

# BIZGROWTH

S T R A T E G I E S

IDEAS TO HELP GROW YOUR BUSINESS

**4** Accounting  
Topics **Everyone's**  
Talking About

**The Sell Trip:**  
**Creating an Outstanding**  
Candidate Experience

**Employment Practices**  
**Liability: Is Your**  
**Business Covered?**

Why **Employee Benefits** Must  
Be Part of Your **Business Strategy**

**Cybersecurity**  
**Considerations**  
for **Cloud Software**



Your Team.

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## Tax & Accounting

# 4

# Accounting Topics Everyone's Talking About

BY MARK WINIARSKI

It's a big year in the accounting world. Significant changes that have been on the horizon for several years are finally here. The result could change the shape of key business practices, from contracts with customers to leasing arrangements. Other macro events – such as Great Britain's "Brexit" from the European Union and technological developments – are also expected to have an impact on the global market. The following are some of the top accounting issues that could affect your business.

### Implementation of Major Accounting Updates

Two of the most significant updates to accounting processes – the new revenue recognition standard and the new leasing standard – are in play for 2019. Private companies are implementing new guidance



for recognizing revenue from their contracts with customers, which could affect a company's EBITDA if revenue is accelerated under the new standard. Public companies are implementing the new leasing standard, which requires all leased assets and liabilities to be recognized on the balance sheet; the result could affect debt covenants. With these major accounting updates, financial statements and the business processes that rely on them might look a little different in 2019. Accounting processes, internal controls and other reporting functions will also need adjusting.

### Technology

Blockchain, the technology that makes cryptocurrencies like Bitcoin possible, has the potential to dramatically change the accounting landscape. The electronic ledger tracks and encrypts transactions, potentially reducing bookkeeping costs. Artificial intelligence (AI) is also playing an increasingly important role in accounting. In the future, more and more firms could use it to help with technical accounting and tax preparation to create efficiencies within their workflow.

Automation can help improve quality by diminishing the potential for human error, but the need for human accountants won't be going away any time soon. Human intelligence will continue to play a vital role in strategy and the execution of business processes.

### Cybersecurity

Cyber threats to sensitive information are here to stay. At a regulatory level, companies are being asked

to be more descriptive about the steps they take to protect their electronic data. Cybersecurity will be an increasingly important part of boardroom discussions, especially when it comes to bringing on new vendors or evaluating acquisition opportunities. The SEC, in particular, has asked public companies to be more "forward-looking" when it comes to managing their cyber risks. It wants to see more disclosures around how breaches are communicated and the role boards of directors are playing in managing their organization's cyber risks.

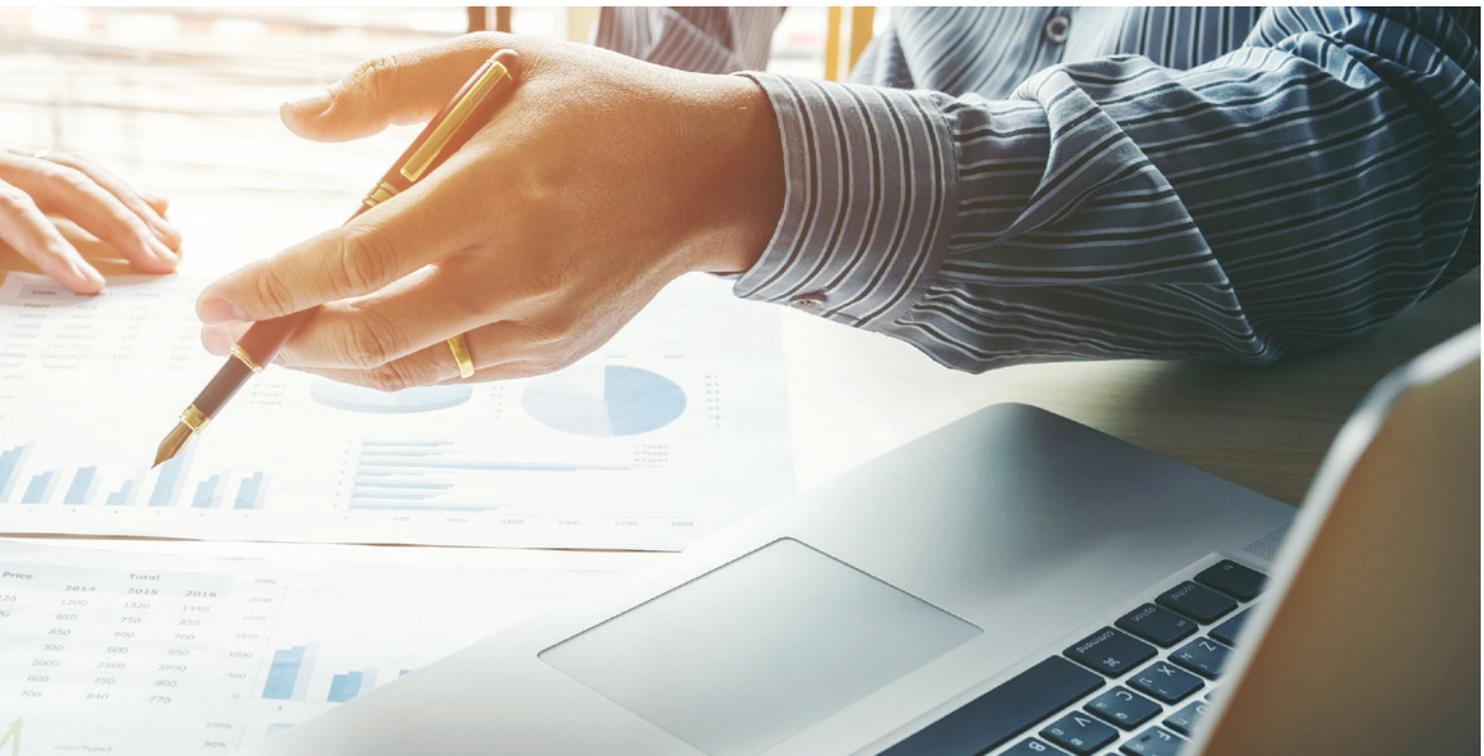
### Brexit

Great Britain's time in the European Union is supposed to be coming to an end, but the uncertainty around the Brexit plan promises to make any eventual withdrawal disruptive to the global market. Goods coming in and out of Great Britain will be affected. American companies will need to understand the extent to which Brexit could affect their operations and be prepared to communicate the ramifications that a so-called "hard" Brexit could have on their business.

Companies that incorporate these and other accounting trends into their strategic discussions will be well equipped for what this year may bring. Be sure to plan early and adjust often. 🚩



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# The Sell Trip: Creating an Outstanding Candidate Experience

BY **ANGIE SALMON**

**R**ecruiting for senior-level or highly specialized positions often requires tapping into a national talent pool. Once the group has been narrowed down to the top two or three candidates, they often complete a “sell trip.” This is the visit to the employer’s location that serves as both the last round of interviews, as well as an opportunity to showcase the benefits of the organization and the community in which it’s located. While it’s important that all applicants have a positive experience throughout each phase of the search, the sell trip is critical in ensuring that the preferred candidate will accept the offer.

The following are some sell trip tips to make certain you land the top talent:

## **Family Matters**

Although many executives indicate they will relocate “for the right opportunity,” moving is rarely a one-person decision if the candidate has a family. While more costly, it’s often necessary to extend an invitation for the candidate’s family to visit the city during the sell trip.

## **Know Your Candidates**

To create a personal experience that resonates, you

must learn what’s important to the candidate; then use this knowledge to create a customized agenda.

## **Sweat the Details**

The search firm or hiring company should arrange for travel, ground transportation, interview details and other logistics to make the candidate’s travel experience as stress-free as possible.

## **Showcase the City**

There are companies that charge for “executive tours.” However, there are also many outstanding realtor partners who work with the families in advance and on the ground (for free and without requiring a signature/commitment) to provide community information, personalized tours and gifts to make the candidates and their families feel at home. If the candidate prefers to explore without a guide, create recommendations on communities/areas that may be of interest. Also provide a list of preferred restaurants, coffee shops, things to do and city highlights.

## **Social Settings**

Use this opportunity for the company and the candidate to get to know each other in a less formal environment. A meal, sporting event or cocktail reception that includes the candidate’s family provides a perspective for both parties away from the interview table.

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## Human Resources

### The Red Carpet

You expect this leader to add significant value to the organization, so do everything possible to ensure he or she feels valued on this last trip. Here are some additional specific tactics that have proven to be successful:

- **Dual-income families:** Use your connections to set up informational interviews for the candidate's spouse/partner. This helps relieve the stress of being a "trailing spouse."
- **Children:** Make sure the children feel special and are getting excited about the new city. For high school kids, a few good ideas are arranging for tickets to a performance or sporting event, showcasing appropriate high schools and facilitating conversations with club sports coaches. Younger children tend to enjoy things like visiting local parks and any other "fun" spots, as well as touring the local schools.

- **Community:** It is important that candidates can visualize themselves thriving personally as well as professionally in the new community. Share information about the community's demographics, quality of life and activities of interest, such as nonprofit organizations or clubs. Better yet, introduce them to a few people who share their stage of life, interests, culture or lifestyle and can provide an unbiased view of the area.

During this final stage of the process, creating a candidate experience that is both positive and genuine could very well be the difference between acceptance and rejection your offer. The sell trip is worth the effort. 🚩



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## Insurance Strategies

# Employment Practices Liability: Is Your Business Covered?

BY SANDY LOWERY

As a business owner, it's something you hope will never happen – a claim of discrimination, harassment, wrongful termination or any other employment-related claim. But if it does, is your business protected?

Many employers do not realize there's often a gap in their insurance coverage that leaves them vulnerable to these types of lawsuits. Most commercial general liability (CGL) policies exclude coverage for claims relating to harassment, discrimination, wrongful termination, failure to hire or promote and other employment-related matters. Employment Practices Liability Insurance (EPLI) was created to fill this gap.

Created in the mid-90s, EPLI was originally part of Directors & Officers (D&O) insurance, but because of the complex nature of the claims it morphed into its own product. In 2017, EPLI was thrust into the spotlight with 70 sexual harassment claims leveled against film producer Harvey Weinstein, among others, and the advent of the #MeToo movement.

In the two years since the movement exploded,



sexual harassment claims aimed at companies of all sizes, from Fortune 500 to small firms, have burst onto the scene in unprecedented numbers. More people are

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# Why Employee Benefits Must Be Part of Your Business Strategy

BY JOE ELLIS

There are many business owners with a thriving business setup who decide to sell their products on the internet. With a cool website, trendy products and a catchy name, they assume their success is guaranteed. Unfortunately, they forget one very important thing – a clearly articulated strategy.

They do no market research, polling or interviews to see if customers found it more convenient to shop online, and they don't ask their existing customers why they buy their products or even if they like them. Even though their company is by most standards successful, they really don't know why.

This particular story applies to the customer-facing side of the business. However, it can just as easily be applied to the employee-facing side, and it's definitely important to do so.

Many employers are taken aback when asked about their employee benefits strategy, as they believe that simply providing benefits and paying the biggest part of the cost is enough. Many fail to consider benefits as a part of their overall business strategy. As a result, employers miss a unique opportunity to impact their employees in a way that has staying power. Employees – frequently the face of the business in customers' eyes – are often the most important asset in client or customer satisfaction.

So how do you create a successful benefits strategy, and how do you seamlessly incorporate that into the overall business strategy?

Just as asking customers about your products can yield important information, asking employees how they feel about their benefits can add great value. Having a third-party benefits advisor conduct employee focus group meetings without human resources and management in attendance are particularly effective. Employees are much more inclined to give honest feedback in this environment of anonymity. Questions to ask should include:

- What is your overall perception of the benefit plans? (Focus on health insurance but also dedicate substantial time to life, disability, dental, vision, etc.)
- How are you and your family using the benefits?



- How satisfied are you with the plan?
- What would you do to improve the plan's effectiveness?

The answers are always constructive, positive or not, and are extremely helpful in formulating effective strategic benefit plans.

Additionally, asking employees to do a forced-ranking of a dozen employee benefits to determine what benefits are most important and appreciated often yields surprising feedback. For instance, health insurance is often not the most important benefit, thanks in part to millennials who don't prioritize it. Therefore, too great a focus on the health plan may miss the mark, especially when your employees are more interested in student loan repayment help, personal cybersecurity or work-life balance issues.

Overall, an employer's best bet is to design a benefits plan strategy that complements the business strategy. For example, if there are enough products offered in various price categories to customers, there should be a similar approach to benefits. If the company sells moderately priced, affordable products, it would be inconsistent to offer a benefit plan either at the top-of-the-value scale or at the bottom.

The first act of asking for employee opinions goes a long way in affirming a positive culture. Employee satisfaction, just like customer satisfaction, is the lifeblood of the business. And a full supply of lifeblood on both ends, just like strategy, is what's needed to outrun the demons. 🚀



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# Cybersecurity Considerations for Cloud Software

**M**any organizations use multiple cloud-based software providers for their various applications and functions. Having multiple cloud providers means more user permissions, unique data transfers and customized system configurations. In many cases, there is never a clear delineation of who is responsible for what (monitoring backups, patching the system, etc.), which can lead to data loss or unsecure systems. Users of cloud providers should be aware of the more significant complexities and cybersecurity considerations for their cloud software.

## User Permissions

User permissions, also referred to as logical security, ensure the right individuals have the right access for their role in the organization. The cloud provider and the customer should understand who grants and revokes that access.

Cloud systems complicate logical security because of the thousands of user permissions they could potentially create. Revoking user permissions for terminations and reviewing access permissions for active employees on at least an annual basis are essential to cybersecurity, as is defining who should be responsible for performing this task. Failing to act quickly when there is a termination or logical security issue exposes data to unauthorized changes or destruction.

## Data Transfers

Many companies are using a hybrid approach to data storage – private, on-premise servers and public cloud storage solutions. A company's data systems need to be able to securely “talk” to one another to protect the transfer of information among the data centers from unauthorized access or disruption. This data transmission should always be through an encrypted channel such as “https://.”

Because many cloud providers have multiple locations, companies typically do not know where their data resides and thus may have little knowledge of the

level of physical security surrounding the cloud-based servers. Information security teams also need protocols and controls in place so that each data transfer scenario is adequately protected and includes detective controls to alert management of any suspicious activity or control failure.

## System Configuration

Cloud-based system misconfiguration is complicated to address because there are likely three parties involved with the user access that could disrupt the system – the company itself, the hosted data center where the servers reside and the third-party cloud provider. A company needs both internal controls for system configuration and an understanding of the hosted data center and third-party controls over its server and application configuration. Controls ensure that the appropriate steps are taken to secure any data that could potentially be compromised by a configuration issue and that customers are appropriately notified of a security incident, if applicable. Again, it is important to define who is responsible for reviewing the change, authorizing the change and making the change in the configuration.

## Solutions on the Horizon

The trend toward using multiple cloud providers doesn't appear to be slowing down. Any customer looking to use a cloud provider should always ask for a SSAE 18 (SOC 1 or SOC 2) Type II report, which will define the controls the cloud provider has in place and the responsibilities of the customer in using that cloud provider. The contracts with cloud providers should also clearly delineate responsibilities between the cloud provider, the hosted data center, if any, and the customer. 



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**Insurance Strategies** (Continued from page 5)

sharing their stories – and making insurance claims. No company is exempt from these allegations.

In the Equal Employment Opportunity Commission (EEOC) Enforcement and Litigation Data for 2017, the most frequently filed charge against employers was retaliation at 48.8%. Discrimination for race, sex, disability and age followed behind. In 2017, the typical claim was \$460,000, and settlements averaged \$160,000. The claims can take 318 days to resolve, often causing disruption and depleting resources.

Approximately 56% of companies with 5,000 or more employees carry EPLI; however, it is small or new businesses that are the most vulnerable. Over 40% of EPLI claims are against organizations with fewer than 100 employees. (Source: SHRM/ISO MarketStance)

Employment-related claims can be costly and damage the reputation of a business, so it's critical for organizations of all sizes to ensure they have proper EPLI coverage. Coverage also can be provided with optional endorsements, including:

- **Third-Party Liability** – A separate agreement within EPLI policies that covers liability claims by non-employees. For example, customers, clients, vendors or other non-employees may allege that an employee engaged in a wrongful act such as

harassment or discrimination, including age, sex, race, disability, etc. Businesses that deal directly with the public, such as restaurants, stores, contractors, hotels, schools, medical offices and airlines, among others, have much higher exposure to these types of claims.

- **Wage and Hour** – An endorsement that may be attached to an EPLI policy that covers the cost of defending claims alleging that an employer failed to pay overtime to a nonexempt employee – an employee who is hourly and eligible to receive overtime pay under the Fair Labor Standards Act. Defense costs can be provided as a separate sub-limit of coverage.

For companies looking to mitigate risk, EPLI is the difference between successfully handling a lawsuit and the loss of a favorable reputation and livelihood. The numbers can be unmanageable for the average business. As such, it is critical that EPLI not be overlooked. It would be worthwhile to review your policy to ensure your business is protected. 🚩



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