

SCHUMPETER CONSULTING LLC
DELIVERING PROFITABLE RESULTS IN BUSINESS DEVELOPMENT SYSTEMS
EXPANDED SERVICES DIRECTORY • 2012 Q1



Our Key Service Areas

- BUSINESS PLANNING
- ACCOUNTING AND RECORDKEEPING SYSTEMS
- BUSINESS RESOURCE PLANNING AND CONTINUOUS IMPROVEMENT
- ESTATE AND BUSINESS SUCCESSION PLANNING
- SPECIAL MATTERS

Creating and developing a business is among the most enlightened acts of positive human interdependence an individual can perform.

John Michael Donohue

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Your Schumpeter Consulting Representative is

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BUSINESS UNITS

Schumpeter Enterprise Institute LLC

Schumpeter Consulting LLC

OUR VALUE PROPOSITION

SCHUMPETER CONSULTING DELIVERS PROFITABLE RESULTS IN BUSINESS DEVELOPMENT SYSTEMS

Schumpeter Consulting is a market leader in business management services and systems for proprietorships, partnerships, limited liability companies, closely held corporations, trusts and estates.

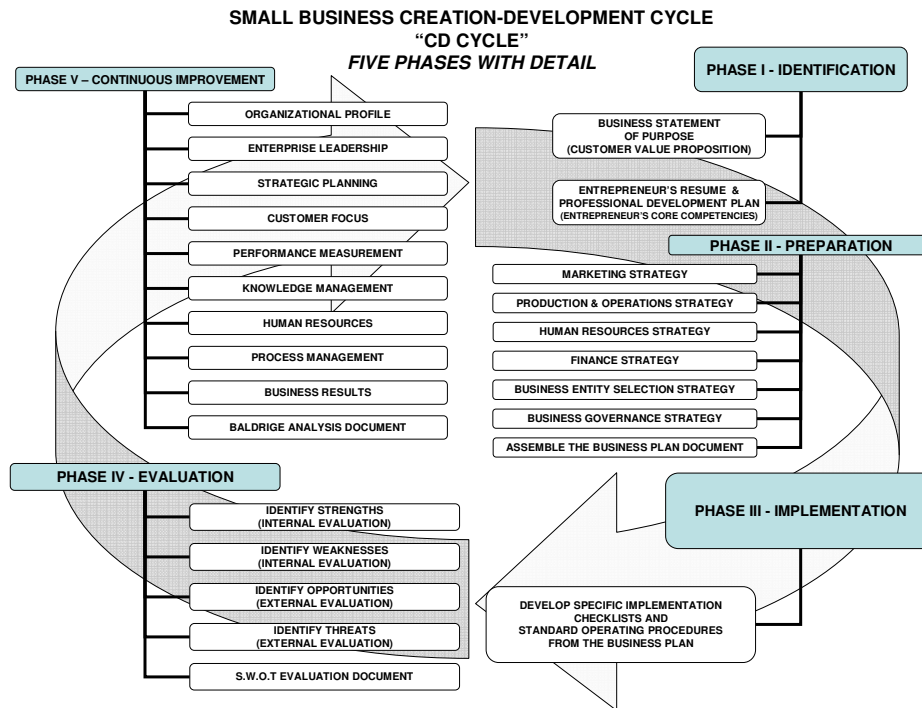
We establish our excellence in delivering the highest quality services in the areas of business planning, accounting and record keeping systems, business resource planning and continuous improvement, household financial management and estate planning, and other special matters.

Thank you for your interest in our services and products. We look forward to working with you for a lifetime.

SCHUMPETER CONSULTING

Business Planning

We maintain a holistic approach to small business creation and development - creating new enterprises and refurbishing existing ones. Our proprietary *Small Business Creation-Development Cycle* - the *CD Cycle* - represents our core framework for all business creation and improvement services:



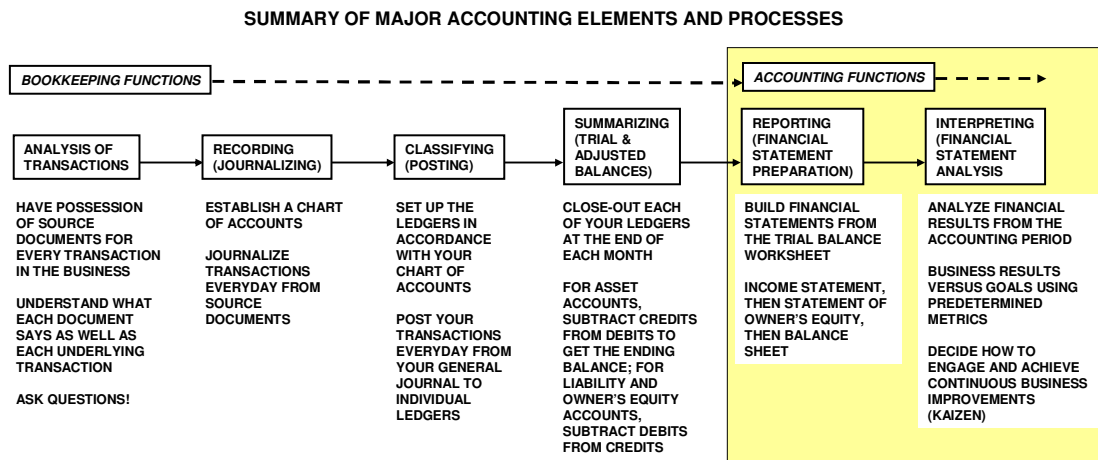
Here is what we can do for you:

- Define your Business Statement of Purpose using our OMAR technique:
 - Overview - business name, date established, location
 - Mission - definition of the core business
 - Approach - how the core business is executed
 - Result - benefits received by customer and other stakeholders
- Prepare resumes for key principals
- Prepare Professional Development Plans for key employees
- Determine Marketing Strategy
- Determine Production and Operations Strategy
- Determine Human Resources Strategy
- Determine Finance Strategy
- Determine Business Entity Selection Strategy

- Determine Governance Strategy
- Determine Business Communications Strategy
- Conduct Initial Baldrige Assessment:
 - This assessment consists of an Initial Organizational Profile, and may build into seven additional evaluation areas: Leadership; Strategic Planning; Customer and Market Focus; Measurement, Analysis, and Knowledge management; Human Resource Focus; Process Management; and Business Results
- Train your key employees in business planning areas

Accounting and Recordkeeping Systems

We conduct initial triage on your bookkeeping, accounting and recordkeeping systems and establish procedures for ongoing bookkeeping maintenance.



Here is what we can do for you:

- Conduct initial assessment of bookkeeping, accounting and recordkeeping processes and requirements - establish logical nexus between the business plan, accounting system and recordkeeping requirements
- Immediate bookkeeping triage:
 - Review sales journal or other revenue records - deposit tickets and bank statements
 - Review expense records - check stubs and bank statements
 - Review statement of owner's equity
 - Review list of assets
 - Review list of liabilities

- Identify fiscal year
- Identify any multistate requirements
- Ensure all required government-regulatory registrations have been identified and completed
 - Federal
 - State
 - Local
- Obtain all necessary tax identification numbers as needed (but not limited to these):
 - Federal EIN
 - State Department of Revenue
 - State Sales Tax
 - Employment Commission account
- Review current and historical financial statements consisting of (in this order):
 - Income Statement
 - Statements of Owner Equity
 - Balance Sheet
 - Statement of Uses of Cash
- Determine that financial statements are “articulated” - the financial data has “fit-flush-discipline:”
 - Financial information fits together - adds-up
 - Ambiguities flushed-out
 - Forecasts are disciplined - logically linked throughout the financial statements
- Clean-up #1 (bookkeeping and accounting work product):
 - Review and clean-up existing bookkeeping systems, especially those based on QuickBooks, Peachtree, Great Plains, or other proprietary platforms
 - Correct historical financial statements where necessary
- Clean-up #2 (tax return completion and compliance):
 - Review and clean-up existing tax notices, outstanding obligations and tax deposits at all levels of government
 - Identify specific ongoing business tax compliance requirements (federal, state and local)
 - Establish tax compliance calendar for federal and state filing requirements
 - Complete all business tax returns which may be late
 - Compile tax reference materials
- Clean-up #3 (tax notices and other legal actions pending):

- Identify and resolve current or expected administrative (government) actions:
 - Claims
 - Litigation
 - Liens
 - Warrants
 - Other pending legal actions
- Prepare Office Administration Charts:
 - Chart 1: Bookkeeping accounts to include account numbering regimen (asset accounts; liability accounts; owner's equity accounts; revenue accounts; and expense accounts)
 - Chart 2: Show cross-walk between bookkeeping accounts Chart 1 with tax return revenues and expenses fields
 - Chart 3: Tax identification numbers
 - Chart 4: Bank account and other business operations numbers
 - Chart 5: Central filing system
- Review the general journal
- Review special journals where necessary (four basic special journals):
 - Sales
 - Cash receipts
 - Purchases
 - Cash payments
- Review ledgers:
 - Show cross-walk between bookkeeping accounts Chart 1 with ledgers in use or to be used
- Review business property book:
 - Locate and conduct preliminary inventory of all long term assets (property, plant and equipment)
 - Locate backup business paper (bills of sale or other objective written evidence of asset information) for all long term assets
 - Record key information concerning long term assets (property, plant and equipment) - at a minimum:
 - Names and classes of asset
 - Serial numbers
 - Dates placed in service
 - Cost bases including costs to place in service
 - Useful lives

- Percentage of business use
- Review or implement depreciation methods and records for each class of property
- Accumulated depreciation to date
- Dates of disposal
- Special note of installment sales of assets disposed of
- Capital gain, if any
- Review leases pertaining to any property, plant or equipment
- Establish (or review and clean-up) recordkeeping and filing systems for all accounting-related documentation (special attention to IRS retention guidelines - 5 year maximum)
 - Employer Identification Number(s)
 - Human Resources Records (at a minimum):
 - Job descriptions, job announcements and applications received
 - Offer letters and other employment agreements
 - Names, addresses, SSNs and other biographical data for all personnel
 - Time cards and overtime records and earnings rates
 - Personnel attendance records
 - Comprehensive payroll ledgers: pay rates, time period covered by pay, salaries or wages, special payments, expense reimbursements, tax withholdings and dates of payroll disbursement; i.e., record of all increases or decreases to any employee compensation for any reason
 - Copies of withholding forms (W-4, W-4P, W-4S, W-4V)
 - Dates and amounts of tax deposits and deposit proof
 - Copies of 941s, and all other federal, state and local payroll tax submissions
- Review inventory control
- Review cost accounting systems
- Review budgets and budgeting processes
 - Master budget (at a minimum)
 - Sales forecast
 - Operating budget
 - Capital budget
- Review purchase order system
- Review petty cash system
- Review expense reporting system (particularly for business-use vehicles, travel, meals and other expenses)

- Review routine accounting cycle procedures:
 - Analyze source documents as they are received
 - Journalize transactions
 - Post transactions to ledgers
 - Summarize ledgers
 - Prepare trial balance
 - Complete adjusting entries
 - Journalize and post adjusting entries
- Prepare financial statements (CPA review) based on the established accounting cycle
- Conduct bookkeeping closing procedures based on the established accounting cycle - monthly, quarterly and annually
- Review owner equity capital accounts and associated personal withdrawals or distributions

We then implement collateral bookkeeping and accounting systems.

- Evaluate and upgrade accounting-related information technology
- Review billing and collections
- Review accounts receivable and aging analysis
- Review accounts payable and aging analysis
- Identify ongoing tax compliance requirements
- Review banking systems and clean-up reconciliations
- Review payroll systems and employee benefits
- Review budgeting and forecasting systems
- Conduct special financial analysis
- Review electronic funds transfer and payment systems
- Review foreign currency exchange systems
- Review risk management and insurance planning
- Draft Standard Operating Procedures for bookkeeping and accounting and ensure integration with all other aspects of the business
- Train key employees in bookkeeping and accounting systems
- Provide ongoing on-site support in all bookkeeping and accounting areas

Business Resource Planning and Continuous Improvement

We perform ongoing business resource planning and Continuous Improvement.

Here is what we can do for you:

- Review and update your business plan

- Review or modify your formal business organization through State Corporation Commission
- Complete your annual business registrations through the State Corporation Commission
- Conduct annual business meetings
- Conduct expanded Baldrige Evaluation (begins where the Initial Organizational Profile left off, and now continuing into seven additional evaluation areas):
 - Leadership
 - Strategic Planning
 - Customer and Market Focus
 - Measurement, Analysis and Knowledge Management
 - Human Resource Focus
 - Process Management
 - Business Results
- Draft Standard Operating Procedures for general business operational areas and ensure integration with all other aspects of the business
- Train your key employees in resource planning and Continuous Improvement areas
- Provide ongoing on-site support in resource planning and Continuous Improvement areas

Household Financial Management and Estate Planning

An individual's life as a business owner or principal stakeholder cannot be separated from his or her personal household. This is especially true in the realm of financial management. We build our services on this fact, providing coordinated personal financial and tax planning. We establish a logical nexus between a business owner's business plan, the business accounting system, personal and household finance, and the desires of the business owner regarding succession ownership of the business by means of estate planning techniques, based on the Revocable Living Trust.

Here is what we can do for you:

- Prepare a personal financial organizer - *The Million Book* - a comprehensive record of household finances
 - Documents and special analyses listed within this section of our services
- Prepare an initial set of personal financial statements:
 - Income Statement
 - Net Worth Statement
 - Personal household budget
- For the income statement (also applies to maintenance of household budgets):
 - Identify and measure all sources of personal and household income
 - Review debts and payments against debts (articulated with the net worth statement)

- For the net worth statement:
 - Identify and measure all current assets (those that can be converted to cash in one year or less)
 - Conduct household personal property inventory and estimate values
 - Identify and measure all long-term assets
 - Identify and measure all current liabilities (those that are expected to be paid off in one year or less)
 - Identify and measure all long-term liabilities
- Review personal bank accounts and banking relationships
- Identify personal tax compliance requirements and review additional personal tax issues
- Complete personal tax returns:
 - Review nexus between personal tax returns and business entity ownership:
 - For business sole proprietorships, primarily review Schedule C
 - For real estate activities, primarily review Schedule E
 - For farming activities, primarily review Schedule F
 - For partnership or Subchapter S corporation activities, primarily review Schedules K-1
 - For Limited Liability Company activities, primarily review how the LLC is organized to determine if Schedule C or Schedule K-1 is to be used
- Review your current personal insurance portfolio:
 - Auto
 - Other property and casualty
 - Life
 - Medical
 - Disability
 - Long-term care - Medicare supplement
 - Professional liability umbrella
- Review all existing estate planning methods and documents:
 - Estate planning by simple Last Will and Testament
 - Estate planning by Revocable Living Trust:
 - Trust and amendments
 - Abstract of Trust
 - Trust Affidavit
 - Amendments to existing trusts
 - Pour-Over Will and codicil

- Durable Power of Attorney
- Appointment of fiduciaries
- Appointment of guardians for children or special-needs family members
- Precatory Directive
- Real estate deeds
- Personal property deeds (includes transfer of personal property to any business entities concurrently owned)
- Advanced medical directive - health care Power of Attorney
- Anatomical gift
- Assignment of business interests to the trust
- Other Trust Devices:
 - Single or married A trust
 - Married or unmarried AB trust
 - Married ABC trust
 - QTIP Trust
 - Partner AA Trust
 - Spendthrift Trust
 - Medicaid Planning / Catastrophic Trust
 - Qualified Plan Trust
 - Charitable Remainder Trust
 - Insurance Preservation Trust
 - Qualified Personal Residence Trust
- Trust funding
- Trust and estate settlement upon death of first or subsequent trustmaker
- Business succession planning:
 - Determine if business will be retained by other current joint owners, distributed to heirs, or discontinued
 - Determine how business succession planning will be formally carried out
- Conduct further estate and business succession planning by Will, Revocable Living Trust, additional family business entities or by gifting
- Determine your estate settlement costs:
 - Estimate last expenses
 - Probate versus non-probate
 - Costs covered by life insurance versus other assets

- Help you identify your personal financial goals - short- and long-term:
 - Education goals
 - Other professional development goals
 - General capital accumulation goals
 - Business ownership goals
 - Emergency fund goals
 - Goals as to general financial independence
 - Goals as to survivor needs
 - Retirement goals
 - Goals for charitable giving
 - Other personal financial goals
- Initiate general financial planning commensurate with personal financial goals:
 - Ensure personal financial goals are fully collaborated with spouse and other family members
 - Identify any personal health concerns as may influence personal financial planning
 - Establish specific budgets for financial goal attainment
 - Review current investments for financial goal attainment
 - Review possible asset re-allocation
 - Review application of monthly surplus income to investment portfolio
 - Determine need for asset gifting based on current estate and gift tax exemptions

Special Matters

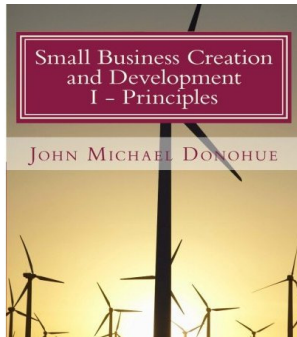
Our knowledge, skills and experience extend to highly specialized areas such as (but not limited to) complex litigation support, accounting and tax compliance work for trusts, estates, or other fiduciary areas.

Here is what we can do for you:

- Identify current or expected civil or criminal claims or litigation at personal and business levels
- Provide broad support in litigation or administrative law areas to include design and implementation of complex litigation plans
- Complete specialized accounting and tax work for trusts, estates, and estate plan gifting
- Administer asset valuation processes
- Conduct trust and estate settlement and closing procedures through a Trust Settlement Memorandum
- Conduct probate through appropriate local (circuit) court system

Additional Schumpeter Center Products

Available from Amazon.com and other retailers



Small Business Creation and Development

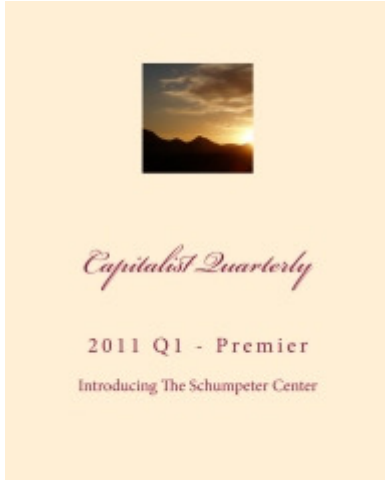
Principles and Methods for Establishing Your Small Business - Volume I - Principles

John Michael Donohue

Throughout this highly researched work, the reader takes an excursion royale through the principles and methods of small business creation and development. Results are immediate, as Donohue shows how the reader can attain an up-and-running business by the close of Chapter 2. This is the first of two volumes in which Donohue rolls out a total business-building system beginning with a clear definition of an individual's business-building goal, recognizing the general conditions influencing business-building and specific standards that signify goal fulfillment. This is not a book for readers lacking the capacity to think or act outside cubicles of safety. Instead, the reader attains the upper limits of enlightenment in the Institutions of Capitalism leading to his or her own self-created personal industry - the goal of the book. The reader will also sense a secondary theme throughout this extraordinary volume. Especially in these times of economic uncertainty, Volume 1 and its companion methods book, Volume 2, embody a refutation of efforts by many levels of government to deliver the heart and soul of their economies into a declining Socialist spiral, characterized by individual dependence and mediocrity. These are not belief systems shared by true capitalist entrepreneurs, and Donohue lays out the best arguments for the Institutions of Capitalism that result in greater standards of living through individual small business ownership. In Volume 2, scheduled for release by year-end, Donohue unfolds a master business-building system adopting the World Bank's Development Project Cycle merged with the Baldrige Criteria for Performance Excellence, a Kaizen-approach that all business owners and managers can immediately engage to improve their small business projects. Together, Volumes 1 and 2 convey the principles and methods for creating and developing a profitable small business enterprise from simple idea.

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Available from Amazon.com and other retailers



Capitalist Quarterly

The Schumpeter Center

CAPITALIST QUARTERLY provides a forum-of-record to advance the education and mentorship of entrepreneurs, investors and managers who create and develop small businesses. Though we are nonpartisan, we advocate free market positions and solutions that advance the quality of life. CAPITALIST QUARTERLY explores all subjects relevant to small business creation and development. Our editorial preference is for the unconventional, contrarian, evolutionary, in-depth and thoughtful viewpoints within a free market framework.

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