

# THE BUSINESS ADVISOR

A guide to integrity and competence in business management and relationships

## *The Business Advisor*

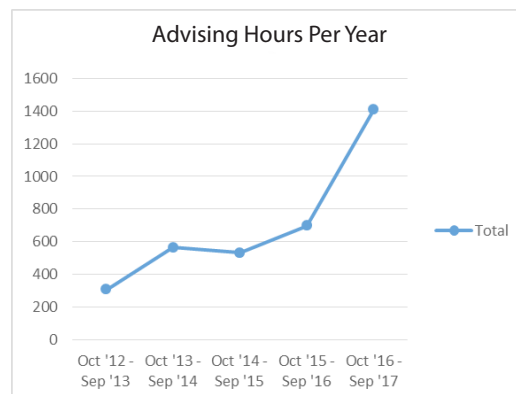
By Merle Herr

*The Business Advisor* is sent to businesses that have utilized Anabaptist Financial's Business Advising services. This annual newsletter keeps you informed about Business Advising and other business resources from Anabaptist Financial.

### Unusual Growth

The past year has been a year of unusual growth for Business Advising services. We doubled our services to 1400 hours of business counsel. While we don't fully understand what triggered this sudden rise of interest in business advising, we sense that more and more owners are seeking counsel regarding issues they used to face alone.

In the chart below, Business Advising hours are graphed over a five-year period. In order to meet the increased demand, we have added four additional advisors to walk with you and help grow and kingdom-focused business.



We sincerely thank you for inviting us to serve you. See the list of fourteen advisors on pages 4 and 5.

### Kingdom-Focused Business Advising

We offer a broad spectrum of business counseling and consulting. However, at the heart of Business Advising is a desire to help businesses operate with a kingdom focus. This includes much more than sales growth and financial analysis.

## At the heart of Business Advising is a desire to help businesses operate with a kingdom focus.

What does it mean to have a kingdom-focused business? Other terms to describe this concept are a Christ-centered business or a Spirit-filled business. All these terms are similar ways to describe a business that whole-heartedly honors and exemplifies the Lord through its policies and practices.

Business Advising seeks to help businesses demonstrate God's will done on earth—in business—as it is in Heaven. This doesn't happen without focused energy and commitment to make business far more than a financial engine to meet economic needs. However, a

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# Keys to Successfully Navigating Business Transitions

*Discoveries made by Good's Stores through planning for succession and the company's future*

By Arlen Miller

Seeking an alternative to farming as a livelihood, Harry Good launched the first Good's Store in 1957 in Lancaster County, Pennsylvania. Today, the enterprise has grown to four retail locations, serving the needs of the local and larger conservative community for 60 years.

The four Good's Store locations in eastern Pennsylvania spread from Schaefferstown in the north to Quarryville in the south. Corporate headquarters are located outside New Holland, which is also home to the wholesale division, online sales, and Good's Technology Services.

"We're a general merchandise store for the family," said Ken Burkholder, president and CEO. "We sell primarily clothing and housewares that relate to the family, catering mostly to the conservative market—Mennonite and Amish." The arrangement of the stores and their broad selections have earned Good's the nickname of "Amish Walmart" or "Mennonite Walmart."

## Keeping the Future in View

Founder Harry Good died in 1967, and Good's Store (then named simply "Harry M. Good") was bequeathed to the estate, which was made up of Harry's nine children. In-laws Amos K. Martin, Jr. and Walter Burkholder managed the store until they took the option of buying the company from the estate one year later.

Mary Ann Burkholder, a granddaughter of Harry Good, married Ken Burkholder in 1979. Ken joined the Good's Store team the following year as a lawn and garden equipment mechanic.

Ken had been establishing his career as an auto mechanic and metal fabricator on the side. He owned equipment to manufacture metal trailers and envisioned eventually working together with his children in his own business.

In the meantime, Amos and Walter, the owners of Good's Store, realized the need to proactively plan for succession. Though Ken had no previous interest or experience in retail, they invited him to join the store's board of directors.

After careful consideration, Ken felt that involvement at Good's Store would allow him to still pursue his family's vision of working with his children and promoting his Christian values. He joined the board in 1986 and later was invited to become a shareholder as well.

For eight years Ken served in various capacities, becoming president and CEO of Good's Stores in 1994. He has been serving in that position ever since, and this year tackled the challenge of planning for his successor. He will turn 61 in November 2017, and his goal has always been to step down at age 65.

Ken asked their accountant and the late Norman Hahn, the

one board member who was not part of the Good family, "Who is responsible to initiate a transition of president?"

Several months later, they came back with their answer. In short, it was Ken's responsibility.

"That put the monkey on my shoulder. And that's probably what motivated me to explore the services of Anabaptist Financial," Ken said.

## When you bring a consultant in, you have to be able to win the hearts of all the people who are part of this.

### Finding Help for the Next Steps

Throughout his years as president, Ken had often been concerned about consulting firms' lack of understanding of the conservative values and family connections within the Good's Stores team.

During this time, Ken had served on the board of directors of Anabaptist Financial and had helped establish the Business Advising services he now needed to work through the next steps of transition at Good's.

"Having been on the board and having helped develop this, you'd think I would be a slam dunk. But I was still a little hesitant, because when you bring in a consultant, you have to be able to win the hearts of all the people who are part of this—so that was one necessary step," Ken said.

Another step was that, AF Business Advising had traditionally catered to small businesses, while as a fourth-generation company, Good's had around 225 employees. Ken didn't know if they were a good fit for Good's Stores.

Ken had a conversation with David Sauder, Administrator of Anabaptist Financial Business Advising, which led to David making a presentation to Good's shareholders and the board of directors.

The entire Good's team agreed that David Sauder was their advisor of choice. Ken's only response was relief.

### Navigating Successful Transitions

Ernest Martin, Vice President of Operations at Good's Stores, has committed to being Ken's successor. Although Ernest is ten years younger, the two men had joined the team at the same time. The transition will be implemented over the next four years as Ken coaches Ernest and transfers his responsibilities to him.

Ken believes there are seven keys that have made David Sauder and Anabaptist Financial's advising services a blessing for Good's Stores:

David, as an objective third party, can better ask uncomfortable questions and get different (and probably better) results than someone from within the company who would ask the same questions.

1. He won everyone's heart. Everyone trusts him.
2. He is objective and unbiased.
3. He understands the conservative values of the company.
4. He understands the close family relations (brothers-in-law, son, and father) within the Good's team.
5. He did not come as Ken's longtime personal friend who would favor Ken.
6. He is older than everyone on the Good's management team.

The Good's team has utilized David's expertise through these four transitions:

- Ken's transition out of the president/CEO position and finding a successor.
- Determining the process and criteria for bringing in fourth-generation shareholders.
- Ken's wife Mary Ann's transition out of the wholesale buyer position and finding her successor.
- Developing a process and finding a successor when terminating an outside board member

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## **"I feel so good and relieved to have David and the business advising services of Anabaptist Financial."**

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Though transitions are still ongoing, Ken is positive about the results. "I feel very good and relieved to have David and the business advising services of Anabaptist Financial," said Ken. "I thought that it would be a relatively simple transition, but it was more complex than I realized."

### **Making Quality Decisions**

Ken has noticed five steps for arriving at a quality decision in family business transitions:

1. Raise the issue, question, or concern.
2. Lay everything clearly out so everyone understands, without making an immediate decision.
3. Allow enough time for all persons involved to discuss it with spouses and give it deep and reflective thought.

4. In the next meeting, an authentic response will come forth.
5. Such discussions should continue until all the issues are resolved and a decision made.

These steps include third-party shepherding of the meetings. Ken sees the third-party involvement—in this case, the services of David Sauder—as essential for arriving at a quality decision for all persons involved. During this time, David was invited to sit in on management meetings, strategy meetings, and board meetings to enable him to gain a fuller grasp of the inner workings of the team and the larger company.

"In this decision-making process, you glean a lot of vision that each individual has that you probably wouldn't get without having a third party," Ken observed. Ken and the team have tried to be proactive in the steps they are taking and the criteria they are putting in place while considering all possible scenarios to keep the company moving forward wisely.

### **Providing Future Leadership**


When Ken joined the company several decades ago, his focus was on financial control, spending, and inventory levels. His focus these days is planning for the future of the company and passing the baton. He believes the best move he can make for Good's Store is to hand over the reins to a team who will work together effectively to navigate whatever the company will face in the future.

He has found deep fulfillment in working alongside the people on his team. "A team working together really makes me feel good," he said.

Ken also finds fulfillment in mentoring the next generation. "Young people come on the scene, and this is their exposure to the real world of business and customers, interacting with the team and growing in their character and in demonstrating their faith to the community," Ken said.

One of the challenges Ken has given his team is developing middle management. As senior staff move on and need to be replaced, gaps are left in middle management—unless, of course, the middle management is developed ahead of time.

Ken summed up his feelings of the entire transition process with an analogy, "When I look down at the trees, it gets a little daunting. But when I look over the forest—ah, it's going well."

Even though Ken will remain a shareholder and retain his position on the board of directors, he is leaving his position as president and CEO of Good's Stores and passing the baton with a simple desire: "I hope that the business continues to thrive and be a testimony for the Lord in the marketplace." 

# Business Advisor Profiles

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No photo available

**Atlee Raber**

*Berlin, OH*

Old Order Amish Church

**Specializes in:**

- Business Operations
- Employee Management
- Sales and Marketing

**David G. Martin**

*Richland, PA*

Hope Mennonite Fellowship

**Specializes in:**

- Business Planning
- Business Operations
- Employee Management

**Clair M. High**

*Myerstown, PA*

Weaverland Conference

**Specializes in:**

- Business Startup and Planning
- Business Operations
- Employee Management
- Business Transitions

**David K. Sauder**

*Mount Joy, PA*

Old Order River Brethren

**Specializes in:**

- Business Planning
- Business Operations
- Business Transitions
- Sales and Marketing
- Business Valuations

**Dale A. Savage**

*Arcanum, OH*

Old Brethren

**Specializes in:**

- Business Operations
- Employee Management
- Business Communications

**Doug Ramer**

*Myerstown, PA*

Biblical Mennonite Alliance

**Specializes in:**

- Business Operations
- Employee Management
- Business Communications

**David Bower**

*Glade Hill, VA*

Old German Baptist Brethren

**Specializes in:**

- Business Startup and Planning
- Business Operations
- Employee Management

**Gary Garber**

*Eaton, OH*

Old German Baptist Brethren

**Specializes in:**

- Finance and Accounting
- Business Operations
- Employee Management
- Business Transitions

# Business Advisor Profiles, *continued*

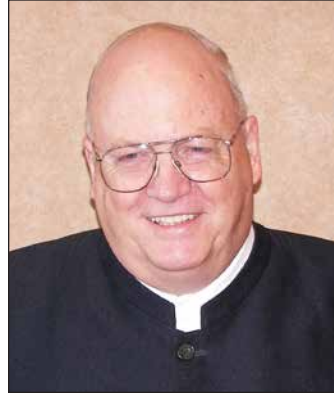
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**Greg Wolf**  
*Sawyer, KS*  
German Baptist Brethren

**Specializes in:**

- Business Startup and Planning
- Finance and Accounting
- Employee Management



**Richard E. Shank**  
*Hagerstown, Maryland*  
Washington-Franklin Mennonite Conference

**Specializes in:**

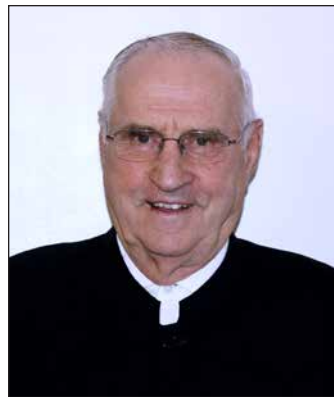
- Business Startup and Planning
- Finance and Accounting
- Business Agreements
- Business Transitions



**Larry Troyer**  
*Sugarcreek, OH*  
Midwest Mennonite Fellowship

**Specializes in:**

- Business Leadership
- Finance and Accounting
- Business Transitions



**Richard K. Herr**  
*Littlestown, PA*  
Hope Mennonite Fellowship

**Specializes in:**

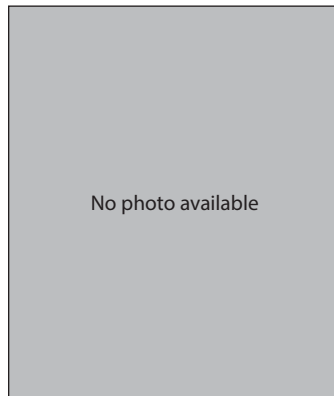
- Farm Planning
- Finance & Accounting
- Farm Operations
- Farm Transitions



**Leonard E. Meador**  
*Rossville, Indiana*  
German Baptist Brethren,  
New Conference

**Specializes in:**

- Business Planning
- Business Operations
- Business Agreements
- Business Transitions



**Wayne H. Wengerd**  
*Dalton, OH*  
Old Order Amish Church

**Specializes in:**

- Business Startup and Planning
- Business Operations
- Employee Management
- Business Transitions



# Wage, Benefits, and Profit Sharing

By Greg Wolf

Almost every business, even a small family business, needs to compensate employees. Employee compensation is a challenge that some business owners might prefer to avoid. When viewed in the light of Biblical responsibility and as a means of extending blessing to others, however, it deserves careful attention.

Employee compensation takes various forms, but three primary elements of compensation combine to make up a total compensation package:

- **Wage or salary.** This is what we consider base pay, which typically makes up the majority of compensation. This usually receives the most attention, especially at hiring, and is also commonly taken for granted.
- **Benefits.** Usually secondary in financial value, benefits complement base pay with a variety of options, some of which have high perceived value while others are taken for granted or are even unknown.
- **Profit sharing.** The essence of profit sharing is involving employees more intimately with business performance and developing a way to share the rewards of that performance with them.

In addition to these elements of total compensation, we will also consider the manner in which we apply them. There is nothing more important in this than clear and consistent communication by the employer. Fully communicating the compensation package in its entirety might surprise the employer as well as the employee!

As an example of this kind of employer communication, the following is the introduction to a brochure provided by my former employer, a professional accounting firm:<sup>1</sup>

We are pleased to provide you with this personalized summary of your direct compensation and benefits. We've designed it to show the scope and value of those benefits not always reflected on your paystubs. We hope you find this information helpful in understanding your total compensation package.

This same document details the full spectrum of wage, benefits, and profit sharing available to employees, which we'll include for illustration purposes:<sup>2</sup>

## COMPENSATION (83.4%) INCLUDES:

- Annual Compensation
- Overtime
- Commissions
- Reward for Performance
- Bonuses (CPA exam and others)
- Overnight Travel Program
- Employee Referral Payment

## PAYROLL TAXES (6.3%) INCLUDE:

- Social Security
- Medicare
- Federal and State Unemployment

## FIRM BENEFITS (10.3%) INCLUDE:

- Health and Prescription Drug Coverage
- Dental, Vision, and Life Coverage
- Long-Term Disability Coverage
- Profit Sharing Plan
- Worker's Compensation
- Professional Dues, Licenses, and Fees
- Tuition Reimbursement
- Gym and Fitness Reimbursement
- Wellness Program
- Paid Time Off (Holidays, Personal, and Overnight)
- Cafeteria Plan and HSA
- 401(k) Plan
- Profit Sharing Plan (Discretionary; 3-7%)

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**“Masters, give unto your servants  
that which is just and equal;  
knowing that ye also have a Master  
in heaven” (Colossians 4:1).**

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The following three applications help us better understand how to bring value for employers and enduring satisfaction for employees through compensation.

## Fairness in Compensation

“Masters, give unto your servants that which is just and equal; knowing that ye also have a Master in heaven” (Colossians 4:1).

The first application is fairness in the market, which includes two different aspects. Initially, it is establishing a level of pay that is reasonable in the geographical area and skill profile of

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<sup>1</sup> Compensation and Benefits Statement 2014, Kennedy and Coe, LLC.

<sup>2</sup> Ibid.

the business's market, relative to other businesses and the expectation of available employees. A business will not be able to compete for strong employee talent without offering base pay that is regarded as fair. This should be a minimum benchmark for base pay.

A second aspect of fairness is linking the compensation package to the employee's value, which requires a performance management system. This sounds formal and complex, but can be fairly simple, especially in the beginning. A performance management system is simply a means of formalizing a relationship between employee performance and compensation over time.

Performance management systems, often incorporating an employee handbook, bring standardization in hiring processes, job descriptions, performance reviews, methods for addressing challenges, formulas for compensation, and much more. Rather than being a tool for controlling employees, these systems should communicate the perspectives of both the employer and the employee. They should clarify the employer's requirements and expectations, but should also focus on learning, cultivating, and rewarding the talents, interests, and capabilities of employees.

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## Favor in compensation goes beyond fairness.

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### Favor in Compensation

Beyond fairness, which we consider an important and just (though minimum) standard, compensation is a way to show favor. Favor is simply grace, or unmerited benevolence. Favor in compensation goes beyond fairness. While base pay levels may be established relative to the hiring power of the business, applying favor to the compensation formula could also bring into consideration the aspect of supporting employee families. Favor also extends to the employment environment and culture. The following are ways, some not even financial, that favor can be shown.

**Show personal care.** Simply manifesting that employers care about employees and their families is an application of favor. "Rejoice with them that do rejoice, and weep with them that weep" applies to the workplace, too (Romans 12:15). Most employees yearn for a place to work that involves personal consideration and care.

**Share company performance.** Even without "open book management," it is valuable to share some details about the company's performance. This enhances a sense of security as well as a feeling of belonging and value. Consider how to share both company highlights and challenges in an appropriate way.

**Honor special days.** One tangible way to show consider-

ation and care is to remember birthdays, anniversaries, and other special days. These can include employment anniversaries, which are great times to thank and honor the service of employees, as well as wedding anniversaries, which shows care for the commitment to spouses.

**Cultivate and lead team morale.** Many people are content with their calling as employees, but yearn for a wholesome work environment and good leadership. It is the responsibility of employers to provide it, showing a good testimony for the gospel.

Consider this Scripture in the light of an employment culture: "Let all bitterness, and wrath, and anger, and clamour, and evil speaking, be put away from you, with all malice: And be ye kind one to another, tenderhearted, forgiving one another, even as God for Christ's sake hath forgiven you" (Ephesians 4:31, 32).

For inspiration, consider one of the corporate leaders in this area: "Chick-fil-A's corporate purpose statement is, 'To glorify God by being faithful stewards of all that is entrusted to us and to have a positive influence on all who come into contact with Chick-fil-A.' Your employees want respect. They want to be a part of a plan. They want fair compensation, and they want stability."<sup>3</sup>

### Fit in Compensation

The idea of "fit" is to tailor, without being unfair to others, compensation and especially benefits to the particular circumstances and even personalities of particular employees. An example of this is gift cards matching employee interests. Even more to the point is offering flexible schedules for those with time constraints, or perhaps assisting with relocation costs for those moving to accept the job.

This application of what is fitting for a particular employee brings focus to the employee's perspective in the performance management system. The system must consider the employee's interests, development, goals, and even desires. The only way for an employer to learn these things, and for the employee to better understand them, is to ask . . . and then to listen—carefully! In addition to sitting down and talking with employees, an employee survey with questions like these could be used:<sup>4</sup>

- I know what is expected of me at work.
- I have the materials and equipment needed to correctly do my work.
- I have the opportunity to do what I do best every day.
- I am encouraged and challenged to continue developing and growing.
- My opinions seem to count.
- In the last six months, I talked to someone about my progress and growth.
- I have opportunities to learn and grow as a whole person.

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3 Sam Yoder, AF Employee Management Articles, "Developing Employee Compensation and Benefits."

4 AF Employee Handbook Development Guide and Employer Resources, "Satisfaction Questionnaire."

Profit sharing is considered separately even though it certainly is related to both wages and benefits. Employers learn, perhaps through the testimonies of other business owners, or from the suggestions of employees, that profit sharing plans are viewed positively and can be valuable for involving employees more deeply in the business.

Before jumping into a profit sharing plan, however, employers should first consider the purpose and goals of profit sharing. Each company and culture is unique, and may or may not match up with these purposes:

- Tax savings — a means of benefiting employer or employee or both
- Opportunity — opening a door an employee might not otherwise find
- Discipline — providing for an employee a structure he might need
- Competitiveness — enhancing the employer's hiring attractiveness
- Sense of ownership — strengthening employee commitment
- Actual ownership — offering a tangible minority ownership stake
- Ownership transition — moving majority ownership to employees


Once owners have a clear vision of their intended objectives, they are better prepared to choose from among the various tools and plans available:

- 401(k) Plans
- IRA and Roth IRAs
- SIMPLE Plans
- Profit Sharing Plans – Defined Contribution
- Pensions – Defined Benefit
- Employee Stock Option Plans (ESOPs)
- Non-fiduciary Plans

Fiduciary plans involve a significant trustee relationship and a reporting requirement to the Internal Revenue Service due to the tax implications involved. Especially with smaller companies, this involves the use of a third party that manages those responsibilities on behalf of the employer.

A non-fiduciary plan is simply an internal company mechanism for sharing profits, which are paid as wages to employees. Company management establishes a pool of net income, typically a certain percentage of company income beyond a certain threshold. Then, criteria are established to pay out the potential profit sharing pool.

Criteria usually include responsibility and tenure, but can also include job ratings and other performance metrics. Regardless of how a non-fiduciary plan is developed, a company should do its best to maximize its value by fully communicating it with employees, guiding its progress, and celebrating its success.

In conclusion, employee compensation can be challenging, but it is the primary means an employer has to bless employees. A total compensation package can include wages, benefits, and profit sharing. Fairness, favor, and fit should all be considered in the application of a compensation package. Wisely applied, a total compensation package will enhance value for employers and enduring satisfaction for employees. 

**Continued from page 1 Advisor »**

kingdom focus doesn't depreciate the importance of financial profits. Seeking sustainable profits is an essential part of kingdom-focused business, but loving profits is not!


Kingdom-focused business is a challenge that requires us to seek to make money without falling in love with it. This may seem difficult, but profits must be your friend without becoming your lover. Scripture is clear: you cannot serve two masters—God and money. Every Christian business owner ought to ask himself questions like these:

- Are profits my servant or master?
- Is my heart (and pocketbook) in love with profits?
- Are profits in proper priority compared to more important aspects of a kingdom-focused, Christ-centered business?

Are you alone in your leadership decision making, planning and vision? It is hard to achieve the high road of a kingdom-

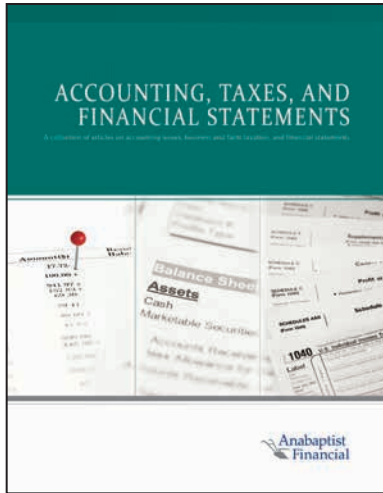
focused business without surrounding yourself with counsel and wisdom from mature brothers in Christ. "Lone ranger" Christians, seeing only from their individual perspective without seeking brotherly counsel and accountability have a hard time staying objective about their own motives. Secular business coaches may help you succeed financially, but they do not share your goal of glorifying God through business.

In contrast, AF business advisors share the values that help you structure policies and procedures to take the higher road of serving God and His kingdom through your business. This journey is not for the fainthearted. Allow an AF business advisor help you grow into your full stature of maturity in business for God's glory.

AF is prepared to serve the Anabaptist business community with kingdom-focused business counsel. We trust that you will experience a quality of Christ-centered business counsel that in the end makes a big difference in your reward in Heaven. 



# Business Booklets



## Accounting, Taxes, and Financial Statements

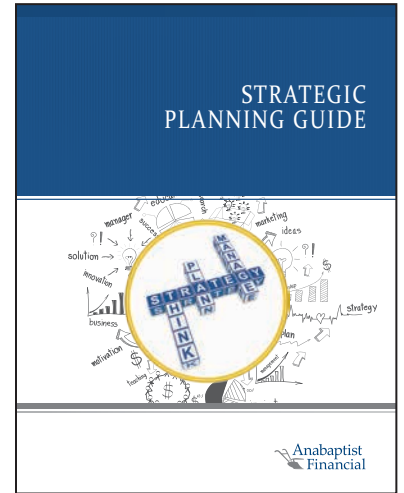
For many business owners, financial statements are a distraction. Accounting, taxes, and financial statements may seem complex and hard to understand. But rather than making your life more difficult, they are tools that make managing your business easier. This booklet brings clarity to business and farm taxation and financial statements. *90 pages - \$19.00*



## Starting Your Own Business

An entrepreneur needs purpose, personal development, family support, startup instructions, and information about business structures. This booklet explores innovation, startup ideas, and family considerations to help you decide whether you should go into business, and if so, what business may be a good fit.

*90 pages - \$19.00*



## Strategic Planning Guide

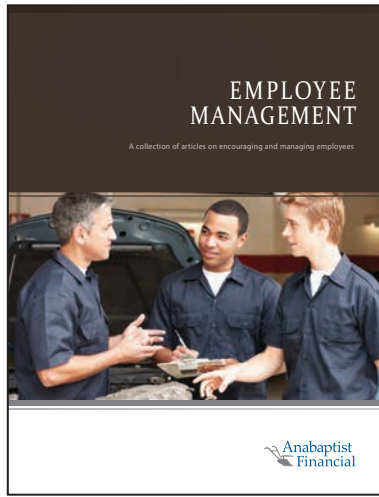
An annual strategic business plan provides clear annual goals and an action plan to be implemented. This step-by-step guide will help you develop and implement a strategic plan for your business. It includes a user's guide, workbook section, and sample strategic plan to help you plan clearly for the future of your business.

*29 pages - \$19.00*



## Sales and Marketing

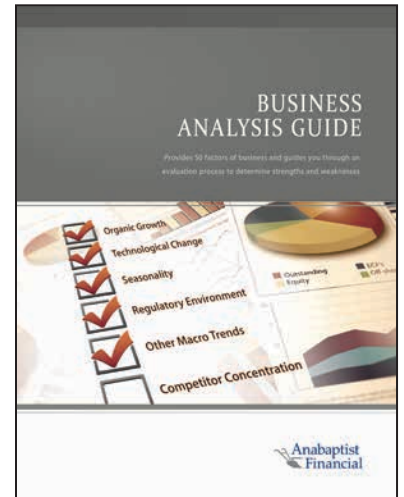
Sales and marketing is one of the most relational aspects of business. Worldly marketing techniques often include deceptive practices that should not be part of the kingdom-focused business. This resource helps you develop a marketing plan and improve your sales in ways that honor God and bless your customers. *126 Pages - \$19.00*



## Employee Management

Employees are the biggest asset of a business. Employers need relationship and management skills to maximize the potential skills of their workforce. This booklet describes processes for hiring, training, team-building, compensation, and dealing with problem employees in ways that are uplifting and rewarding.

*104 Pages - \$19.00*



## Business Analysis Guide

This booklet provides evaluation criteria to help you assess the industry, the product, and the customer as well as the financial and operational aspects of a business. Whether you are starting a business, or learning to grow your established business, this resource will help you understand the current business landscape and make decisions accordingly. *64 pages - \$19.00*

**Order these booklets online at [www.afweb.org/resources/business-resources/booklets](http://www.afweb.org/resources/business-resources/booklets),  
or by calling 1-800-653-9817, ext. 214**