

# Look and listen for ideas

How to achieve growth much easier by absorbing these valuable tips

INTERVIEWED BY DENNIS SEEDS

When it comes to growing a business, whether strategically or organically, the better informed and prepared a company is, the better its chances for success. But how to become better informed and prepared may be a mystery to some companies.

“There are a number of business incentives out there that a lot of companies don’t know about,” says Jim Sacher, partner with Skoda Minotti. “There are some provisions that, unless you are looking specifically for them, they may be overlooked.”

*Smart Business* spoke with Sacher about a sampling of ideas that businesses may want to seize.

## What is an example of a program that promotes business expansion, but with which businesses may not be familiar?

The InvestOhio tax credit program encourages businesses to invest in their Ohio sites. Businesses may take a credit against their Ohio income tax for 10 percent of the equity contribution the company makes as long as the money was used to expand the business and it’s done within the state-prescribed time frame. Qualifying investments include hard assets, such as buildings, machinery and equipment, and desks and chairs, as well as hiring employees and expanding through a venture, such as a new product line.

Time is limited to take advantage of the InvestOhio program. As soon as the state runs out of its allotted money, the program will be discontinued.

## What is captive insurance and how can it help a company manage its insurance more effectively?

Captive insurance allows a company

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**EVENT:** Jim Sacher, CPA, presents 12 Great Ideas in 60 Minutes— Free Speaker Series — from 11:30 a.m.-1:30 p.m., Thursday, Oct. 30, at the Holiday Inn Mayfield, 780 Beta Drive, Mayfield Village, OH 44143. Register at [skodaminotti.com](http://skodaminotti.com).

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that has trouble obtaining preferred insurance coverage, particularly in the case of product liability, to form a captive insurance company. This way, instead of the company buying coverage through an existing insurance provider, it buys coverage through its own captive insurance company.

Among the benefits of this program is that the company manages its own claims, which means it can hire its own legal counsel and not let a claim grow beyond the company’s means to pay it. More importantly, companies using this tool may claim a tax deduction for the premiums paid to its own insurance company.

## What are some benefits proper compensation planning can bring?

Companies want to find the right person for the right position at a level of compensation it can afford. Proper compensation structuring gives the employee incentives to join the company and helps align the employee’s interests with those of the company.

For example, if a partnership or LLC finds an excellent candidate for a high-level position and wants to offer a creative package to persuade the person to join, the company might

offer profits-only ownership in the company based on the future value that the candidate would help build.

If the company goes out of business quickly, the employee would get nothing. But if the employee contributes to the company’s turnaround, he or she would receive a percentage of the increase in company valuation should the company be sold.

## What is cost segregation and what is its benefit?

Cost segregation is used to define the components of a building, other than its structure, for depreciation purposes. This includes items such as the wiring, decorative woodwork and special kitchen features. Once the costs of these are tallied, they can be identified as having a much shorter depreciation life, instead of the usual 39 years, which offers faster deductions for depreciation.

When making investments for growth it’s important for companies to find creative and prudent methods of funding their expansion. Many of these funding and cost-saving options are not obvious, so talk to a professional adviser who might be able to find ways to help fund the projects. It never hurts to have a second opinion. ●