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A BLYTHECO MAGAZINE

VOLUME 2 | 2019

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TRACTION + AGILE

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DRONES!

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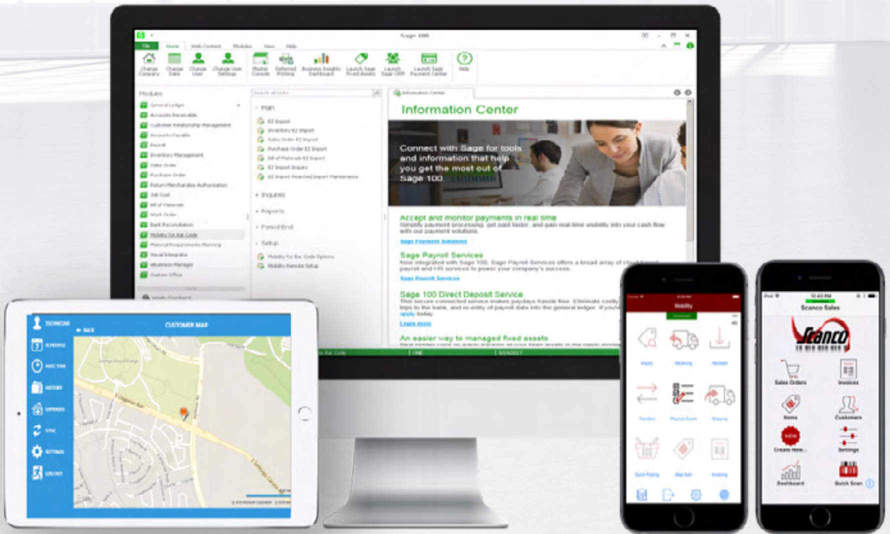

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BELLWETHER
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CONTENTS

VOLUME 2 | 2019

SECTIONS

MEET THE TEAM

The ragtag group of people who make this magazine possible. Opinions are their own.

Jessica Valenzuela

Editor-in-Chief

While juggling motherhood, raising and rescuing pups in need, volunteer work, and a wonderful career in marketing, Jess still finds the time to bring this magazine to life twice a year. How? Master organization skills, these folks next to her, and lots of coffee!

Samantha Goniea

Content & Advertising

On weekdays she's conquering obstacles in the software, marketing, and business realms. On Saturday you'll find her in the great outdoors; getting lost in the mountains, or trekking through the trees. There are no mountains too high for Sam (both literally and figuratively).

Brooks Huber

Content Manager

Lately it has been all work and no play, so it's high time Brooks jet-sets for a vacation. He chose the exotic locale of Bali; specifically for its illustrious beauty, picturesque beaches, and (fingers crossed) remote enough that the marketing team can't possibly track him down. Or can they?

Kyleena Harper

Senior Editor

There's not a single animal out there Kyleena doesn't love, or *want* to love. She prides herself on having both a cat and dog as homebound pets, though she's always secretly dreamed of owning a swan! For now she'll have to settle for the plastic floating kind. Maybe one day!

Jennifer Vo

Art Director

How does one simultaneously beat the summer heat and entertain themselves? With a summer blockbuster flick? A relaxing game of golf? Worthy contenders, for sure, but what Jennifer valued the most was her many day trips to the Pacific Ocean's sprawling coastline. She's not ready for winter.

Cameron Genova

Solutions Coordinator

As a thrill seeker and ocean lover, surfing has been on Cameron's bucket list for quite some time. Surprisingly he's never had a chance to try it. Now that he lives near the coast, he can wipe out like Johnny Utah on a regular basis. Surf's up!

> "Coming together is a beginning, staying together is progress, and working together is success."
>
> —Henry Ford

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Traction + Agile:

THE EXECUTION OF STRATEGY

by Agi Saari

Effective leaders are on the never-ending lookout for promising strategies to grow and transform their companies. Creating differentiating products or service offerings, improving the customer experience, enhancing the company culture, marketing differently, and of course, selling more are all common strategic objectives. There is never a shortage of new ideas and opportunities that come about in support of achieving these types of goals.

Small, start-up businesses have the advantage of being nimble and moving quickly on a new strategy. They can easily pivot because the hurdles are low and few. They don't need cross-departmental buy-in, and there is generally little bureaucracy. A strategic plan could be written and agreed to on the back of a napkin at a coffee shop.

Conversely, large businesses have significant investments available to pursue change and new ideas and can launch initiatives without materially affecting themselves financially. Many big companies have entire teams or departments focused specifically around the pursuit of a major strategy. Google, Microsoft, Amazon, IBM, and other major companies are known for having innovation labs with dedicated teams working to produce disruptive strategies.

Mid-sized companies don't have those luxuries. The same set of people who are working on the business are also working in the business. The resources who are handling the day-to-day tasks, keeping the lights on, and taking care of customers are also being leveraged as strategy warriors. While strategy work can be fun and rewarding on many levels, it can't distract from operating the core business. Employees may appreciate opportunities to stretch themselves outside of their conventional roles, but there are only so many hours in the day. Many department leaders often struggle with corporate initiatives, as they often interfere with their "day jobs." They don't know where to start and don't feel like they have a model to follow. Leading initiatives may be out of their wheelhouse.

At Blytheco, we were faced with these very problems. Our passion is to transform companies, and that starts in our own backyard. We are never lacking great ideas, and we desire to continue our trajectory of growth. So, we began asking ourselves: how do we make measurable progress toward our goals without getting in the way of our ability to meet our customers' timely needs? How do we move our business strategically forward without burning people out? How do we hold ourselves accountable to our goals while being realistic about what we can accomplish with the time and resources we have? How do we teach and empower our people to confidently lead initiatives that consistently lead to success?

Traction

Two years ago, we embarked on a journey of implementing the Entrepreneurial Operating System (EOS)—otherwise known as Traction—based on the book by Geno Wickman. The Traction method was borne out of the need for mid-size business leaders to gain control of 6 key components of their business:

- Vision
- People
- Data
- Process
- Issues
- Traction

We chose this model for its straight-forward, highly pragmatic approach. Traction makes your core values a first-class citizen and inspires the company to operate on shared beliefs. We are relentlessly dedicated to this.

The process itself is not complicated. As with any new methodology, the challenges in implementing Traction in our business had everything to do with change management, consistent communication, and aligning people. This takes time and deep commitment at every level. Once we addressed those challenges, our business adopted Traction as a management framework.

Traction addresses strategy through a process that results in detailing the business out onto a simple two-page document called a Vision Traction Organizer. Having the mission, values, target market, and competitive differentiation with ten- and three-year goals in a single artifact is powerful as an alignment and corporate communication tool. This further cascades down to yearly strategic initiatives and quarterly goals.

At Blytheco, our core values are our guiding force. We believe in our vision, our mission, and our strategy; we plan well, we are intentional, and we believe in our people. We have all the right ingredients. But, there was one thing we needed to solve for—execution.

Continued on next page

+ Agile

Traction aligned our business and addressed our need to set annual goals by way of corporate strategy, but the methodology fell short in addressing the how. Setting the big rocks was just the start. To achieve strategy, we needed a model for executing on our initiatives. To address execution, we adopted concepts from the Agile methodology.

Agile is an iterative, highly transparent, and flexible framework. Ironically, Agile was not designed for business management. Agile actually came out of the software product development industry. In the late 1990s, PC computing began to proliferate in the enterprise, and traditional project management systems demanded detailed, upfront requirements to be collected and contractually signed before a single line of code was written. By the time this information was gathered and approved, the business landscape had already changed, resulting in cancelled projects or software that no longer met business needs. This was frustrating to the business and particularly to the hard-working development teams whose work products regularly missed the mark.

Agile was a rebellion against the rigid, long lead times where decisions made early in a project could not be changed when better information came along. In lieu of inflexible project plans, Agile promotes that a team self-organizes around work, holds themselves accountable to their own commitments, remains open to a changing environment, and (most importantly) has a voice.

Traction + Agile: A Hybrid Approach

The Team

We began by empowering small teams with the right skills. The team brings subject matter expertise, actively participates, makes commitments to complete work, and delivers results. A critical element is the team's ability to self-organize without hand-holding. Team members are cross-functional, which broadens organizational experience and builds mutual trust and respect. The team manages itself and is ultimately responsible for delivering value to the organization with the help and support of an Executive Sponsor and a Program Manager.

The Executive Sponsor acts as the visionary for the initiative and an advisor to the team. The Sponsor must be an actively involved participant who ensures the team does not veer off course from the vision. The Program Manager drives the plan, keeps the team from getting stuck, tracks progress, and escalates risk.

The Process

The program manager creates a simple, one-page roadmap with target milestones. The team plans the details and makes commitments to tasks at the beginning of each sprint. The commit is based on their expertise and availability. Tasks have clear definitions of "done" so there are no surprises. The work is done in iterative cycles called Sprints.

The Cadence

Communication is key to the success of initiatives. Momentum is driven off 3 key meetings designed to provide consistency and transparency into the status of the initiative. First, stand up meetings are held 2-3 times a week, where progress is reviewed and roadblocks are identified and resolved. Second, Executive Sponsor reviews are conducted at the end of each sprint where the team shows the work they have completed and share plans for next steps. Last but not least, the organization is presented the status of the initiatives during monthly company meetings, where the initiative sponsors share progress and prepare the organization for change.

What We Learned

In our journey of applying a hybrid adaptation of Traction and Agile to our business initiatives, we learned some very valuable lessons.

1. It's a Journey, not a Destination: One of the greatest benefits of this process is the endless learning. We never arrive because we know we can always do better. Therefore, we adapt the process along the way to allow us to get better with each sprint and each initiative.

2. Stick to the Cadence: Don't let the term "Agile" fool you into thinking the process is unsystematic or haphazard. One of the most critical success factors to this process is being unyielding to the meeting cadences.

3. Be Creative in Resourcing: Assembling teams to work on initiatives can be challenging when team members have full-time roles inside the business. We look for creative ways to staff our initiatives. At the end of the day, this boils down to relationships. Whether it means reaching inside the organization in unconventional ways to leverage people's strengths and passions or reaching out to an external network, our initiatives are successful when we assemble teams of the right people who demonstrate mutual trust and believe in the vision.

4. Show Compassion: Accepting uncertainty isn't easy for everyone; some people struggle with this. Therefore, we show compassion for those who are new to this approach. We also know there are times where the team needs a reprieve due to a busy season or unforeseen circumstances, so we remain flexible knowing it's the same people who are running the business that are working on initiatives.

5. Plan with the Team: Planning is not something that is done "to" the team. We don't impose dates, but rather empower the team to help us reach a goal. Iterative planning, by definition, is not a one-time event. The plan is revised and adjusted at the beginning of every sprint. It's an ongoing exercise that requires relentless prioritization and adapting to new ideas, unplanned business roadblocks, or resource constraints.

6. Executive Reviews Are for Coaching: Unlike traditional executive meetings, which can be stressful and intimidating, we use our executive reviews as a way to revisit and reinforce the vision. The meetings are less about approvals and more about providing coaching and direction. We also use these meetings as an opportunity to praise the team for their efforts.

7. Think Ahead: Most business initiatives have a beginning and an end. Whatever is delivered, whether it be a new process or a new offering, someone has to carry the torch forward. The team will eventually disband, so it's best to start planning early about who will own the initiative going forward and what their role will be.

> We believe this hybrid approach was ripe for an evolving business like ours. For us, working with this hybrid model has been transformational. Through this blended model of Traction + Agile, we have strategic alignment across the entire company, with traceability down to our key initiatives that has allowed us as a business to row in same direction.

About the Author

Agi Saari is Blytheco's VP of Strategy and Customer Success. Her "super-power" is taking a nebulous concept and turning it into action and results. She's in her zone when she's aligning people, process and technology in agile, innovative ways to achieve positive business outcomes and awesome customer experiences. Agi is a high-energy, empathic leader who believes people give their best when they are having fun doing work that is challenging, meaningful and personally rewarding. When she's not at work, you can find her traveling with her family, bike riding along the beaches of Orange County, or out at a live concert. Connect with Agi on Linked in at www.linkedin.com/in/agisaari.

FLATTENING YOUR ORGANIZATION

How Removing Traditional Hierarchy Could Provide the Performance Boost You Need

by Samantha Goniea

Since the origin of modern business (dating way back to the early 1500s), we have observed some form of autocratic traditional hierarchies or "top-down" (vertical) leadership styles for a vast majority of businesses. Top-down leadership styles are that in which the people of power and influence are seated at the top, and commands flow downward to the worker bees.

However, as businesses evolve and the demands of the modern worker evolve, consequently, so do our understandings of the modern workplace and the importance of a healthy workplace culture. In an effort to stay competitive, reinvent, and please their millennial workforce, progressive employers are beginning to rethink how they practice business. Modern workers have the perception that today's organizations belong to the people; all employees—no matter their title or tenure—have the tools and empowerment to bring fresh perspective and make change. One modern strategy designed to reinforce these ideas and support these workers is the practice of Horizontal Leadership.

"This is the era of title-less, shared leadership, where everyone can be a leader. In any space."

—Anonymous

Continued on next page

While no two businesses are exactly alike and there are pros and cons to every leadership style, here are five potential impacts of moving away from a top-down mindset and incorporating a more horizontal leadership structure:

1. Speed and Efficiency

When you empower each employee to be more self-sufficient and remove the many chains that come with multilevel approval processes, efficiency increases. When employees have the freedom to make decisions and run with them, you free up resources within the organization and get to the finish line quicker.

2. Trust and Collaboration

In a horizontal organization, the traditional c-level leaders and owners are forced to take a step back and let their employees work freely. Because decisions do not flow from top-to-bottom OR from bottom-to-top, employees are making decisions without the many reviews and approvals that a typical organization could expect. Because of that, this structure requires—and fosters—extreme trust, confidence, and forces more advanced collaborations. There are no longer "leadership meetings" in which the c-level shares initiatives with the rest of the company, but rather "company brain-shares" focused on collaboration and shared insight as a team.

3. Contribution and Value

When employees, regardless of their title, get to sit at the same table and share ideas, you begin to see an influx of contribution and creative ideas that may otherwise not have been brought to the table. When everyone holds equal weight in the decision making, people begin to operate at a higher caliber. In turn, when employees bring ideas to the table and their ideas are heard and brought to life, they begin to feel that they are valuable to the organization.

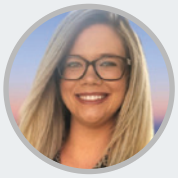
4. Employee Retention

Horizontal leadership requires autonomy, effective training, and employee enablement. When your employees feel that they hold equal weight in the decision making and the future of the organization, they are more likely to stay. Modern workers, especially millennials, want to feel that they are making a difference in the organization.

5. Culture

Some companies have seen a culture explosion after adopting this leadership structure. When employees are happy, feel valued, are contributing at a high standard, and are excited about the role they play, culture follows. Creating a mentally healthy and enabled workplace for your employees is a great foundation for a positive culture.

> The demands of the modern worker continue to evolve every day. The key to staying on top of these trends and fostering a productive workplace culture is creativity. Being agile and adapting to new trends, especially when it applies to changes in your organizational structure, is certainly not an easy commitment. However, incorporating some components of your horizontal leadership and questioning your organizational strategies could provide the performance boost you are searching for. After all—a little change goes a long way.



About the Author

Samantha has been working with Blytheco for over 4 years with a sole focus of helping to better serve the clients. With over 8 years of marketing knowledge and experience working with start-ups & small businesses, she's able to generate content that is both informative and relevant. She is passionate about helping growing companies reach their business goals through the use of proper software and processes. Connect with Samantha on LinkedIn at www.linkedin.com/in/samanthagoniea.

WHAT'S TRENDING IN
EMPLOYEE BENEFITS?

by Cameron Genova

Offering a robust benefits package with personalized options for your employees to choose from can make a huge difference when it comes to hiring and retaining a talented workforce. Although choosing the right benefit offerings can be a difficult task, if done properly it can lead to happier and more engaged employees. Here are a few tips and trends to help you stay up to date in the world of employee benefits.

Health Insurance

It's no surprise that health insurance remains the most sought-after employee benefit. With the consistent rise in the cost of healthcare and medical insurance, you can be sure that your employees will need medical insurance as an option in their benefits package. It's hard to find one medical plan that fits everyone's specific healthcare needs, so it's wise to select multiple options for employees to choose from. One trend that is becoming increasingly popular is offering a high-deductible medical plan. These plans have lower monthly premiums than traditional plans, but employees pay more healthcare costs themselves before the insurance company starts to pay its share.

A Health Savings Account (HSA) works in conjunction with high deductible plans to help reduce the gaps in coverage. HSA contributions can be deducted tax free from employee's paychecks and may be used for qualified medical expenses such as copays, prescriptions, and hospital bills. Funds roll over year-after-year, and some HSAs will even let you invest your money to grow your savings even more.

Paid Time Off

The next most desirable benefit, according to a survey done by global human resources consulting firm Robert Half, is paid time off. Allowing employees to take time away from the office to manage personal affairs or go on vacations prevents high turnover and burnout rates. Paid time away from work allows employees to return refreshed and engaged.

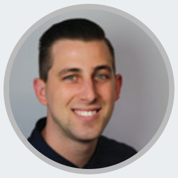
Working Remotely

Another perk that leads to higher productivity and engagement is giving employees the freedom to work remotely. Improvements in technology have made it possible to conveniently stay connected with a laptop and cellphone. Sometimes it helps to get away from distractions at the office when you really need to buckle down and complete a project. And let's be honest, sometimes we have those days where we just don't feel like changing out of our sweatpants. If working from home isn't an option, then consider allowing employees to work flexible schedules. Most of us have lives outside of work, and it's nice to be able to move your schedule around to accommodate for responsibilities at home such as kids, appointments, and errands.

Mix It Up

Non-traditional benefits are becoming increasingly popular as well, especially for millennials. Offering employees a gym membership can be a nice benefit for them, and it can even save your group money on your health insurance plan by contributing to the overall health of the group. Another fun and personalized offering is the "pick your perk" approach, where employees can choose where their employer's contribution will be spent. Contributions may be used towards things like Netflix, Amazon Prime, childcare services, Uber, Airbnb, Southwest Airlines, and more.

Benefits play a huge role in ensuring that employees are happy. Employee satisfaction leads to higher engagement and lower turnover rates, so make sure your company is maximizing its production by selecting the right benefit offerings.



About the Author

Cameron is one of the newer members of the Blytheco family. As Solutions Coordinator, he is passionate about aligning current and potential clients with the best Blytheco resources to help them meet their business needs. Connect with him on LinkedIn at www.linkedin.com/in/cameron-genova-b69312116.

10 TIPS TO INCREASE SALES TAX COMPLIANCE

by Gail Cole

In their commencement address, 2014 graduates of the University of Texas at Austin were advised to make their beds: “If you can’t do the little things right, you will never do the big things right.” The same can be said of sales tax compliance. Getting it right entails doing many small and even tedious tasks correctly.

> Fortunately, following a few simple practices can make sales tax compliance much more manageable. Ignore them, and those little tasks can morph into costly mistakes.

1 Know Nexus.

The first step to sales tax compliance is determining where you're required to collect and remit sales tax. This depends on whether you have nexus, the connection between a business and state that enables the state to tax the business.

Nexus was based solely on physical presence until last year, when the Supreme Court of the United States issued a seminal sales tax ruling in South Dakota v. Wayfair, Inc. (June 21, 2018). The Wayfair decision enables states to base nexus on a remote seller's economic activity alone, or economic nexus.

Physical presence nexus is still enforced and can be established in unexpected ways, such as attending a trade show. Additionally, 43 states and the District of Columbia now have economic nexus, and each law is unique. Many states also enforce other nexus laws. Now more than ever, there's a good chance you have sales tax nexus outside of your home state If you make significant sales across state lines.

2 Learn State Taxability Rules.

Though there are general rules of thumb across all states, product taxability rules in each state vary. Thus, while eBooks are generally exempt from California sales tax, they're subject to sales tax in Pennsylvania; although food for home consumption is exempt in many states (e.g., Washington), it's taxed at a reduced rate in some (e.g., Illinois), and fully taxable in others (e.g., South Dakota).

States can also define products differently, which adds to the complexity of compliance. For example, while many states consider soda and candy to be "food for human consumption," Illinois does not. Furthermore, product taxability rules are subject to change. In order to collect sales tax properly, you need to understand how to apply it to each of the products and services you sell.

3 Validate Tax-Exempt Sales.

If you don't collect sales tax on a taxable transaction, you need to be able to prove that the customer was entitled to the exemption. You could be held liable for the uncollected tax if you can't validate all your exempt sales.

Be sure to collect a valid exemption certificate or resale certificate from your customers and keep them on file. Exemption certificates need to be accurate, up to date, and readily accessible.

Continued on next page

4 Confirm Your Sales Tax Filing Frequency.

Collecting sales tax is only part of your job as a retailer; you also need to remit the tax to the tax authorities and file returns. A change in your business, such as increased sales in a state, can lead to a change in filing status. It's up to you to know how frequently you need to file—monthly, quarterly, annually, or otherwise. When in doubt, contact the state tax authority.

5 Prepay Sales Tax When You Must.

Some businesses are required to prepay a portion of the sales tax that will be due. This generally applies to businesses with a high volume of sales; for example, the California Department of Tax and Fee Administration requires prepayments for businesses with average monthly taxable sales of $17,000 or more. This can't be overlooked, as interest and penalty charges may apply to late prepayments.

6 eFile When You Can (and When Necessary).

States generally prefer businesses to file sales tax online, and some states even require electronic filing for some or all businesses—though they may make an exception for businesses with limited internet connectivity. Filing requirements for each state can be found in Avalara's state guides.

7 Keep Excellent Records.

This can't be overstressed, no matter what you sell or where you do business. In the event of an audit, you'll want to be able to quickly and easily produce any records the auditor needs: exemption certificates, invoices, receipts, whatever. File cabinets are a time-tested organizational tool, but only if all the necessary documents are retained, and only if they're organized in such a way that they can be easily retrieved. Documenting exempt sales is particularly important.

8 Don't Ignore Tax Notices.

Nothing good ever comes from letting a tax notice molder in the middle of a to-do stack or go unread in an in-box. Claiming ignorance usually gets you nowhere when taxes are involved, especially if the tax department reached out to you.

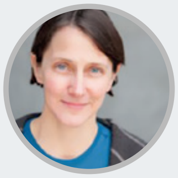
9 Reconcile.

Start with the account balance at the beginning of the accounting period, add the amount billed to customers, and subtract the sales and use tax paid. If the result doesn't match the current balance of your sales tax payable account, you need to find the discrepancy and solve for it.

10 Automate Sales Tax Compliance.

There are more than 12,000 sales and use tax jurisdictions in the United States, and each has one or more sales or use tax rates. Throw in the panoply of states' differing sales tax rules and requirements and you start to understand why sales tax compliance can be so time-consuming and stressful. Automating sales tax calculation, collection, and remittance helps businesses minimize costs and increase the likelihood of getting sales tax right.

> You don't win points for making your bed. It's one of many tedious tasks that you do to keep your home in order. Likewise, you won't get kudos for getting sales tax right—but you'll sure hear from customers and state tax authorities if you get it wrong. Want to know more? Get the updated Sales & Use Tax Compliance For Dummies from Avalara here: bwmagonline.com/sales-tax-dummies.
>
> Sales tax rates, rules, and regulations change frequently. Although we hope you'll find this information helpful, this article is for informational purposes only and does not provide legal or tax advice.



About the Author

Gail Cole began researching and writing about sales tax for Avalara in 2012 and has been fascinated with it ever since. She has a penchant for uncovering unusual tax facts and endeavors to make complex sales tax laws more digestible for both experts and laypeople.

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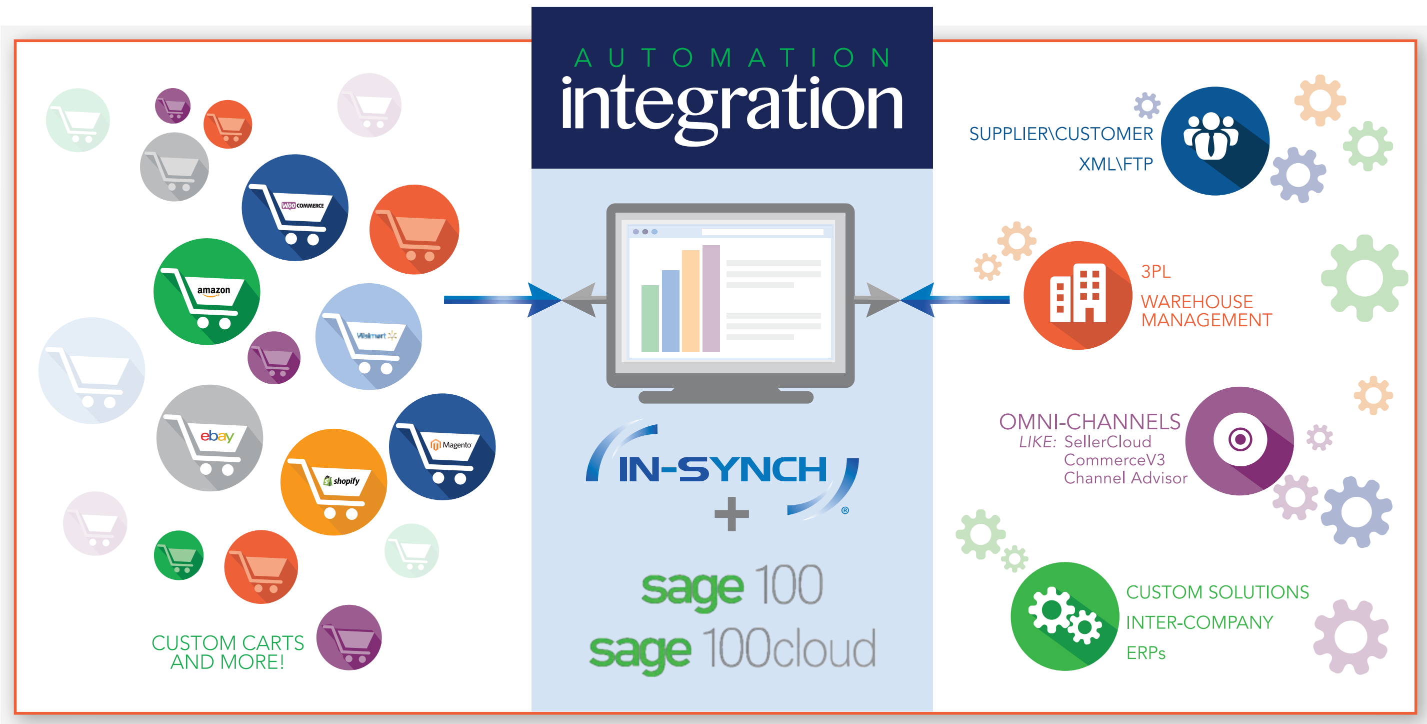

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10 TIPS FOR SUCCESSFUL Budgeting

by Chad Gardner

The annual budget process—dreaded by so many, and not for the faint-hearted. Budgeting does not have to be a painful, negative experience. When performed with intention and purpose, a company's annual budgeting cycle can be the looking glass into its financial future, and what you can see, you can be.

Budgeting can be tricky. With so many moving variables like growth rates, economic headwinds, headcount and resources, participants, strategic alignment, budgeting systems, and more, it can be hard to keep track of it all.

Here are 10 tips to ensure a smoother, more successful budgeting effort.

1. Establish and Articulate Company Strategic Initiatives.

Before quantifying what financial results you want, it is critically important to clearly define what outcomes you intend to deliver. Establishing longer-term strategic goals supported by current year key initiatives is a must. These are the building blocks for your budget. Without them, you are simply taking last year's run-rates and "predicting" next year's performance, and that's not budgeting.

2. Establish and Communicate a Budget Timeline.

While important, the reality is budgets take time from other activities such as meeting with customers and employees, closing business, and networking. Establish a 10,000-foot view of the process with key milestones as well as a 1,000-foot view with specific action items, including regular budget progress touchpoints, to ensure efforts are aligned with expected timing. Without a timeline or budget cycle calendar, the efforts are more likely to be unnecessarily prolonged.

3. Involve Your Employees.

If your budget process is "top-down," your CEO/CFO should communicate both growth expectations and levels of participation in the budgeting process. If "bottom-up," expectations will need to be set that contributors will be actively involved in building their budgets, typically based on the prior year, adjusting for planned growth, and justifying increased investments. Involving the right people will bring in new and otherwise untapped perspectives and will lead to a more accurate and appropriate budget.

4. Include R&Os (Risks and Opportunities).

Identifying and documenting risks (e.g., minimum wage increases, economic slowdown; or worse, recession, labor shortage or union negotiations, increasing tariffs or cost of raw materials) and opportunities (e.g., landing that big account, expanding markets, Mergers and Acquisitions) and assumptions on the likelihood and impact of each in the coming year will aid in determining how aggressive or conservative you may be in your budget.

5. Include Enablers.

While identifying and incorporating strategic initiatives in your budget is key, identifying and funding those investments and activities to enable execution of those initiatives is equally important. Examples may include increasing PPC marketing, conducting customer roadshows, holding training sessions, or developing training materials for employees. Enablers are foundational items on which you build the budget house. They empower and qualify your employees to execute the plan.

6. Stretch Realistically.

Some companies will put significant stretch into a budget, as it is viewed as putting a challenge to the team. Too big of a stretch may cause employees to be dismissive of the target, disenfranchising them as they view it as unattainable under given conditions and resourcing. Factoring past performance with current opportunities is key to developing an achievable budget. If revenue growth has been 5% in each of the last three years, a budget anticipating 20% revenue growth is likely too big of a stretch without a significant change planned in the business, such as doubling/tripling the salesforce or launching a long-awaited product offering.

7. The Devil Is In The Details.

The more detailed your plan is, the more effective your budget will be. Building a budget at the lowest level might mean tracking expenses according to the way your chart of accounts is set up. Having this level of detail may not necessarily mean you budget at that level. For example, you may group certain accounts into a "Category" account. An example would be budgeting for Travel in a single line knowing that various types of travel expenses (airfare, lodging, meals, rental car, Uber/Lyft, mileage) would apply to this category. Budgeting at the lowest level pays off later assuming actual expenses are reported at that same level. When it comes time to analyze why some items were higher or lower than others, you have a detailed account which can simplify the effort.

Continued on next page

8. Ensure Revenue Time-Phasing is Appropriate.

Many revenue forecasts are "back-end-loaded." Let's say you want to grow 10% year over year. Last year revenues were $40M which came in Q1–Q4 as $7M, $10M, $11M, and $12M, respectively. At a 10% growth target, you are looking at $44M in the year you are planning. If the first pass at the revenue forecast comes back $7M, $8M, $10M and $19M you've got a problem, as the Sales team is creating a hockey-stick fourth quarter. Unless your business is highly cyclical, your time-phasing or revenue distribution should be more evenly delivered, like that experienced in the prior year. As such, there needs to be further vetting of the revenue projection. As cost of goods most often aligns with the timing of revenues, your gross profit and—to a large extent, operating/net income—will also be more appropriately time-phased.

9. Leverage a Budgeting Solution.

While Excel is a great tool and can be flexible on a smaller scale, using one of the many budgeting and financial planning tools available today enables greater optimization of resources, greater visibility, minimization of errors, and outcome modeling. Most accounting ERPs have built-in budgeting tools or integration. Gone are the days of rifling through dozens of spreadsheets to get to a reliable budget. Leverage the tools at your fingertips and let the software do the heavy lifting while you focus on strategy and execution.

10. Constantly Revisit Your Budget.

Budgets are helpful tools to establishing a measuring stick for the year, but they are not etched in stone. The budget should be the original target, often used for bonus calculations or other incentivization, upon which a new, and constantly updated forecast can be created. The forecast may reflect year-to-date results, with the remainder of the year flexed to factor in new investments such as additional employees or additional capital. It may also need to reflect new or pronounced risks that have arisen such as the impact from a new competitor or newly introduced tariffs weighing on cost of materials. Whatever the case may be, constantly revisiting your budget is key to steering financial performance.

About the Author

Chad Gardner stewards numerous operational areas for Blytheco including Finance, Operations, Human Resources, IT, and Legal/Contracts. His extensive experience includes strategic financial planning and analytics, operations automation, compensation design, and supply chain management. He is a CPA and holds a bachelor's degree in accounting from California State Polytechnic University, Pomona. Connect with Chad on LinkedIn at www.linkedin.com/in/chadgardner110.

A SOFTWARE

TRANSFORMATION JOURNEY: WHITE OAK PASTURES

by Samantha Goniea

HOW BLYTHECO AND A NEW ERP GUIDED WHITE OAK TO GREENER PASTURES

White Oak Pastures considers itself "radically traditional farming." The company is run by Will Harris, a fourth-generation cattleman who tends the same land that his great-grandfather settled in 1866. Born and raised at White Oak Pastures, he left home to attend the University of Georgia's School of Agriculture. There, Will was taught everything the school knew about industrial farming methods that became popular post-WWII and never left. However, Will became disenchanted with the excesses of these industrialized methods. As he explains it, these methods had created a monoculture for their cattle, and, as Will says, "nature abhors a monoculture." In 1995, Will made the decision to return to the farming methods his great-grandfather had used 130 years before. Since Will has successfully implemented these changes, he has been recognized all over the world as a leader in humane animal husbandry and environmental sustainability.

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While the Harris family has been successful in their endeavors, they have also faced their fair share of industry obstacles over the years. As a small family-owned farm, efficiency is key to profitability and—in their case—survival. One major hurdle White Oak Pastures faced was a lack of optimization, automation, and adoption when it came to their software and processes. Remaining competitive and streamlining processes to meet ever-changing consumer demands has not been easy. However, with the help of their Blytheco team and a modern business management software, it has now secured a reliable infrastructure that will confidently take it to the next level and equip the team with the tools to grow their business.

White Oak Farm and Production Facility in Bluffton, GA

Conscious of their environmental impact, Will Harris made the decision in 1995 to go to a zero-waste facility. They have implemented a production system that is better for the environment, their animals, and the consumer. They have reinstituted a multi-specials regenerative grazing practice and on-site abattoirs for humane slaughtering.

White Oak's Strong Roots

Founded in 1866, White Oak Pastures has remained a staple in the community of Bluffton, Georgia. As a fifth-generation family-owned facility, the Harris family specializes in livestock farming and meat production. Starting with a variety of cows, hogs, and chickens, they focused on providing meat to local stores, hotels, and boarding houses.

Farming in the United States remains a very challenging industry practice. While meat demand is at an all-time high, farms are forced to produce higher quantities for lower prices. Many farms are becoming corporations—industrializing, centralizing, and commoditizing the farming processes. Because of this, many family-owned farms have struggled to stay afloat.

White Oak never wavered in its commitment to quality or its commitment to their community. It has adapted and persisted through many obstacles. Now, in 2019, the company proudly employs over 165 local team members, and contributes to its hometown's economy. The company currently raises over 10 species of livestock and processes animals on the farm. The best part? White Oak maintains a zero-waste production system that utilizes each part of the animals that are pasture-raised and hand-butchered on the farm. It also sells directly to consumers. Many patrons praise their artisan, small-batch products. The company also prides itself on farming practices that focus on regenerative land management, humane animal husbandry, and revitalizing the rural community.

Selecting the RIGHT Solution

As the business continued to grow in both volume and complexity, White Oak Pastures reached a tipping point with their software, Sage 50. Like many small businesses, it was faced with excessive manual entry, duplicate efforts, error-prone data, multiple disparate systems, and an overall lack of visibility into key processes and metrics. Before hiring additional staff or adding on several additional modules to fill the gaps of the current solution, the team decided to evaluate their options.

In 2013, White Oak attended Sage Summit in search of add-ons that would integrate with Sage 50 and potentially solve some of their most pressing pains. After the keynote address, Sage announced, "I hope you have found your Sage partners by now!" Jean Turn, White Oak's Controller, had no idea who her partner was and began to walk the trade-show floor. That day, she found Blytheco. These initial conversations with the Blytheco team helped Jean understand her company was indeed at a crossroads in terms of its software. The options were to either purchase multiple add-on solutions that did not communicate with one another, or replace Sage 50 with a scalable ERP that allowed for greater out-of-the-box functionality and a larger network of connected solutions. While White Oak liked Sage 50, their team knew they had to think bigger if they wanted to streamline operations and grow their business.

The first step in the evaluation process was to invite the Blytheco team on-site to understand the business on a deeper level. Blytheco consultants toured the farm and met with individual teams in order to document all key processes and requirements. The Blytheco team wanted to be sure that the new solution would solve the most pressing challenges across all departments.

While White Oak Pastures' team knew what they wanted to get out of a new ERP, they had no idea how to get there. With the help of their Blytheco consultant and plenty of time working through thoughtful evaluations of multiple options, the two teams made the decision together: it was time to move to Sage 100.

Solution-Focused Approach

After many conversations with White Oak Pastures, Blytheco landed on the following list of business challenges that needed to be solved with a new ERP in order to prove ROI:

1. A lack of visibility into costs
2. Manual entry, error prone data, and duplicated efforts
3. A lack of integration between primary business systems
4. No reliable reporting or business metrics
5. Insufficient inventory tracking and visibility
6. Inability to collect, track, and file appropriate sales taxes
7. Insufficient product visibility and inability to track SKUs across multiple locations
8. A lack of robust recall procedures and notifications
9. A lack of website integration and eCommerce capabilities
10. Inability to track customer price levels for retail, distribution, and wholesale

"We knew Sage 100 was the right size for our business and its integration capabilities were robust. We have been using it for over five years now, and we feel as if we still have not learned everything it's capable of."

—Jean Turn, Controller, White Oak Pastures

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Our Solutions

Understanding the difficulties the employees at White Oak were dealing with on an everyday basis, the Blytheco team produced the following list of solutions for their issues:

1. Set up inventory and SKUs with correct costing methods, as well as set up production processes to calculate correct costing as items flow through the system.
2. Allow for automation, successful integration between all key applications, and simplified workflows.
3. Organize companywide solution integration and automated processes from purchasing, to invoicing, to inventory tracking, to in-store purchases, and beyond.
4. Set up sufficient reports, reliable KPIs, alerts, and performance metrics.
5. Create built-in inventory controls with allocated item-level visibility.
6. Automate sales tax with Avalara AvaTax software to manage and report tax liabilities.
7. Configure built-in inventory controls with advanced item viability, as well as implement Scanco multibin warehouse automation and scanning technology.
8. Integrate between VistaTrac and a specific configuration of Visual Integrator to improve recall procedures and visibility.
9. Integrate eCommerce and the website via Website Pipeline, integration of internet orders, and speeding up order entry and fulfillment.
10. Produce built-in item pricing and flexible pricing controls to allow for multiple price-levels across different sections of the customer base.

Software Implemented:

- Sage 100—Enterprise Resource Planning
- VistaTrac—Food Production and Traceability
- SmartHotel—Hospitality Management
- Fusion POS—Point of Sale
- AvaTax—Sales Tax Automation
- Website Pipeline: Cimcloud—eCommerce
- Starship—Shipping Automation
- Scanco—Warehouse Automation

Family Culture and Trust

Trust and a strong family culture is everything for White Oak Pastures. Jean Turn's favorite part about working with Blytheco over the years is how similar the cultures are. "Blytheco is a key player in our business," she explained. "We believe Blytheco and White Oak are always working toward the same goal, and we consider our consultant, Kathy, to be a member of our family."

As a partner, Blytheco aims to be more than just a software or services provider. For Blytheco, it is important to become a true partner and trusted advisor for our clients. It is also important to understand the unique needs of each client, be flexible in our approach, and immerse ourselves in each business. With many small businesses—especially businesses with living inventory—we need to be agile due to seasonality and unforeseen roadblocks and delays. Jean Turn noted, "At White Oak Pastures, there is a unique dynamic to our business and that is the fact that we are a farm first and foremost.

We are never fully 'off the clock' with livestock. Our animals must be cared for seven days a week; births, deaths, and bad weather all happen on nature's timetable, not ours." This brings a unique challenge when managing inventory, providing support, and being there for the client on their time, not ours.

In addition to a strong alignment on culture and a focus on flexibility, White Oak and Blytheco have had a successful partnership due to a shared emphasis on trust. Jean stated, "It is obvious that Kathy cares deeply for our team and our success. She feels like an extension of our team, and we are so lucky to have her." At Blytheco, our passion is transforming companies, and trust is a key component of transformation. Both Blytheco and White Oak Pastures treat their employees like family and ensure that any partner or client brought on board does the same.

Blytheco consultant Kathy Lemely seconded this, explaining, "It is important when we work with clients that there is a mutual trust and an understanding of shared responsibilities. With White Oak, I feel as though they are more than a client—they are family."

White Oak Pastures: Future-Forward

As White Oak continues to focus on the future, the company remains on the lookout for opportunities to diversify its business and expand its offerings. While the team has been live on Sage 100 for over 5 years, they have yet to hit the ceiling of its capabilities and are still learning new ways to leverage the tools available to them. In 2019, there are plans to upgrade to the latest version of Sage 100cloud and continue to expand the eCommerce portion of the business.

> "As we continue to diversify, we will continue to have new software needs. What makes this company interesting is that we are always starting a new endeavor. Instead of getting bigger, we get more complex. Because of this, we rely more and more on technology. Without Blytheco's guidance, we would have made some very bad mistakes when it comes to technology."
>
> —Jean Turn, Controller, White Oak Pastures

As an environmentally conscious family-owned farm and small business, White Oak Pastures will continue to look for ways to improve operations, automate their business, and expand its offerings to meet the growing demands of its customers. With an innovative in-house team, focus on delivering high-quality products, robust software, and a supportive business partner, we are confident White Oak Pastures will be successful in their endeavors for many years to come.

About the Author

Samantha has been working with Blytheco for over 4 years with a sole focus of helping to better serve the clients. With over 8 years of marketing knowledge and experience working with start-ups & small businesses, she's able to generate content that is both informative and relevant. She is passionate about helping growing companies reach their business goals through the use of proper software and processes. Connect with Samantha on LinkedIn at www.linkedin.com/in/samanthagoniea.

SEND IN THE

DRONES!

Innovative Ways 3D Mapping Technology Shapes Businesses

by Brooks Huber

Establishing a safe environment is at the top of any business' priority list; as is ensuring productivity meets ongoing demand. As businesses evolve to meet the inherent needs of their customers, so must their ability to adapt with the many innovative ways technology can streamline production. Is 3D mapping and drone-based technology part of the formula?

Safety First

A handful of prominent and expansive industries—most notably construction—have already tapped into the many benefits associated with 3D mapping technology. Hensel Phelps, a leader in general contract and construction work for the planning, building, and management of landmarks has recently utilized the hardware and software ingenuity of 3D mapping thanks to Propeller—a tech-savvy company trusted by over 2,700 clients.

Propeller builds drones, though more importantly, they develop the software that makes 3D mapping on a large-scale possible. Construction companies, like Hensel Phelps, are then able to tap into the culmination of highly sophisticated smart drones and 3D mapping software to quickly collect data, build analytics, and ultimately generate a clear overhead projection of their immediate work site, all in real time. And best of all, the technology is so intuitive that just about anyone on the jobsite can use it—they even build 3D mapping and layouts directly in their web browser.

By using 3D mapping (in this case, on an industrial land site) the technology helps to foster a safer, more practical work environment—not only can hazards be effectively identified, but daily safety briefings, with up-to-date visuals of the job site, become much more effective. In one particular case, by using active 3D mapping, a jobsite foreman was able to uncover a 16-inch water main cutting though the site that was in the wrong location. The disaster was quickly averted, and the subsequent plan to change gears avoided a costly mistake.

Continued on next page

Sharing is Caring

However, construction sites aren't the only ones tooling around with 3D mapping technology. Manufacturing, distribution, and wholesale industries are equally as eager to tap into the potential of 3D mapping and drone-based technology, as they look for ways to benefit their warehouses and fulfillment centers.

Venture Beat, a leading source for the latest technology news, reported in August that a startup company called Gather is hard at work establishing the technology needed to bring warehouse barcoding to the next level. According to Venture Beat, Gather "supplies software for the autonomous operation of drones that can connect with existing warehouse management systems and IoT devices such as motion sensors. Computer vision is then used to scan and count inventory." Ultimately, this means factory workers that used to peruse the warehouse on foot for inventory can instead receive real-time counts delivered directly to them. Their fitbits will have to track steps elsewhere.

It's not hard to imagine large-scale warehouses soon being filled with the buzzing sound of drone blades piercing the air. Gather proposes their drone-based scanning services is "about 60% cheaper than traditional methods that rely on people alone." Currently, a number of undisclosed warehouses are experimenting with Gather's technology; one air cargo company in particular reported a reduction in inventory scanning time from 8 hours to a brisk 15 minutes. This allocated 7 hours and 45 minutes of time to resource elsewhere.

Aside from being the world's most versatile and impressive barcode reader, Gather has stated that since their devices can connect with IoT devices, "drones can deploy anytime a motion sensor is triggered." What does this mean exactly? Companies utilizing the benefits of Gather can save money on security systems since the drones can double up as security or surveillance.

The cameras used to scope out any potential security threats can also be used to help accidental collisions between the drones and inanimate objects. Through the use of semantic mapping, drones can identify objects up to 150 meters away, which means labeling a predetermined flight pattern is not only doable, but preferred. In fact, employing semantic cues informs the drones to avoid certain objects—like people or forklifts—altogether.

Of course, given the complexity of dynamic environments, such as warehouses, automation is still undergoing more trial and error before it effectively reaches the market. It's one thing to have robots manufacturing cars, or producing on factory lines, but it's an entirely different scope to be buzzing around a large open space with pilot-less drone. We'll see what the future holds; though from what's been gathered, things looks autonomously bright.

About the Author

Brooks Huber is particularly fond of all tech-related matters and news appearing in the business and entertainment industry, which he habitually "geeks out on." His words, not ours. When not aspiring to consume all that media, he's busy creating marketing materials for the Blytheco brand as the Content Marketing Manager. Connect with Brooks on LinkedIn at www.linkedin.com/in/brookshuber.

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BLYTHECO SPOTLIGHT

Meet the sage X3 Team

Sage X3 offers companies a comprehensive business management solution to optimize procurement, warehousing, production, customer service, financial processes, and advanced manufacturing automation on a single Enterprise Resource Planning (ERP) software platform. Pretty incredible, right? But what's it like to be part of the Sage X3 implementation team here at Blytheco? We checked in with our group of educated and certified X3 consultants to get to know them a little better.

Sam Prestipino

Consulting Manager, Sage X3

> "It never hurts to smile, and it doesn't cost anything to be nice."
>
> —Sam Prestipino

What does Transforming Companies mean to you?

Transforming companies means giving them a toolkit to be stronger and more agile in the face of customer requirement changes, industry changes, and strategic growth initiatives.

What Sage X3 fact do you know that others might not?

Well if I told you, then others would know! A fun little fact that I know that some people don't is how to personalize the login screen—something I try to do for each of my customers. I also like using a feature that is sometimes forgotten: Customer Search. This is a great feature because not only can you look up customer information, but you can automatically generate quotes, orders, and returns, all from the same screen.

What's an example you've demonstrated of "going above and beyond" for a client/customer?

One time I landed in Orange County for our annual company conference. Minutes after landing I received confirmation that a client needed my help onsite, so I changed my return flight to go to the client instead of returning home. They had multiple sites and the length of my travel nearly tripled as a result. However, we were able to get a lot accomplished which felt great!

What's a fun fact about you not a lot of people know?

A lot of people don't know that I have a black belt in Taekwondo and medaled at several state and regional tournaments.

Albert Manson
Sage X3 Consultant

What does Transforming Companies mean to you?

We unwind We unwind the company's past processes so they can be rebuilt, and we are helping carry the company into its future.

What Sage X3 fact do you know that others might not?

Something others may not know that I do is that the stock Delivery Note report is called BONLIV, short for "bon de livraison," which is French for "Delivery Form."

What's an example you've demonstrated of "going above and beyond" for a client/customer?

I've worked some third shifts. During one, I had to spend some time troubleshooting in a freezer room. Everybody else had coats and gloves and hats, and I just had a laptop and chattering teeth at 3 a.m. We fixed the problem, though!

What's a fun fact about you not a lot of people know?

I wrote a movie in college. It wasn't very good.

"Lead by example."

—Albert Manson

Zack Poznack
Sage X3 Consultant

What does Transforming Companies mean to you?

It means a great deal. Being able to come in and make a meaningful impact on an entire company's day-to-day operations is powerful. Specifically, being able to work with the end-users and work on improving their day-to-day work experience is very rewarding.

What Sage X3 fact do you know that others might not?

This is a tough one. Our team is very experienced, and I don't think there's anything I know that the others don't!

What's an example you've demonstrated of "going above and beyond" for a client/customer?

I would say working consecutive 16-hour days while on-site and helping them perform physical inventory counts and optimizing real-world processes.

What's a fun fact about you not a lot of people know?

I read roughly one book per week, and my favorite genre is science-fiction.

"Keep moving forward."

—Zack Poznack

Jean Bosecker
Sage X3 Consultant

"Work hard, play hard, and live life to the fullest."

—Jean Bosecker

What does Transforming Companies mean to you?

To me, transforming companies means changing business processes in how people do their job, as well as the technology across the business to help make improvements in efficiency and effectiveness which in turns helps with profitability.

What Sage X3 fact do you know that others might not?

When creating a PO, X3 has the capability to perform a line split between receiving addresses.

What's an example you've demonstrated of "going above and beyond" for a client/customer?

I once worked 16 hours a day for a week getting a customer ready during a Go-Live week.

What's a fun fact about you not a lot of people know?

Before injuring my foot, I used to run half marathons.

Continued on next page

Amine Azi

Sage X3 Consultant

What does Transforming Companies mean to you?

To me, transforming companies means showing the best way to get to the results, taking advantage of the system, gaining time to do productive task, and having the information available on live.

What Sage X3 fact do you know that others might not?

Sage X3 is an open ERP that allows the customization to fit the client expectations. It also has a lot of automated processes that others might not have.

What's an example you've demonstrated of "going above and beyond" for a client/customer?

I have created different payment types to fit with all payment categories for a company doing the import/export, and set up an intermediate bank that generate an open item staying there until the value date.

What's a fun fact about you not a lot of people know?

I often work late to get an issue or process tested and done. I personally consider that fun because it's a challenge, even if it's not necessarily a required task that needs to be provided immediately.

"Stop and smell the roses."

—Amine Azi

Michael Peloquin

Sage X3 Consultant

What does Transforming Companies mean to you?

Transforming companies means providing an intrinsic value to our clients that did not exist previously and that in effect "transforms" how they do business.

What Sage X3 fact do you know that others might not?

Sage works very well with large process manufacturing companies and has a robust costing engine. I have worked on implementations for both industrial and food manufacturing clients that Sage handled quite nicely. There is a lot of flexibility when setting up Bills of Material and Routings that can suit many different business requirements.

What's an example you've demonstrated of "going above and beyond" for a client/customer?

I enjoy training as one of the primary aspects of my job. I like to go above and beyond in this area by showing clients tips and tricks for accessing key functionality and empowering clients to be able to write their own reports to pull data as needed.

What's a fun fact about you not a lot of people know?

I thoroughly enjoy camping! In my younger days, I was an Eagle Scout.

"If it sounds too good to be true, it probably is!"

—Michael Peloquin

To work directly with this fantastic team, or to learn more about Sage X3, visit us online at www.blytheco.com/sage-x3. If you're already operating on Sage X3 and would like to explore the benefits of upgrading to a newer version, we have a dedicated team standing by. Read more about it at www.blytheco.com/upgrade-center.

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SETTING YOUR MARKETING VISION FOR 2020 AND BEYOND

by Jessica Valenzuela

2020 is just around the corner, and it's hard to imagine what life was like in the marketing world just 2 years ago, let alone 20! Many trends have emerged, risen quickly and furiously, some have crashed and burned, and others have been holding steady. For example, Google AdWords first launched in the year 2000, with Facebook following close behind in 2004. During those early years, it would be hard to predict the rapid growth of both of these platforms as the powerhouse marketing engines they are today. Contrary to those early years, we now understand just how quickly marketing trends and technologies are advancing, and we can begin to envision the possibilities the future holds.

It is this type of understanding and imagination which will help you build your marketing vision as we look toward the year 2020 and beyond. The natural planning tasks remain the same when it comes to knowing your target audience, setting your sales and marketing goals, aligning on core priorities, and setting your budgets. These are requirements that will not change as we move into the next few years. However, setting a vision requires a different type of mindset and approach.

Follow Your Audience

As a Marketer, you may pride yourself in understanding your target audience better than anyone else. You know from past trends and behaviors things like how they buy, what demographics they fall in, and even the types of search terms they use. However, visioning for the future requires you to look at where your audience is going and determine if you will follow them there. For example, is your audience using voice search from mobile phones? Are they learning to trust and interact with chat bots more frequently? Are they actively looking for more video content on YouTube rather than a company's website? More importantly, if the answer to any of these questions is yes, will your organization be with them on that journey?

> If your audience is shifting and adapting to new technology, will your organization be with them on that journey?

Embrace New Technology

Often the most obvious step in setting your vision is usually the hardest to implement. Following your audience where they are going often brings new technologies to the forefront and will force you to adapt to these technologies quickly. Embracing new tech will require you to research, educate, and implement as these trends emerge. Additionally, you must be willing to not only invest your time and resources, but to save some space in your vision and planning for unknown and yet to be launched technologies. Again, remember how Facebook started as a college-only social network. Now the ad possibilities, hyper-targeting, and content influencers are the new norm for marketing and advertising. Some of the emerging tech trends moving into 2020 include voice search, VR, interactive content, and personalized video. It's time to decide if your vision includes embracing new technologies such as these to help enable your marketing efforts.

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Taking a step back and reacquainting oneself with the overall long-term vision for the company and the marketing department will remind you that in order to be successful, you must be agile.

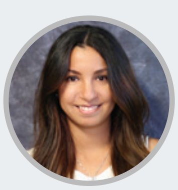
Focus on a Few Tactics

Developing your vision will unveil multiple great ideas and a variety of potential approaches. Although it may be tempting to include every good idea into your vision, the benefits of picking the top two to three big tactics will greatly outweigh trying to take on too much. Also, setting a vision often means taking on new tactics and approaches that will take more than a year to implement and optimize. Introducing voice search into your marketing efforts, for example, will take time and resources that you may have never planned for in the past. If you try to introduce multiple big tactics and also continue doing everything else at the same time (e.g., email marketing, demand gen, social, PPC, events, etc.), you run the risk of doing nothing well.

Be Agile

All the planning in the world still won't be enough to protect an organization for shifts in goals, emerging trends, the economy, or a myriad of other events which may cause a disruption in your previously defined objectives. Internal and external factors often require marketing teams to shift directions, take on new projects, or simply take a step back and admit defeat with certain marketing tactics. Taking a step back and reacquainting oneself with the overall long-term vision for the company and the marketing department will remind you that in order to be successful, you must be agile. Although I pride myself in putting together full-year marketing plans and budgets, accompanied by KPI scorecards to track results, I've yet to follow these plans completely for a full 365 days. Change is inevitable at some point throughout the year and the more you can accept, adjust, and be agile, the better position you will be to see your vision through to the finish line.

Overall, the important thing to remember about setting your marketing vision is to take the time to step away and think about the big ideas. Research and learn where your audience is going, embrace those new trends, be focused in your tactics, and of course always be willing to adapt to the inevitable changes that will arise on your journey.



About the Author

With over 13 years of experience, Jessica Valenzuela has expertise in digital strategy, marketing, and web design. She designs successful strategic marketing content and specializes in marketing operations. Connect with Jessica on LinkedIn at www.linkedin.com/in/taivalenzuela.

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HOW TO LEVERAGE AMAZON ECOMMERCE AND GROW YOUR MARKET REACH

by Ruth Richter

Small- and medium-size businesses (SMBs) can leverage the Amazon ecommerce channel to create rapid growth. Over 300,000 SMBs started selling on the Amazon Marketplace in 2017 alone. Peter Faricy, Vice President for the Amazon Marketplace, reported that more and more small- and medium-sized businesses are choosing to join the Amazon Marketplace and sell right alongside Amazon to reach customers around the world…selling half the products that Amazon customers buy and more than 140,000 small- and medium-size businesses surpassed $100,000 in sales.

Last fall, Amazon introduced a new way for SMBs to sell products directly through Amazon Storefronts. The goal is to allow consumers to interact with small businesses and have a more personal experience with these "mom-and-pop shops." Currently, only 20,000 select businesses are included in Storefronts, but Amazon may be adding categories and expanding this channel over time.

Even though selling on Amazon creates tremendous opportunities for growth, SMBs need to be sure to take the best approach and be prepared for radical change.

Continued on next page

Choose the Best Amazon Marketplace Program for Your Business

There are several options for selling on Amazon Marketplace, but most businesses will choose between Fulfillment by Amazon (FBA) or Fulfillment by Merchant (FMA). The best option depends on the business' operational capabilities. Either approach can increase sales volume. FBA provides greater opportunity for growth while FBM offers more control for the SMB over sales and fulfillment.

Fulfillment by Amazon (FBA)

Getting started with selling on Amazon, is made easy with the Fulfillment by Amazon program. The SMB doesn't need its own website or warehousing. With FBA, the SMB takes care of:

- Listing products on Amazon
- Labeling items
- Shipping items to Amazon
- Responding to customer inquiries (sent through Amazon)

Amazon takes care of everything else

Benefits to FBA

- FBA sellers on Amazon are likely to sell more. This is because FBA sellers typically increase their Seller Ratings faster (which means more exposure as a featured merchant), and these products are eligible for Prime's highly coveted, lightning-fast shipping options.
- Amazon takes care of customer service, inventory management, shipping, and returns for FBA sellers, who only need to concentrate on making more products.
- Shipping costs are very low as an FBA. Packing time and shipping costs can add up for a small company handling its own shipping, but per-item packing costs and total shipping costs are much lower as an FBA seller.

Drawbacks to FBA

- Listing Amazon products requires extremely detailed listings with product categorization, sub-categorization, item and packaging dimensions, weight, barcode data, and product condition. This will take a lot of time.
- Amazon requires very specific labeling requirements so their computer-run warehouse can pick, pack, and ship products efficiently and imposes fees if labels don't meet requirements.
- Maintaining inventory with Amazon can be costly, because sellers pay for storage space and storage fees can become astronomical the longer the product sits in their warehouse. Removing inventory from the Amazon warehouses costs money too.

Fulfillment by Merchant (FBM)

For companies that want increased online exposure while maintaining full control over pricing, inventory, shipping, and customer service, Fulfillment by Merchant (FBM) is the Amazon service to choose.

With FBM, the seller takes care of:

- Listing products on Amazon
- Customer service, including inquiries, returns, etc.
- Shipping charges and logistics per customer (and meet Amazon's quick turnarounds)
- Inventory management

Benefits to FBM

- FBM offers full control over pricing. While this provides the potential to earn higher margins on products, the product must also be priced competitively with Amazon – and their standard pricing is based on high volumes.
- FBM allows a greater ability to maintain customer relationships. Interacting regularly with customers offers a small-business personality and service.
- FBMs will need to fully understand shipping costs. This sounds like a drawback, because it means self-shipping, but as a smaller business, this can be a benefit. By understanding shipping costs, SMBs will be better prepared to estimate true costs.

Drawbacks to FBM

- Shipping can get out of control quickly. If products cost very little or pricing competition is very high, extra shipping costs can scare away buyers.
- Amazon has very strict requirements for FBM sellers, requiring them to act like Amazon themselves. Starting out, the Seller Rating will be very low, because that rating is based on customer satisfaction, overall responsiveness, and shipment accuracy. Until the SMB gets great feedback, products may be buried on Amazon.
- Amazon requires perfection. Making mistakes in the startup can cause customers to give bad reviews. Bad reviews result in a lower Seller Rating and Amazon won't feature the products. In addition, SMBs who don't meet Amazon's requirements for 24-hour response time and quick turnarounds (read: working weekends and holidays) may be banned from selling on their site.

Amazon Marketplace Sellers Beware

There are lots of reasons to sell on Amazon Marketplace, but there are some things that SMBs should be aware of before starting. As one Amazon Marketplace seller puts it, "We have a love/hate relationship with Amazon. Sales have tripled over the last year and they are profitable, but Amazon has its problems."

New IPI Scoring System

As of July, 2018, third-party merchants are subject to Amazon's new Inventory Performance Index, which tracks how each merchant manages inventory, including removing products that aren't selling and updating listings as necessary.

Before, sellers were able to rent unlimited storage space in Amazon's warehouses. But, Amazon is about selling, not storing, and by imposing the IPI score hopes to encourage third-party merchants to better manage their inventory. Scores are impacted by any goods that have been stored for too long without moving or have been returned. Final scores can range from 0 to 1,000. Any merchant with a score below 350 will not be allowed to add more products to Amazon's warehouses and will be charged an "overage fee" on any inventory above their storage limits.

Amazon's IPI scores still need some work; retailers who sell more seasonal items can negotiate for custom settings that take into account the nature of the business. Regardless, IPI scores can only improve the quality of Amazon's product offering and shipping times.

Arbitrage and Unscrupulous Sellers and Buyers

Sometimes identical listings that all use the same pictures and same description have differing prices from different shops. Most consumers look for the best price and click "add to cart." This product may not be owned or even distributed by the Amazon seller. They're using software that helps them find the lowest price for the product online, and after the consumer purchases the item, they buy it—say, from Amazon—select it to ship as a gift, and have it shipped. The consumer receives the product none the wiser, but the original developer or distributor of the product could be losing several thousand dollars each year.

This ecommerce arbitrage is forcing online retailers to rethink how they list and sell their proprietary products. The problem with ecommerce arbitrage—other than, of course, the lost revenue—is the hit that customer service takes. Arbitrage significantly impacts the ability to control the customer experience. All it takes is copied images and text; most consumers won't stop to wonder, much less research, who is actually selling the product they want. Even if your direct website price is less expensive than any of Amazon's listings, some buyers are still willing to pay a higher price than they might pay direct from the manufacturing company because Amazon is the only place they will shop. Or, if not the only place, at least the most familiar.

Another issue noted by the majority of our customers who sell on Amazon is dealing with customers who take advantage of Amazon's liberal customer service policies. One confided that, "one of the unwritten rules is that Amazon will back the customer over the seller." The most common ways Amazon customers cheat is with returns. If you intend for the customer to pay for shipping if they order the wrong model or the wrong size, this won't happen if they check "item is defective or doesn't work." Also, enforcing any "must be returned within X days of purchase or request for return" isn't worth the possible negative impact to metrics. Many established Amazon sellers will factor extra money into their selling prices to offset losses from scams, returns and refunds so they can still keep decent profit margins.

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Amazon Advertisements Offer More Revenue

Google may be the top B2B product search tool, Amazon is the preferred place for consumers to search for products. As a result of this trend, many B2C businesses are putting their online advertising into Amazon promotions.

Amazon offers several advertising options. Sponsored Products are similar to Google Display ads and feature a large picture of your product with the ability to click it and go to the product on the Amazon site. The process to set up Sponsored Ads is also a lot like Google Display Ads. Advertisers pay only for actual clicks on the ad and setup includes a budget for the ad campaign along with keywords. When someone clicks on a Sponsored ad, they go to the advertiser's Amazon landing page. Even if they don't buy it now, Amazon's wish list feature means they can store a link to the Amazon landing page and purchase it later.

Amazon Marketplace Integration with Your Business Software

We have seen one of our own customers go through the expensive and stressful process of appealing for reinstatement for not being able to meet commitments when shipments failed to go out due to employee shortages in the overnight shift. Before SMBs sell on Amazon, they should be sure they can handle the increased sales while meeting Amazon's high standards. Manufacturing, distribution and customer care operations will all need to ramp up. Businesses will need to streamline processes and be sure they are working with real-time sales and inventory data. Seamless synchronization between the Amazon platform and business software will eliminate many mistakes. With effective integration of your accounting system and Amazon Marketplace, fulfillment of Amazon orders will be streamlined. With real-time, bi-directional integration, inventory and sales data will be accurate so the business will be able to work more quickly and efficiently, and the SMB will have full, real-time visibility into sales and inventory performance.

Another major pain point that our customers have is dealing with reconciliation of the Amazon Payment (Settlement) report. This report provides a detailed breakdown of account activity for a given settlement period. When each settlement is complete, the payments report is posted, and Amazon Payments initiates a transfer to the seller's bank account. The Payments report is then available for download. Since the report contains a separate line for every product in an order, as well as other events, such as subscription fees or account adjustments, manual reconciliation is a bear. Performing an integration of the report is time-consuming but once it is complete, the reconciliation time is significantly lowered.

Joining the Amazon Marketplace offers remarkable opportunities for SMBS who choose the right seller program, meet Amazon requirements, and put the right solution in place to streamline the flow of data with integration. Last year we performed an integration for one of our customers who typically sells only to wholesalers. They opened an Amazon store to sell close outs "under the radar" of their wholesale customers. Just by automating the order process, tracking and quantities on hand, they reported that their sales tripled after integration and they are finally showing profits from the store.

About the Author

Ruth Richter is the Customer Experience Director for ROI Consulting, Inc, a Sage 100 integration company. ROI Consulting is the market's leading ecommerce solution and Sage 100 integration specialist, maximizing Sage 100 customer's technology investment through integration and customization since 1997. Learn about ROI's integration solutions, including for Amazon Marketplace, for Sage 100 at www.roi-consulting.com or by calling Ruth Richter at (402) 934-2223 x1.