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Planning for the long haul

Without a plan, your business journey is just a joyride.

A classic Harvard Business study shows people with written goals and plans achieve more than those without any. Perhaps it's spending time thinking about your goals that reinforces a desire to achieve them. But why it works doesn't matter. It works.

Twenty-one years ago I met a young woman who challenged me to outline a few personal, business and spiritual goals for the year on a note card. That year, I achieved every goal on my card ... including marrying her.

I strive to continue that practice today – with somewhat less ambitious goals.

PLAN AHEAD OR GET LEFT BEHIND

“Have a plan. Work the plan,” says Don Russell, Cornwell Tools director of marketing.

Having a plan is important. Equally important is to write it down. But a notecard in a drawer is meaningless unless you act on it. So, review your written plan regularly to be sure you're on track.

Today I want to focus on something bigger than planning for the year ahead. I want to talk about long term planning. By that I mean an overarching plan for your business, which should include protecting your assets, business planning and providing for retirement.

A compass only tells which way you're facing, not where you're going.

You probably know most of the things you *should* do. We all do. But like flossing, we rarely do enough of it. It doesn't matter if you've been a tool dealer several months or several decades. It's never too soon or too late to get things in order.

PROTECT YOUR ASSETS

You have a long list of assets as a tool dealer -- and an equally long list of liabilities. That means you need to protect your assets and yourself.

I spoke with Chuck Eagleston, an Allstate insurance agent from New Haven, Utah, who focuses on insuring tool dealers (ChuckEaglestonAllstate.com). His agency insures about 800 dealers in 35 states. Eagleston has worked with Allstate to create insurance packages especially designed for tool and equipment dealers.



It's very important to avoid gaps in coverage, Eagleston says. For example, you might assume inventory in your garage is covered against theft or fire damage by your homeowner's policy. But generally, business assets aren't covered by a personal policy.

Your local agent may be a great person, but they really need to know your business to give you maximum protection. For instance, if your agent just insured your Freightliner as a truck and you're in an accident, you could end up uncovered for the custom box and fixtures. So be sure your agent fully gets what you need, or find one that does.

I've put together a seven-point insurance checklist based on Eagleston's advice.

PLAN YOUR BUSINESS

If you're like most tool dealers, you're probably a sole proprietor. That is perhaps the easiest and cheapest business to set up, but it may not be the best, says Gregory Fydryck, a CPA and tax advisor based in Schiller Park, Illinois.

Incorporating as an LLC or an S-Corp can limit your liability and have tax advantages.

“If something bad happens, they can't pierce the corporate veil if you are a corporation,” Fydryck says.

That means no one can legally come after your

home or car if there is an injury or property damage suit during the course of your day-to-day business. Your liability is limited to your business insurance and/or corporate assets. So, worst case, you might lose your business, but not your home or personal assets.

A corporation isn't perfect. There are several areas where the law or government can pierce the corporate veil. For example in some states, like Illinois, you are required to have workers' compensation insurance if you have any employees, or the state can come after you personally. There are several other areas where they can pierce the veil. But in most cases, incorporating gives you strong protection.

Talk to your tax advisor about the tax advantages of an LLC or an S-Corp to see which one may be best for your situation and your locality. Everyone's situation differs, so seek professional advice before making any decisions.

PROVIDE FOR YOUR RETIREMENT

When it's time to retire, CPAs suggest most business owners have an exit strategy. But the tool business is not like most businesses. If you're with a flag, check on their process. If you're independent, you have a bit more flexibility.

In either case, *you* are the business. Your customers buy tools from *you*. So really, you are the most important business asset. In the end, you're just selling a used truck, some old inventory and some receivables – usually at a discount. You may make a little cash on that, but not enough for a

Take stock of your planning options by viewing this seven-point insurance checklist, tailored for the tool selling business. Visit:
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comfortable retirement.

Being self-employed, you won't get a pension and you don't have a 401K. So, part of your long-term plan should be building a nest egg. If you haven't been saving for the future, start now. It doesn't matter whether it's \$1 a week or \$1,000 a month. Get into the habit of putting money aside for your future. Increase the amount you save as you can.

Traditional wisdom says for every \$1,000 you put in a stock mutual fund or ETF, you'll have \$8,000 in thirty years – all without adding another penny. But there are no guarantees in today's economy.

I say get an investing book from the library or bookstore and read up. You're not looking for stock picks, you're looking for sound financial principles like dollar cost averaging and tax advantaged accounts. Whether you invest on your own or use an advisor, it's good to know the basics.

The simplest method is to have a set amount automatically put into a retirement account monthly. If you don't see the money, you won't miss it. I like Roth and Traditional IRAs. There are other tax-advantaged accounts for business owners like SEP and Simple IRAs. Ask your accountant or tax advisor what's best for you.

FAILING TO PLAN IS PLANNING TO FAIL

We're all busy. It's easy to let things fall through the cracks. But having an overall plan and fail safes in place can give you great peace of mind.

Finally, don't try to *find* the time to do these things. Very few of us have time in our busy lives. You need to *make* the time to do these things. Schedule an appointment with yourself and, if appropriate, your spouse, to make these things happen.

Doing the hard work of planning up front can prevent huge headaches in the future. **PD**

This is my last column in Professional Distributor.

Those words were harder to write than I expected.

You'll probably find it hard to say good-bye when you move on, too. It's bittersweet. You'll miss all the people you've worked with, from the technicians and shop owners to the fellow dealers and team at your flag and/or warehouse distributor. Mobile distribution is a relationship business.

Like seasoned parents often say to new parents, I say to you: "Time flies. Cherish every moment. Make memories. It goes by all too fast."

In my 12+ years writing this column, I've met many wonderful people. Thanks to everyone, from the awesome team at *Professional Distributor*, to the industry experts who taught me about everything from tool technology to time payments. I also appreciate the tool dealers and district managers who've shared invaluable information and insights.

I need to recognize my wife, Beth, and son, PJ, who have often had to share me with this column. And my assistant, Pat, for checking my writing for stupid errors. But most of all, I'm grateful for you, my reader. You inspired me to invest untold hours dissecting, studying and teaching about nearly every aspect of this sometimes crazy business. As we say in Italian: grazie a tutti (thank you all).

I'm not leaving the business. Sasso Marketing will still be providing marketing consulting and creative services to tool and equipment makers, flags and wholesale distributors. I just won't be tied to penning a regular column.

When you move on from mobile distribution, I hope you feel way I do today: It's been a wild ride. I'm a bit sad it's over, but I'm far more glad for the adventure!



Phil Sasso's eBook *Driven Selling: 31 Tips to Turbocharge Your Sales & Marketing* is available for free download at www.sassomarketing.com. It will be available through March 31.