



SPRING 2009

Business FOCUS

Client of the Quarter: Family Beer & Liquor

For Dubuquers, the phrase “goin’ east” means only one thing: crossing the Julien Dubuque Bridge to visit East Dubuque, Illinois. And in East Dubuque is one of the most iconic stores in the tri-state area, Family Beer & Liquor, a beverage retailer selling liquor, wine, beer and pop.

History

Just after the repeal of prohibition in the 1930’s, Family Beer Store was established in Dubuque. In 1952, Herb Althaus and his brother, Emil Althaus, acquired and ran the store until 1971 when Herb’s son, Dennis, bought out his father and uncle.

When the State of Iowa enacted the bottle deposit law in 1978, Dennis opened the East Dubuque location, Family Beer & Liquor, in 1980. This location gave him several advantages including a lack of a bottle deposit law in the State of Illinois. Also, due to lower tax rates on alcohol and better pricing, Dennis added liquor and wine to his beverage selections, which until then consisted of just beer and pop.

With low prices and “carry to your car service,” the East Dubuque location grew and grew. In 1999, the store more than doubled in size, and the retail shopping space tripled from 5,000 to 15,000 square feet. In 2001, with the focus on the East Dubuque store, the Dubuque location was closed. (Still nearby is the Family Mart on 32nd and Central, which is also owned by Dennis and his wife, JeanAnn.)

Today, Family Beer & Liquor is still owned by Dennis and JeanAnn Althaus and also owned by their son, Tim Althaus and his wife Mary. Tim is the president and manages the store with Joel Moran and Jason Moran. Tim started working in the store at age 8 and Joel and Jason at age 16.

Together, they have a combined 50 years of experience running the store. Tim says, “We compliment each other’s management styles very well.” This is a much-desired goal in any business!

Today

After the remodeling in 1999, along with the expansion in retail space came an explosion in beverage selection.

Specifically, its wine selection went from 500 SKUs (Stock Keeping Units) to 3000 SKUs, which means that the store offers over 3,000 unique wine products to its customers. Tim explains, “It took six years to get to 3,000 wine products, but we really wanted to differentiate ourselves from the big box and grocery stores with our extensive selection. You’d have to drive to Chicago or Minneapolis to find comparable choices in wine.”

In addition to the vast selection of products, Family Beer & Liquor maintains the low prices and high customer service standards that have attracted tri-state folks to Highway 20 in East Dubuque for almost 30 years.

Every customer (21 and over only please) has the opportunity to take advantage of its “carry to your car service,” in which staffers are happy to carry your purchase to your car. Also, customers are delighted by the wide aisles and easy store design. Family Beer & Liquor has the unique ability to offer great customer service along with competitive prices and wide selection.

Partnership with HK

Dennis and JeanAnn partnered with Honkamp Krueger & Co., P.C. in 1987. Like many of our family businesses, the children who get involved remember Honkamp Krueger as being part of the family growing up. As a matter of fact, Tim literally grew up with his future Honkamp Krueger partner, Jenny Daughetee, CPA. “Jenny and I went to school together from second grade through Loras College. We even took accounting class together. Eventually, our CPA, Greg Burbach, passed the torch on to Jenny. Now she consults with me on business strategy. Working with someone I grew up with adds trust and confidence to the complicated process of running a business.”

In addition to business consulting, Family Beer & Liquor uses our accounting, tax and payroll services. Tim also has attended two seminars on Profit Mastery, in which he learned more about interpreting financial statements. When it comes to partnering with Honkamp



Krueger, Tim states, “I prefer working with down to earth, hardworking members of the community rather than CPAs in glass towers. Although

Honkamp Krueger has grown immensely, they still have a small town feel. Actually, the additional staff assures me they are on top of things and have the knowledge necessary to give me the best business advice possible. In the end, I know they save me more money than I pay in fees!”

Jenny responds, “It is a pleasure working with the Althaus family. Tim is open to ideas about how to better operate the business, which is reflected in his attendance in the Profit Mastery seminars. They are running their business based on the real numbers we give them from their monthly financial statements. Tim was receptive to the approach on how to strategize and make decisions with these numbers. Family Beer & Liquor has many years of success ahead of it.”

Future

What does the future hold for the store? Tim says to be on the lookout this spring for television spots running on local cable and a Web site redesign. (Visit the current Web site at www.familybeer.com.) Finally, Family Beer & Liquor will continue to expand its selection of beverages while still providing the same great customer service and aggressive pricing strategy.

Thank you to Tim and the rest of the Althaus family for being our client of the quarter!

Inquiring Minds Want to Know:

Did the 2004 academy award winning film “Sideways”, a popular dramedy that took place in California’s wine country, have any effect on the sale of wine at Family Beer & Liquor?

Answer: Yes—a shift in drinking from Merlot to Pinot Noirs!”



■ **The Children's Health Insurance Program Reauthorization Act: The other new health insurance act employers need to know about**

Much fanfare was made about the expansion of insurance continuation coverage under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA was signed into law in mid-February, and the COBRA changes for most company's group health insurance plans began March 1, 2009. Essentially, this change offered those eligible for COBRA and involuntarily terminated from employment to have a second chance to elect health insurance continuation coverage, while having a large majority of it —65%—paid for by a federal subsidy.

Employers scrambled to research all they needed to know of the changes and their responsibilities in complying and communicating, as the time between the announcement and the compliance dates was brief. On Thursday, March 19, a few days after it was generally expected, the United States Department of Labor released the new model notices for employers to use in communicating election rights to those eligible at www.dol.gov/ebsa/COBRAModelNotice.html.

However, much less publicity has been given to another act relating to health insurance that employers need to also be aware of. On Feb. 4, 2009, the Children's Health Insurance Program Reauthorization Act (CHIPRA) was signed into law. This law extends and expands the state children's health insurance program (CHIP), which has been in place in many states for years. CHIPRA allows states to subsidize premiums for employer-provided group health coverage for eligible children, but it also imposes certain requirements on plan sponsors, which in many cases is the employer themselves. Under this expansion, plan sponsors must notify employees of a new special enrollment opportunity, provide disclosure to their employees, and provide disclosure to state agencies. In the short-term, employers with employees in participating states need to be specifically aware of the special enrollment provision. This provision, which became effective April 1, 2009, requires a plan sponsor of a group health plan to permit employees and dependents who are eligible but not

enrolled for coverage to enroll in that coverage under specific situations. In other words, an employee who may have otherwise been ineligible to enroll for coverage in your plan mid-year may now be eligible.

Employers will also have the responsibility of notifying employees of the premium assistance that may be available to them. The department of Health and Human Services (HHS) has been given the task of developing national and state-specific model notices that employers can use for this requirement; however, the notice is not scheduled to be released until at least February 2010. The notice requirement is effective for the plan year that begins after the date that these notices are issued.

All of this may be overwhelming to you, and you are not alone. Honkamp Krueger & Co., P.C. has human resource consultants that can help you with these and other human resource issues. For assistance, please call our human resource consulting department at 888-556-0123.

■ **HK Payroll Services Co offers online pay stubs**

Did you know you have the option of switching your payroll to online pay stubs and W-2s? That's right! There are many benefits to switching:

Saves time and increases efficiencies
With online pay stubs, you do not have to mail and/or distribute your direct

deposit vouchers. Also, employees can print their own pay stubs online (whether they have a live payroll check or a direct deposit voucher). Finally, it will save your payroll staff's time while empowering your employees with access to their payroll history.

Saves delivery expenses

Without paper direct deposit vouchers, your delivery fees may be reduced or eliminated.

Contributes to 'green' efforts

Online direct deposit vouchers greatly reduces the use of paper.

Reduces stress and worry

Online pay stubs increases inter-office security and confidentiality by eliminating paper copies of direct deposit vouchers. If you choose the online W-2 option, your employees can access their own W-2s online in the event their original W-2 is lost.

Adds convenience

Access to online W-2s and online pay stubs is available anywhere you can get on the World Wide Web. You can easily print or e-mail online pay stubs and W-2s.

Interested in online pay stubs? Contact HK Payroll Services Co at 888-556-0123.



■ Why do you have a Web site?

Was your Web site designed in the last century? Perhaps not but even if it's more recent than that and it's still static—the pages never change—it could be doing your business more harm than good. Unfortunately many small business Web sites were never designed as active business tools. Instead they were born because business owners felt, "We had to have a Web site. Everyone has one."

If your Web site hasn't changed since it first went live, this article is for you.

What do customers want?

All Web sites need a reason for being beyond "everyone else has one." Your customers don't give a whit about your Web site unless it solves a problem they have. Mostly they're visiting it for one or more of these reasons:

- They need/want information
- They need/want to buy something
- They need/want to be part of a community
- They just want your phone number and/or address

Here's what they don't want:

- Too much content on a page
- All the content reflects your perspective rather than what they want and need
- Orphan pages which cause them to get stuck because there's no way back to the originating page
- Difficulty finding information
- Fluffy content
- Illegible typeface
- Complicated forms
- Outdated content

Unfortunately most Web sites put their readers on the back burner rather than front and center where they belong. The trees could no longer be distinguished from the forest.

Think before doing

If you're considering updating and/or refreshing your Web site in the near future, here are a few things you should consider before even hiring a designer or pricing out Web development.

Take some time to really think about the objective(s) of your Web site. Is it to inform? Build a community? Redirect customer service costs? Sell products online? Brand your business? Reduce printing costs? Get sales leads?

Depending upon your business, you may have more than one objective. That's because a Web site isn't just a marketing and/or sales tool. It's an important tool for your customers, which means it deserves as much of your time and business brain power as other areas of your business receives.

What do customers need?

Are you interested in hundreds or thousands of people visiting your Web site? Or would it be better if only 100 people did but they were all interested buyers and found the information needed to take the next step.

Once your objectives are clear it's time to think about your target audience. In fact, you need to identify with them. Get inside their heads so you can answer questions like this:

- Who are you selling to, and what do they want to see?
- What specific information do they need before they can make a purchasing decision?
- Why would they even want to visit your Web site in the first place?
- Can you provide them with content that doesn't sound like industry jargon but instead engages, informs, educates and simplifies things?

Look before you leap

If you don't know the answer to all of those questions, it's unlikely your Web site will be pulling its own weight by instinctively removing barriers to a sale, making it easy to find information, answering all the unasked questions, and doing it all in easy-to-understand language.

One last tip—beware of Web developers who only have a few templates. Not only will your Web site look like everyone else's, only the Web developer will be making any money from it.

If you think you could use some strategic counsel before developing your new Web site, contact Karen Ridings (principal, marketing consulting at Marketing Matters, P.C., a division of Honkamp Krueger & Co., P.C.) at 563-542-3471 or e-mail her at kridings@marketingmatterspc.com.



■ Profile Assessments: Filling internal positions, planning succession and developing training programs

This is part two in a two-part series on utilizing profile assessments in the workplace. In the Winter 2009 *Business Focus*, part one discussed the benefits of profile assessments for new hires.

This issue discusses the benefits of using them on current employees to fill internal positions, plan succession, and design training and development programs.

Profile assessments are extremely beneficial in the successful management of your current workforce. They can help fill internal positions with your best candidate for potential success, effectively plan the succession of key management positions, and design targeted training and development programs.

Finding your diamonds in the rough

Profile assessments are an ideal tool to potentially fill openings with your internal staff. When you have an open position, you may very well find a diamond in the rough right within your own current staff rather than conducting an outside search.

You begin this process by putting together a profile benchmark for the position, often by utilizing your most successful employees' profile as a guide. The purpose of this benchmark is to outline the key attributes of a successful employee for that position. If or when an opening in that position occurs, and you wish to fill it internally, you may assess a pool of employees whom you believe may be a good fit. With the results, you will be able to see exactly which employee has the best match to your benchmark.

When you use profile assessments to fill positions internally, you are discovering your diamonds in the rough - employees who have the highest chances of success and require the least amount of training for a particular position. In addition, these employees will enjoy a smoother transition in their new roles. In the end, this will save you time, money, stress and will increase the productivity and satisfaction of the employees entering these new positions.

Discover who is "management material"

How do you know if any of your current staff members are "management material"? Much like filling an internal position, profile assessments are a great tool for helping you plan the succession of your management positions.

The first part of the process would be similar to filling internal positions by assessing a pool of employees to determine the best potential match for your management positions. This process may occur long before the position opens so that you remain in a proactive versus reactive state when the time does arrive. The second step to this process would involve our Checkpoint series.

CheckPoint 360°™ is a great tool often used in succession planning. With this assessment, you will further identify the potential strengths and weakness of your candidate in the specific areas of management and leadership (i.e. communication, task management, motivation).

The profile SkillBuilder™ is a crucial next step in planning succession. It provides an action plan for developing the new manager. It uses the results

identified in CheckPoint 360° and identifies a training path for the employee in their lower ranking areas. The SkillBuilder will help to facilitate setting goals, create timelines, and ensure follow-ups.

Using profile assessments for succession planning will help you identify staff who are "management material" and execute a successful and efficient training and development program for them.

Drop cookie cutter training

Have you ever offered your employees a training session and realized afterward the topic was probably unnecessary? Or the topic was relevant for only a few employees and basically useless for the rest?

Every organization has conducted training sessions that were generic or not a good match for its employees. With the use of profile assessments, you are able to direct your training at the right employees with the right subject matter to achieve the best results.

This process begins by assessing your chosen group of employees. With the profile results, you will have an understanding of which employees need training on what specific areas. This way, you are offering applicable, targeted training to the employees and areas that need it the most.

Dropping the cookie cutter approach to training will save you time and money by developing your staff with the appropriate skills. In turn, your staff will also appreciate the understanding of their individual skills, talents and opportunities for improvement.

Profile assessments can have an immediate and successful impact on your internal employment, succession and training needs. Whether you have the desire to fill open positions internally, promote from within, or offer relevant training programs, profile assessments are a great tool to help you accomplish these with more efficiency and accuracy.

Honkamp Krueger's human resource consulting team is available to help you get started with profile assessments. We have many years of experience administering profile assessments and have staff available to dedicate time and attention to your individualized human resource needs. For more information about profile assessments, contact Chris Johnson, human resource sales consultant, at 888-556-0123 or cjohnson@honkamp.com.



■ SALT seminars in January draw large numbers, many questions

In January 2009, Honkamp Krueger & Co., P.C. offered free seminars on state and local tax (SALT) issues for Iowa and Wisconsin businesses. Over 100 clients attended these seminars asking many questions they are facing about the complex process of properly paying sales and use tax.

Keith Habel, CPA, works closely with our clients on SALT issues. Keith stated, "The reason we offered these seminars was based on our experience of working with businesses on these taxes. Almost no one pays them properly, and we want to minimize a client's potential exposure during a sales tax audit. The good news is that oftentimes we also uncover potential refunds that our clients were not aware they deserve."

Throughout the seminars, the following were the most popular questions and answers:

Q. Should I obtain a use tax permit?

A. It is highly recommended that every business obtain a use tax permit and review all out of state purchases at least once a year to determine if use tax should be paid. (This applies to all states.)

Q. Are computers exempt from sales tax?

A. Computers and computer equipment purchased by companies domiciled in Iowa are generally exempt from sales tax.

Q. Are snow removal and salting services subject to sales tax?

A. Snow removal and salting services are not subject to sales tax in Iowa, Illinois or Wisconsin.

Q. What about sales tax on the purchase of semis and semi trailers?

A. If you are claiming an exemption from sales tax on the purchase of semis and semi trailers (UT 510 exemption), we highly recommend you review your mileage in and outside of the state of Iowa to determine that each of the vehicles claiming the exemption still qualifies. (The Iowa DOR is really cracking down on this.)

These seminars uncovered only the tip of the iceberg of this complex issue. If you have questions about sales and use tax, contact Keith Habel at 888-556-0123 or khabel@honkamp.com.

■ Is it time to rewrite your term insurance?

Term coverage is cheap these days. Make sure you don't pay too much.

by Louie Rosalez, CEEP,
Chief Marketing Officer
Honkamp Krueger Financial Services, Inc.

How much are you paying for term coverage? Term life insurance today is cheaper than it has been in about 20 years, as competition has driven premiums lower and lower. With hundreds of insurance firms offering term policies, it might be time to rewrite yours.

How cheap is term coverage right now? If you're 40, it is possible to pay less than \$1,000 a year—perhaps much less—for a term policy with typical death benefits of \$250,000, \$500,000 or \$1 million. In fact, if you are a 50-year-old male living in California, \$1 million of term coverage for 10 years can be had for as little as \$780 annually, according to Insure.com's November survey.

How can you get the lowest rates? It helps if you a) weigh 200 lbs. or less, b) have no family history of heart disease or personal history of tobacco use, c) have blood pressure in the vicinity of 140/80 and cholesterol below 240, d) drive safely with the record to prove it, and e) avoid dangerous travel and dangerous activities.

Why have premiums become so inexpensive? You can chalk it up to a few powerful factors: death rates have declined markedly in recent decades, and men are starting to close the life expectancy gap on women. Plus, insurers are going all-out to get your business—advertising online, on the radio, on TV and seemingly everywhere else.

Besides low premiums, what else should you look for? You want a guaranteed renewable policy, which will let you renew your term coverage at the end of the given term without having to undergo a medical exam. You also want fixed premiums for the life of the term, as opposed to a "teaser" premium that rises after a few years. You can buy a term policy lasting 10, 20, or 30 years; the shorter the term, the cheaper the premiums.

Cheap premiums shouldn't be the only factor in selecting term coverage. There's also the health of the company to consider. Insurance companies do go out of business—it is rare, but it happens. Did you know insurance companies are rated? You can check companies out at insure.com (the online ratings are totally free) and at ambest.com.

How much do I need? Today's investment and political climate is causing a perceptible change in the way many clients approach the role of life insurance in their financial and estate planning. I see clients aggressively reassessing their life insurance needs, whether those needs are for basic protection or preservation of an estate for the next generation.

Many factors are to be considered in conjunction with an insurance professional to determine the appropriate level of coverage. Now more than ever an insurance review is important as assets that were once counted on to meet the needs of survivors have been substantially depleted. An insurance review can help determine the necessary coverage as well as review any existing coverage.

How can you save money? Make sure you talk with a qualified insurance advisor who can give you an overview as well as an update on the best rates out there. You may be pleasantly surprised what kind of term coverage you can get today—for less.

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Honkamp Krueger News

■ Staff Achievements



Kyle Kunz, CPA and manager for the firm's Software Solutions Group, completed all American Institute of Certified Public Accountants (AICPA) certifications to

become a Certified Information Technology Professional (CITP). This designation is given to CPAs who are members of the AICPA and are recognized for their technology expertise and unique ability to bridge the gap between business and technology. Kyle has been with the firm since 1999.

New Employees

We welcomed the following new employees this quarter. **Brett Blewett** joined the firm as a staff auditor. He graduated from Loras College in December of 2008 with a bachelor's in accounting and a minor in criminal justice. **Kallie Smith** joined the firm as an administrative coordinator in our tax credit department. She graduated from Northeast Iowa Community College in December of 2008 with an AAS in the business specialist program. **Briana Seeman** joined the firm as an administrative assistant. **Casey Kiley** joined our Hiawatha, IA office as a staff accountant. She graduated from Mount Mercy College in December of 2008 with a bachelor's in accounting. **Manda Mattoon** joined our payroll services division, HK Payroll Services Co, as an administrative assistant.

Holiday closures

All Honkamp Krueger offices will be closed Monday, May 25 in observance of Memorial Day and Friday, July 3 in observance of Independence Day.

