



WHERE INNOVATION  
MEETS FORWARD THINKING

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## Benefits of Becoming a Corporation

Though each type of corporation has its own advantages, all corporations offer the same main benefits.

One of the biggest advantages of incorporating is limited liability. Because legally a corporation is a separate entity, all business owners and shareholders are limited in responsibility for any debts that the company holds. Thus, the shareholders' personal property cannot be seized to settle debt with creditors of the business.

A corporation's structure can also be a big advantage. The corporation's officers, such as the vice president, treasurer and chief executive officer, are put in position by the board of directors, who are in turn elected by the shareholders or owners of the company. Therefore, a set structure determines who does what and when, resulting in the quick resolution of any problems.

Tax benefits are also a major reason for a business to incorporate. Depending on the type of corporation, as a separate legal entity, the corporation will pay taxes independently from the shareholders, and shareholders will only be taxed on any income given to them in dividends, salaries or bonuses. However, if you form an S corporation or L.L.C., you are then able to avoid "double taxation." This means that only one report on earnings will be filed on your personal tax report, and profits will only be taxed once.

Corporate health care plans can be developed, offering beneficial retirement options that non-incorporated companies could not provide. This, along with stock options and other benefits, make the

company more attractive to potential employees, which bring in more experienced personnel.

Higher profits are another advantage to incorporating, as capital from investors allows for a bigger and broader reach. Therefore, expanding the corporation into different endeavors is a good possibility.

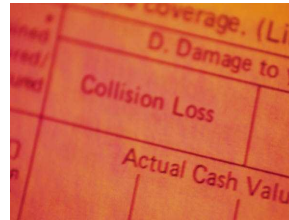
The idea of perpetual existence can also be attractive to those looking to incorporate. This is the concept that the corporation will maintain its existence until all shareholders decide to liquify assets or create a merger with another company. Therefore, if one owner sells out or passes away, the company will continue.

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## Small Business Insurance Coverage Basics

Protecting your assets is essential for any business owner. And for many firms, one of the most convenient ways to do so is with a business owner's policy which combines multiple insurance coverage's into one comprehensive package. A business owners policy has the flexibility to expand as your business grows and your needs change down the road. The purpose of small business insurance coverage is so that a business can transfer a risk that they can afford, for example an insurance payment once a month, for a risk they cannot afford, which would be a lawsuit claim against their company. A small business normally brings in an attorney and

accountant when just starting off to set things up correctly.



Small business Insurance Coverage is not only a necessity as we have

said, but it can open up doors and relationships with certain other small business that you might not have had if you didn't have complete insurance coverage.

Many businesses feel comfortable starting a business relationship with other businesses that are fully insured and can prove it; this provides them with a secure feeling about your business, something that money cannot buy.

For example a business real estate firm will sometimes only lease to other small businesses with complete coverage as to protect their assets which is the land and building. Small business Insurance coverage is not always cheap but it is an investment that you and your business should never do without.

*Contributor: Carl Smith*



## 9 Tips for Cutting Costs on Office

### Supplies

Offices are always on the look out for cost trimming measures. One of the areas where savings can be made is in the buying of office supplies.

Office administrators can apply the following cost cutting techniques:

1. Create a system whereby orders are only placed periodically say once a month or quarter. Aim for a paperless eco-friendly office.
2. Place orders for office supply from online stores. Make sure the order is large enough to warrant free shipping.
3. Look for generic brands of office supply.
4. Surf the internet and look for discount online stores.
5. Use online directories to get quotes and compare costs.
6. Look for seasonal discounts or special offers
7. Set up a system whereby wastage is checked periodically. Ensure people shred documents and do not throw paper clips away.
8. Always comparison shop and look for bargains offline and online. Keep quality, quantity and price in mind at all times. Avoid being locked with a single vendor. Create a system that every time office supplies are ordered the lowest quote will get the order.

9. Consider leasing office equipment instead of buying. Think economy and lowered costs not expensive and hi-tech.

Be an educated buyer and keep abreast of the latest articles and tips on saving office supply costs on the World Wide Web. Browse the internet for new bargains and office supply directories which will offer great bargains and savings. Buy good quality office supplies in minimal quantities at great rates and save yourself a bundle.

## **Precautions on Using Credit Cards to Finance Business**

*“Many business owners today use credit cards to fund their businesses. You may have heard of aspiring entrepreneurs and filmmakers who bravely maxed out on their credit cards to execute their ideas. Although there’s nothing wrong with using business credit cards, relying on them as the only means of financing your business poses a great risk. In this article, let’s discuss the necessary precautions that you should consider before obtaining business credit cards.”*

**Credit Cards for Business – The Consequences**

**Overspending.** What are the consequences of using business credit cards? First, there is the tendency to overspend. Since it's so easy to charge purchases on a credit card, a business owner may not immediately realize that he has already been maxing out on his credit line to shoulder business expenses. There may be times when even personal expenses are also charged to your business credit card. By the time your billing statement arrives, you may be surprised to find out how big the charges are on your account.



**High costs.** Overspending or maximizing credit brings forth another complication. Because the charges are too high, you may not have enough cash to pay off your monthly balance in full. Instead, you may be forced to pay only the minimum due. Why is this risky? Don't forget that each time you carry over your balance unto the next billing cycle; you also incur high interest rates on your account. This is the reason why many business credit card holders are facing huge credit debts.

**The wrong credit card.** Another challenge that business owners face is choosing a business credit card that matches their needs and spending. Choosing the right card is

crucial especially when it comes to credit cards that offer rewards. It's so easy to get enticed by low interest rates and big rewards but if the program doesn't suit your business, you may find that you're not really getting the incentives you expected.

**Jeopardize your business credit.** It is true that business credit cards can be tools for building a separate credit history for your company. However, this depends on how well you use your business credit card. For instance, if you're often late in submitting your payments or if you're in the habit of maximizing on your credit limit, you may do more damage than good to your business.

**The effect on your personal credit.** Unless, you've already established your business credit, your personal credit history will also be affected with the way you handle your business credit card. As the owner of the business, you have the responsibility and obligation to pay for all charges reflected on your business account. This means, late payments on your business credit card will also pull down your personal credit score and affect your creditworthiness.

### **Use Your Business Credit Card Responsibly**

Clearly, your success for using business credit cards in financing your business greatly depends on how well you take on your responsibilities as a card holder.

Needless to say, credit cards can assist you with your business spending but it's still important to seek traditional ways of business financing to reduce the risks.

*Contributor: Pamela Williams*



Got an idea for an enhancement to the Bulletin?

Email us at [info@tfgi.org](mailto:info@tfgi.org)

### **NEED TRAINING?**

#### On-Site

#### TFGI's Procurement & Contract Management Seminar

Procurement's more than placing orders or processing requisitions. It's a major operation in any company – a management-driven cost control center that requires constant attention and education. Your organization will benefit from this session whether it's a one-person, one-desk operation or a sprawling enterprise.

#### Web Seminar

#### TFGI's Small Business Optimization Seminar

Are you ready to take your business process to the next level? With budgets tightening because of dwindling resources, we hear more and more do less with more. This course, designed for professionals, discusses advanced effectiveness and efficiency in your operations.

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