the same because when one thinks of R&D, one thinks of scientists in lab coats performing experiments for large Fortune 500 type companies. Certainly that is not the image conjured up for a mold shop.

So why do they qualify?

The answer is simple; the IRS definition of what qualifies as R&D. The IRS definition is simply "the design or development of a new or improved product or process." This can include products that are unique to the mold shop (or their clients) not necessarily to the entire industry.

AMBA Fall Conference Testimonial:

The 2009 Fall Conference was great! The speakers were good and visiting with Representatives and Senators was something we should all do if we are going to complain about what goes on in Washington. It's a very complex environment and until you have walked the halls and experienced what goes on in these offices you really don't understand the system. Going to Washington and being able to meet with a few of our elected officials was an eye opening experience, and I am looking forward to the next conference so that I will be able to speak face to face with them once again. To be able to visit with them in their environment created more of a connection than seeing them on TV or seeing them at some event where you're just another face in the crowd. I was nervous at first, but after meeting with a couple of Congresspersons, I realized that they work for us and they are nothing more than normal people that hold a position. They want to hear what we have to say. I can say that several issues that we spoke about in D.C. last fall have become topics in the news. I realize that this did not happen just because of what we brought to the meeting, but when we are joined by others with the same topic the numbers get larger and they begin to listen. Just being in Washington D.C. was a very positive experience. And just knowing that I was there to make a difference made me feel better about myself and my political views.

Robbie Earnhardt, Superior Tooling, Wake Forest, NC

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In order to design or develop a new or improved product or process, some of the following common activities generally take place:

- Equipment programming
- Prototyping
- Testing
- CMM
- CAD design
- CAD simulations
- Tool and mold design
- Secondary tooling design and development
- Process instruction development
- PPAP development
- Integration of new equipment
- Process development
- Lean manufacturing projects
- Six Sigma projects
- Design and development of specialty tooling and fixtures
- Evaluation of alternative materials
- And many more activities.

As a mold shop owner, you recognize that these activities are performed almost every day by your employees. These are activities that qualify as R&D according to the IRS definition.

I'm sure you're asking yourself, "How can I be sure this applies to my business?"

Again, the answer is simple. Contact a firm that specializes in the R&D Tax Credit (their staff should include engineers that perform the work). Most firms offer a free conference call to discuss your company's specific activities and tax situation to determine if you qualify and if you can take advantage of the credit. They can even provide an estimate of your credit. Select a firm that is not a CPA, these firms will work in harmony with your own CPA without any conflict.

Now you're wondering if it is worth the effort.

Some examples may help. One of the fantastic aspects of the tax credit is that you can go back three open tax years. So for most shops, the first time you take the credit, you can take the credit for the current year and three previous years. These examples are for mold shops that have taken the credit for the first time and were able to go back three years.

Example 1:

Annual Payroll: \$2.5 MM
Total Credit: \$130,000

Example 2:

Annual Payroll: \$4 MM
Total Credit: \$165,000

Example 3:

Annual Payroll: \$ 10 MM
Total Credit: \$700,000

As you can see it can be well worth the effort and you can do this for every year going forward. With credit being so difficult to obtain, this is an opportunity to get a check back from the IRS for taxes you have "overpaid" and to reduce your current tax year liability. So don't delay and contact a firm today.

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