

THE BURKE BULLETIN

A quarterly informational business newsletter to the clients and friends of **Burke & Company, P.L.L., CPA's**

March 2001

Vol.23

CLIENT OF THE QUARTER...

When Robert Holdsworth and

Bruce Ellingson began Trailer Marketing, Inc. ("TMI") in 1989, in Walton, Kentucky, little did they know that they were embarking on a fast and furious ride. According to Robert, "we wanted to sell some trailers and make some money." It sounded good at the time, it also sounded good to the industry. Between 1989 and 2000, the Company grew from one sales and service location in Kentucky to eight locations; two in Kentucky and one each in Arkansas, Texas, South Carolina, Wisconsin, Illinois, and Oklahoma. TMI then added horse and livestock trailers to their mix of products and services, improving their already impressive results.

When Burke & Company, P.L.L. first met Robert and Bruce in 2000, TMI had grown to a \$70 million operation. A far cry from the initial years of "just selling some trailers and making



some money." TMI decided that it was time to take a look at the operations and the structure of the Company, including internal controls. They needed to determine if they were taking advantage of economies of scale and maximizing their return on personnel and assets. As a result, TMI engaged Burke to help analyze current operations, staffing levels and their internal control procedures. Specifically, Burke was engaged to perform a Business Operations Assessment that required us to identify and prioritize critical operational and information technology infrastructure issues, and recommend improvements. Our goal was to find the most appropriate solution based on the current and future needs of TMI. The focal points of the Business Operation Assessment were improving financial information reliability, streamlining accounting processes, enhancing the

accounting controls environment and increasing utilization of TMI's information

technology infrastructure.

According to TMI's Controller, Burke & Company has added value by improving the reliability of the Company's key performance indicators. Specifically, Burke & Company's recommendations have increased utilization of the current information technology infrastructure including the expanded use of the financial report writer, improved the internal control structure, and increased the speed and reliability of the financial statements.

We look forward to meeting the needs of TMI as it continues to succeed.

INTRODUCING...



Scott Pelfrey, CPA/PFS, CFP leads Burke's effort providing tax consulting and compliance services to the clients of a local investment advisory firm, Retirement Capital Advisors. He joins the firm with more than a decade of personal financial and tax consulting experience at

both national and local financial planning firms. A graduate of the University of Cincinnati, Scott has been involved in the local professional societies and chaired the first Financial Independence Day, a consumer education workshop in conjunction with the Cincinnati Enquirer. Scott and his wife, Michele, have five children which leaves little time for his other interests which include golf, travel and NASCAR.



Dawna Haupt, CPA joins Burke & Company with a varied work experience that includes both public accounting and private industry. Most recently, Dawna worked in private industry for Steve Steinman and Family. Dawna earned a Bachelor's of Accounting Degree from

Northern Kentucky University. When Dawna is not enjoying her work with Burke & Company, she is actively involved in her church and the Interfaith Hospitality Network for the homeless. Her hobbies include family centered activities and working on her century old farmhouse. Dawna resides with her husband and three daughters in Cold Spring, Kentucky.

RECRUITING CORNER:

- Engineering Methods, Inc. hired Tim Craft as a Sales Associate.
- United Audit Systems, Inc. hired Charlie Eckert as a Regional Sales Representative

- CTS Packaging, Inc. hired Tammy Urk as an Accountant.
- Burke & Company, PLL, CPA's hired Dawna Haupt and Scott Cress for the Retirement Capital Advisors tax compliance team.

These placements were completed with the assistance of Burke & Company's Executive Recruitment Services Division.

We are able to assist companies on a fixed fee/retainer or contingency fee basis.

If you know of individuals or companies needing placement assistance, please have them contact Bill Hagerty at 513.455.8200 or bill@burkecpa.com.

TAX TIPS

By John T. Lind, CPA

TIP #1: TAKING A CURRENT DEDUCTION FOR PERSONAL PROPERTY PURCHASED DURING THE YEAR.

Internal Revenue Code Section 179 allows a business to currently deduct the cost of personal property bought and placed in service during the year instead of depreciating it over five or more years. For 2001, the amount that can be currently deducted instead of depreciated is \$24,000.

If you're considering buying assets over the next two years, you may want to buy assets which cost at least \$24,000 in 2001 to take advantage of the maximum deduction.

TIP #2: SAVING FOR YOUR CHILDREN'S AND GRANDCHILDREN'S COLLEGE DAYS



There haven't been too many tax-friendly ways to save for children's college tuition. The Hope Scholarship Credit and the Lifetime Learning Credit, which have been around for a couple of years, are of limited use. These credits completely phase out for couples filing

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WELCOME TO BURKE & COMPANY

We would like to welcome the following clients to Burke & Company:

William Abramovitz
Vito and Ingrid Altavilla
Anderson Hills, Inc.
Barnett Enterprises, Inc.
Barnett Holdings, LLC
Charles J. Barr
Carolyn S. Berell
Mike and Stephanie Bessler
Braxton Meadows, LLC
Jeff and Susan Brown
Campbell Family Irrevocable Trust
Cintech Industrial Coatings
Classic-Summers, Ltd.
DC Partners, LLC
Donbar, Inc. dba United Carpet
Donnellon McCarthy
Dynamic Control, Inc.
Jim Farmer
The Filling Station Partners, Ltd
G&S Holdings, LLC
G&S Metal Trading, LLC
Richard and Carmelita Gallagher
Galvin Kemper, Inc.
Harley Davidson of Cincinnati
James and Robin Hobold
Robert and Judith Hughes
JBR Appraisals
George Kimmel
Robert and Bloomie Forbes-Kuris
Peter and Elizabeth Levick
Charisse Luckey
Jeffrey A. Maxwell
Robert W. Maxwell, II
Michael and Annette Mayor
Ferdinand and Thelma Meinor
Mark and Sharon Moore
David and Joan Nemchin
Odd Fellows Hall, LCC
Palmer Blackstone, LLC
Ronald Pate
PME of Ohio, Inc.
Post-Browning Inc.
Thomas and Joanne Poupard
Red Carpet Janitorial Services P/S
David and Margaret Rodarte
Elizabeth Siegle Roos Trust
Seven Hills Women's Center
David and Mary Sikorsky
Sportsco Imprinting, Ltd.
Start Leasing, LLC
Chris and Robin Stegman
Ingolf and Sabine Steinkamp
Lars Steinkamp
Timothy Steinke
David and Mary Sikorsky
Mike and Terri Smith
John and Rosemary Strainic
Roger Sutton and Elaine Sutton Charitable
Remainder Annuity Trust
Tom Tepe
Third Image, Inc.
TSL Group, Inc.
Weidenhammer Corporation
Welsh-Classic Properties, Ltd.
Scott and Nancy Whitaker
Robert and Linda Yeggy
Scott and Hope Young

ATTENTION CLIENTS, FRIENDS, & ASSOCIATES!!

Effective May 1, 2001 our
Kentucky
office will have a new address.

2845 Chancellor Drive
Crestview Hills, KY 41017

Please be sure to change your
records to reflect our new
address.

THE TRAINING CHALLENGE: CREATING AN EFFECTIVE LEARNING ENVIRONMENT

HOW TO BECOME A LEARNING ORGANIZATION

By: Patrick J. Lindsay

The challenge is obvious. Without well-trained resources the organization offers less value to the customer, is more costly to operate, is less responsive, and is less productive and accurate. The dilemma is three-fold. First, how do you accurately measure the return on investment in training? Second, how do you prioritize the skills to be trained? Third, and most importantly, how do you ensure mental participation in the training? Or put another way, what motivates people to get involved, stay involved, and actually use the knowledge acquired? This series will address these and many other issues related to Training in organizations. The underlining theme of this series is: Don't do Training...create an environment in your company where people want to and will invest the time and intellectual focus to Learning.

"I am convinced that the key to competitive advantage in the 1990's and beyond will be the capacity of leadership to create the social architecture that generates intellectual capital. Success will belong to those who unfetter greatness within their organizations and find ways to keep it there."

Warren Bennis, Organizational Genius

"The ability to learn is the only sustainable competitive advantage of an organization."

Peter Drucker

"The ability to learn faster than your competitors will be the only sustainable competitive advantage."

Peter Senge

Can you relate to Warren Bennis' challenge "to unfetter greatness in your organization"? Or are you of the more pragmatic mindset which believes that maintaining and *then* improving the individual and collective skills of the organization are essential to bringing valuable products and services to your customer? Either way, all must agree that training is an essential element in producing superior profits and thereby growing a superior business. O.K., but where do you start? All right, who's kidding who (or is it whom?)? You've already started. Every company does training. Every company has tried different training programs. Every company has invested in the knowledge of its employees (and co-suppliers, and customers, and *competitors*). But is it effective? Are your training dollars being spent on the right stuff? Is anyone benefiting from the time and expense? How

would you know? How can you measure it? And for goodness sakes is it putting anything on the bottom line?

Any more of these questions and we don't even want to think about it. It can be overwhelming. But it doesn't have to be. Let's start by more specifically defining the challenge.

Developing and maintaining superior skills is essential to continued success of an organization. Today's worker, at every level, is faced with a complex situation: 1) For any job, maybe for every task, there are a large number of skills required. And these skills are diverse. Success depends upon integrating these skills. 2) The required skills are constantly changing. 3) Throughout the organization, there is an abundance of skill, but a lack of uniformity in skill deficiency (so what seminar do you hold so that people get what they need?). 4) The workforce is dynamic. It's changing. Inside and outside of your organization. Employees are more transient, and new folks have different skill sets. 5) There is a lack of resident expertise in most organizations to impart these skills. More importantly, there is lack of resident expertise to create a system to identify, facilitate, measure and track the right skill development for each team member (including the leader).

One last issue: Organizations who consistently sustain and grow are comprised of Knowledge Workers, regardless of the industry. Knowledge workers have a complex skill set, and they use it. They identify problems, both ill- and well-defined. They can deal with continuously changing information. And they make complex decisions. They are independent thinkers. They developed this talent not because of training, but because they chose to learn.

There are several key elements that will get you on the road to becoming a learning organization. The first is to understand the difference between training and learning. The second is to differentiate between information and knowledge. The third is to understand the elements of an effective learning environment. The fourth is developing a plan for learning/training/knowledge sharing (we're fans of backwards planning). The fifth is assessment and measurement. There's much more (like specific selling and managing programs); but enough for now. Lets hit the highlights of the first two.

Concepts of Training

Train...

“To teach to perform certain actions”

Trainer...

“One who prepares others for the performance of certain feats”

Training...

“Teaching by practice”

Webster's Encyclopedic Dictionary

Concepts of Learning

“The learner learns what the learner wants to learn.”

“Learning is inseparable from action.”

“Learning is a continuous process of moving from outward action to internal reflection.”

Concepts of Knowledge

“Knowledge is the capacity for effective action... with some appreciation of what makes it effective.”

The purpose of all training efforts is to raise the individual and collective levels of knowledge in your organization. Knowledge transfer occurs when information with meaning and purpose is understood by an individual. Learning occurs when new knowledge is put to effective use.

It is imperative that we understand the difference between providing information (exposure) and generating knowledge that gets put to productive use (learning). Focus on facilitating the learning, not on the practice of training.

O.K., so learning is the key, not training. And knowledge is about capacity, not info. The next newsletter will explain what an effective learning environment is all about, and how to begin creating it.

In the mean time, if you'd like to learn more about turning your business into a knowledge-sharing, learning organization, contact Pat Lindsay at Burke Strategic Partners. We'll take you beyond the theory and address your specific business learning needs.

Have You Visited Our Website?

Check us out at:

www.burkecpa.com

www.increasevalue.com

(Tax Tips Continued from page 2)

joint returns who have modified adjusted gross income of \$100,000 or more, and they are phased out at \$50,000 for single parents. The Education IRA only allows a non-deductible annual contribution of \$500 per beneficiary and are also subject to phase out limitations.

Now for the good news. There's a relatively new technique known as a 529 Plan that allows tax deferred growth, an Ohio income deduction, and perhaps Ohio tax-free withdrawals. The plan may also help reduce your taxable estate. Perhaps just as important as the tax benefits is the fact that a parent or grandparent who establishes the account maintains control of the funds. (Eases those nightmares where Junior uses the college fund for the world cruise or cool new sports car). The 529 Plan can be established during 2001 and the contributions may be deducted on your 2001 Ohio return.

If you are interested in learning more about these and other tips, please call us. We would be happy to schedule a meeting with you.



The Firehouse at Adams Landing Executive Suites

Executive Suite are available at the Firehouse at Adams Landing. New renovated office, excellent location, numerous amenities and a touch of history.

If interested, please contact Sharon Enderle at 513.455.8200 for more information.

Here's What's Happening Outside the Office

- After much studying and preparation, Rob Graessle earned a new title—Accredited Business Valuation. He earned this certification of Business Valuation from the American

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INFORMATION TECHNOLOGY UPDATE:

Congratulations to Medical Research Laboratories

Medical Research Laboratories (MRL), a Burke IT client, received a Pinnacle Award from Great Plains. The Pinnacle Awards recognize the outstanding achievements of select Great Plains customers in five categories: Innovation, Excellence in Customer Service, Evangelism, Excellence in Specialized Applications and Excellence in Teamwork. MRL was recognized for "Excellence in Teamwork". Burke & Company recently led the efforts to implement Great Plains Dynamics for MRL and Clinical Research Laboratories, an MRL subsidiary located in Belgium.

Computer Training

After the success of our first quarter training sessions, Burke IT introduces two new course offerings for the second quarter. We will be offering classroom style training courses, in our office, for Peachtree Accounting and FRx, a financial report writer for Great Plains and MAS90.

Peachtree v8.2

Comprehensive training on the essentials of Peachtree Complete Accounting, Release 8.2. Learn thru hands-on activities based on everyday accounting transactions. Also, learn some of the new features now available on Version 8.2 including new Crystal Report Writer, which enables you to create custom reports linked directly from your data. Take advantage of improved standard reporting, integration with new web services and add-on products, and improved performance in data inquiry and transaction entry. Increase your proficiency and maximize the potential of your software.

FRx v6.0 Report Design

The FRx class will lead users through the process of creating financial statement reports from the basic creation of simple columns and rows to the advanced use of trees. Additional topics will cover integration with Excel, specification sets, security and others.

Class sizes will be limited. For additional details and course agendas, visit our website at www.burkecpa.com or contact Todd Benne via phone at (513) 455-8200 or email at tbenne@burkecpa.com for more information.

Course	Level	Date	Fee
Peachtree v8.2		April 27, 2001	
	Beginning	9:00 to 11:00am	\$55
	Intermediate	12:00 to 2:00pm	\$55
	Advanced	3:00 to 5:00pm	\$55
FRx v6.0		June 1, 2001	
		9:00am to 4:00pm	\$350



EMPLOYEE EVALUATIONS— Is it that time again?

By William K. Hagerty

"It can't be that time of year again, I just finished employee reviews - please talk to me about this again in December." I know I've heard that comment before, heck - I've made that comment before. It seems no one looks forward to this process, and it almost never goes as you would like whether you are the reviewer or staff person being reviewed.

Owners and Managers will typically console themselves by believing that all their employees care about is the "money" part of the review anyway and that the staff person's review preparation is solely focused on trying to increase the size of their compensation increase. Pretty easy to come to this conclusion - but is it a self fulfilling prophecy? Ask yourself, was I truly prepared to offer them any concrete feedback on their performance and areas where they need to focus their development efforts, or was the salary increase/bonus the only specific feedback I had to offer? We keep telling ourselves, our employees, and our customers that people are our most important asset. Some companies even have it in their mission statement framed in the lobby, yet when it comes time for a critical interaction with employees, we avoid preparing for it in any meaningful fashion.

The keys to an effective review program (one that fosters employee development and retention) are no different than any other "mission critical" business activities - planning, execution, and adjustment based on feedback received.

The review process should be occurring at all times throughout the year and should include three critical components - 1) Data Gathering, 2) Analysis, 3) Feedback.

You should be reviewing the efforts of your direct reports at all times to avoid basing an annual review on the final two months of performance (known as the recency effect). You should be recording both your positive and not so positive observations throughout the evaluation period so you can base your annual review on data recorded (not remembered) throughout the year. You should also

put in place objective performance measurement systems for all employees to provide you the data you will need to properly analyze and communicate performance results. When annual review time does arrive it is critically important that you gather information from various sources - your "observation file" and performance measurement system, industry/professional association data to be certain you are keeping pace with the competitive marketplace, and most importantly from the employee being reviewed. I recommend a written self-evaluation and, if possible, an initial self-evaluation presentation by the employee prior to completion of your formal review document.

The information you have gathered, combined with the self-evaluation, must be analyzed thoroughly. Both the process and results of this analysis need to be documented and effectively communicated to the employee in order for them to understand the importance you place on this process, and ultimately, on them.

Communication about performance and expectations must be an ongoing process. If your employees only truly understand where they stand once per year then their anxiety is depriving you of their best efforts and is likely the cause of some of your employee retention problems. Remember communication is one of the most basic (and FREE) forms of employee recognition and a lack of recognition is the most frequently cited reason by departing employees. Communication during the annual review process should come in several steps (and several meetings) - a pre-meeting with all employees to outline the process, a self-evaluation presentation by the employee to their manager, a meeting where the formal review is discussed (emphasis on discussed - not given), and a final brief meeting with each employee to communicate to them their compensation adjustment and any bonus compensation awarded.

Sounds like a lot of time - IT IS! Ask yourself these questions - Would I commit to staying informed about the performance of one of my very good

(Continued on next page)

(Evaluations continued from previous page)

customers throughout each year? Would I meet with this same customer several times at the end of the year to ensure this relationship remained positive? Would I do my homework before proposing changes to the financial parameters of this same relationship? I've got to believe you're saying yes to these questions or you would have stopped reading a long time ago. If you answer these "customer" questions with a "yes" then you must commit to the same effort when it comes to your employees - **PEOPLE ARE YOUR MOST IMPORTANT ASSET**, right?

If you are interested in more information regarding how we can help you with an effective employee evaluation program, please contact Bill Hagerty at 513.455.8200 or bill@burkecpa.com.

(Happenings continued from page 5)

Institute of Certified Public Accountants after completion of a national examination.

- Bill Hagerty has returned to the University of Cincinnati to complete a course in Human Resources.
- Pat and Mary Jo Burke co-chaired the annual Boys Hope Hearts for Hope on February 10.
- John and DeAnn Lind welcomed Noah Truth to their family on January 11. This is their first child.
- Donna Combs successfully completed 16 weeks of German language class.
- The men's basketball season has ended. No serious injuries were reported and lots of fun was had by all who participated.
- The Burke men and women will be trying their luck at Sand Volleyball this summer instead of softball. Our season begins May 21.

"The most wasted day of all is that in which we have not laughed."
Sebastian Roch Nicolas Chamfort

The Burke Bulletin is published by **Burke & Company, P.L.L.**, Certified Public Accountants. For additional information, please call (513) 455-8200 or (859) 344-8887 or send your written request to us at the address below.

BURKE & COMPANY, P.L.L., CPA'S



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