

SelfInformed

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NASE Member Deborah Reisdorph is using her business experience to take a stand against bullying.



Crisis Management

By Mindy Charski

After some rough weather roared through Joplin, Mo., on May 22, 2011, John Motazedí left his home to secure his office. He figured the power would be out for a while.

But Motazedí soon saw he faced much bigger problems: The building that once housed his information technology management company, like the area surrounding it, had been torn to bits by a devastating tornado.

“There was nothing left,” says the chief executive officer of SNC Squared. “There were trees in cars and stuff everywhere. It was absolute chaos.”

But in that difficult moment following the deadly twister and in the countless ones that followed, Motazedí did not panic. Instead, after learning all his employees were safe, he focused on returning his firm to working condition from his basement. He quickly got the servers of displaced clients up and running again. He even serviced unscathed customers with ho-hum IT tasks like removing viruses.

“Never did we assume or think that we were going to not succeed,” Motazedí says.

Indeed, under his leadership, SNC Squared has not only stayed in business, but it’s also thrived, expanding from six employees to nine within a year.

Thankfully, most micro-businesses will never suffer damage from an EF5 tornado. Yet, there are all too many kinds of crises that could befall a firm, and when one does, it’s important to have a strong leader at the helm.

That person need not be a natural-born leader, though. There are skills owners can hone now to best position themselves to lead through any kind of disaster. These seven top the list.

// You can be decisive even though you’re not absolutely sure. //

1. Earn Trust

“Trust is the cornerstone of the foundation you must build in order to rebuild the business,” says Robert Papes, a Hendersonville, N.C.-based consultant to small businesses.

Papes, who is also the author of “Management During an Economic Crisis” (Productive Publications, 2010), explains that leaders build trust over time by:

- Treating people with respect and dignity
- Being consistent and fair
- Keeping promises
- Being open and honest
- Doing what they say they will do

Those who fail to earn trust can expect trouble ahead.

“If a leader hasn’t done a good job of building trust, other people aren’t going to stick with them through the hard times,” says Denise Holmes, founder of Edge Leadership Consulting in Portland, Ore. “And people will misinterpret their actions and what they say, because when we have low trust, a lot of times we’ll assume more of a negative intention behind someone’s actions or words.”

2. Communicate

Leaders who do a good job of communicating before a crisis will find it easier to keep the conversations going during one, says Larry Smith, senior consultant at the Institute for Crisis Management, a crisis communications consultancy in Louisville, Ky.

“If you don’t have much of a communicating relationship with key employees, when something goes wrong, they’re going to trust you even less because they’re not used to you talking to them,” he says.

But keeping an open dialogue with employees is imperative when the business has suffered a wound.

“Under-communicating is one of the biggest mistakes leaders make,” says Michael Roberto, a professor of management at Bryant University in Smithfield, R.I. “If you think you’ve communicated enough, triple how much you communicate, because it’s never enough. People are dying to know more, and if you don’t [communicate], they will fill the void with rumor.”

3. Collaborate

Micromanaging in a crisis can make the situation worse.

“That can really crush people,” Roberto says. “Yes, you need to get back into the details in a crisis, but you don’t want to do it so severely or so permanently that you drive away some really good people,” he says.

After all, you’ll likely need their help, especially from those with dissenting views.

“Make sure you have some people around you who are thinking differently and offering different options and ideas,” Roberto says. “As a leader you have to cultivate that.”

After the tornado, Motazedli relied on the opinions not only of his talented team, but also of two CEOs of non-local IT firms.

“As a leader you have to understand whenever you’re starting to get out of your element,” Motazedli says. “I said, ‘I need someone who is not involved in this to assist me to make sure I’m making clear decisions.’”

4. Be Decisive

You may not make all the right decisions during a crisis, but you will have to make choices with the best information you have at the time, Papes says.

“Some people like to be 100 percent positive ‘this is the right thing to do’ and they wait too long,” he says. “You can be decisive even though you’re not absolutely sure.”

Make sure you have some people around you who are thinking differently.



THE NASE CAN HELP

The NASE **Business Strategy Experts** are ready to help you meet the challenges of running a micro-business—even in times of an emergency.

These professional, experienced small-business consultants can answer your questions about:

- Learning to lead in your business, your industry and your community
- Steps you should take to prepare your business for a crisis
- How to communicate more clearly and effectively
- Becoming a better boss for your employees
- Ways to build trust with your workers, your colleagues and your customers

As an NASE Member, you have exclusive access to the **Business Strategy Experts** 24/7. Just ask your question online and receive a confidential reply.

LEARN MORE

The NASE offers exclusive member resources to help you hone your leadership skills and manage more effectively if a business crisis occurs. The articles are online now. And they're free!

- [Polishing Your Leadership Skills Can Pump Up Your Business](#)
- [Change Is Good: 4 Tips To Help You Move Your Business In A New Direction](#)
- [Your Business Should Have A Weather Backup Plan](#)
- [How To Build Strategic Alliances](#)

5. Channel Optimism

"Everybody's focus at the water cooler is going to be about what went wrong," Roberto says. "The leader's job is in part to say, 'Look, here's what we're doing right, and let's make sure we execute that 100 percent.'"

It will also be important to get people thinking about what they've learned from the experience, what they should do differently, and about some small things they can accomplish to bring back some positive momentum, he says.

// *Everybody's focus at the water cooler is going to be about what went wrong.* //

6. Be Courageous

Leadership means having the courage to do the right things for the business, Papes says. Sometimes, that means letting people go, which can be especially painful and difficult in tight-knit companies.

"So many small-business owners avoid laying people off due to personal relationships," he says. "By not cutting unnecessary costs, an owner puts the employment of the entire organization at risk."

7. Know Yourself

Motazedi has tons of experience helping clients with disaster recovery, and his comfort handling their crashed servers or other misfortunes was useful when the company faced its own calamity.

But the CEO also puts himself in fearful situations—like scuba diving in caves—that help him understand what happens to him when he starts experiencing stress. Not surprisingly, Motazedi has acquired more knowledge since the twister.

"What I learned about myself is this is about as bad as it gets," he says, "and you can actually lead through this and you have people who respect you." ■

Dallas-based freelance writer **Mindy Charski** has interviewed a number of great leaders throughout her career.



**"Honey,
we just lent
ourselves \$47,000."**

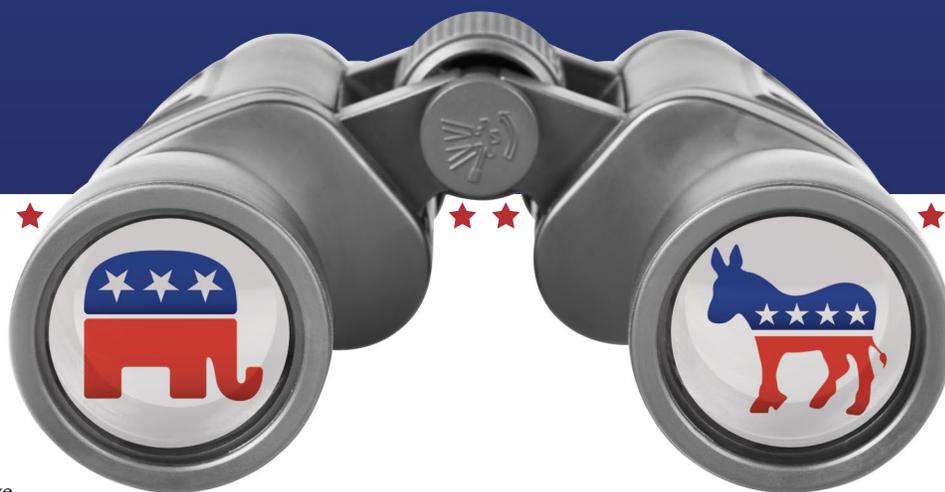
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ELECTION WATCH 2012:

The Candidates and the Self-Employed



Who will get your vote for president in November?

The NASE believes it is important for our members to know how both candidates have positioned themselves in the self-employed arena. We have evaluated the candidates on three issues: small business, taxes and health care.

The NASE is not endorsing a candidate, but rather providing analysis of the candidates' positions so that you can be armed with knowledge as you head to the polls.

Neither President Obama nor Gov. Romney have information on their websites directed solely to the small-business or self-employed community. But, both have "Jobs and Economy" platforms. So, we've turned to those platforms to glean information about how each candidate will implement policy that could impact the self-employed community.

The NASE is committed to ensuring both candidates are on the record regarding their position and policy proposals as they relate to the self-employed.

GOV. ROMNEY'S PLATFORM

Gov. Romney's "Jobs and Economy" platform speaks to the administrative burden placed on small businesses as it relates to the health care reform law, anticipated increases in taxes (slated for Dec. 31, 2012), and the unchecked authority of the Consumer Financial Protection Bureau established under the Dodd-Frank law. Additionally, Gov. Romney is critical of the administrative burden placed on small business by the Small Business Administration, stating that the cost of adhering to regulations imposed on small business is nearly \$1.75 trillion annually. Although critical of the impact of health care costs, increased taxes and the administrative burden of the CFPB and SBA on small business, Gov. Romney's plan doesn't offer any concrete ideas for addressing those concerns or suggest any alternate proposals. Read [Gov. Romney's "Believe in America Plan: Mitt Romney's Plan for Jobs and Economic Growth"](#).

PRESIDENT OBAMA'S PLATFORM

President Obama's campaign is focused on educating voters about the action he has taken in the past four years as it relates to small business and the self-employed. His campaign touts the Affordable Care Act as a significant legislative accomplishment. However, the small business tax credit to pay for health care premiums does not apply to the self-employed. Further, the exchange option for purchasing health care has not been implemented, and so we are unable to evaluate its effectiveness. The NASE does support the creation of these health insurance markets. President Obama also focuses on his accomplishment of providing 18 different tax cuts for small businesses. The self-employed community benefitted greatly from the Small Business Jobs Act. However, the most impactful tax credit, The Self-Employed Health Insurance Deduction, was a one-year tax credit that expired and hasn't been renewed since 2010. Read [President Obama's Jobs and Economy Platform](#) and [Health Care Platform](#).

THE NASE IS ASKING QUESTIONS

While the information provided by both campaigns is vague, the NASE is committed to ensuring both candidates are on the record regarding their position and policy proposals as they relate to the self-employed. Both candidates have received NASE candidate questionnaires asking for detailed explanations about their proposed policy for the self-employed. And we are asking them what they will do in the coming four years to ensure that the 22 million self-employed are supported and encouraged to grow their businesses all across America.

For up-to-date news, polls and general conversation on the 2012 election, visit the [NASE Election Watch 2012 page](#). ■

Kristie L. Arslan is president and CEO of the NASE and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.



Ask The Experts

Q: *I'm just starting a business. I've heard about having to track certain kinds of vendors (or customers) in order to send them a Form 1099 at the end of the year? Does that exist? If so, how is it done, what needs to be tracked, and where is it reported?*

A: You are correct in that if you pay an independent contractor at least \$600 during the year for services to your trade or business then you must report those payments at the end of the year via [Form 1099-MISC](#).

The information you need to complete the form is the name, address and tax identification number for the independent contractor. The easiest way to obtain the details that you need is to have the contractor complete an [IRS Form W-9](#).

At the end of the year, you will complete a Form 1099-MISC for any contractor to whom you paid \$600 or more. The form will include each contractor's information as well as the amount that you paid each contractor.

Q: *I recently started freelancing and would like to know whether I should have disability insurance in case I am unable to work for a period of time. If so, what's the best way to go about getting it? Does the NASE offer disability insurance?*

A: A big concern for the self-employed and freelancers is what happens to you and your family if you are unable to work due to an injury or sickness. Disability insurance is one way to allay some financial concerns and protect yourself.

Unfortunately, disability insurance is not an inexpensive product.

This type of insurance depends on many variables, including:

- Health – Underwriters review doctors' records to determine an applicant's health.

GET MORE ANSWERS

The NASE's small-business experts are here to help you understand the ins and outs of operating a successful small business. And access to these professionals is free with your NASE Membership!

Just go online to the [NASE's Business Learning Center](#) where you can ask the experts questions about:

- Taxes
- Health care expenses
- Financial issues
- Employee relations
- Accounting rules
- And much more

The experts are available 24/7 and ready to help!

- Gender – Women are usually charged more than men when it comes to disability insurance.
- Age – Disability insurance is only payable up to age 65.
- Occupation – Some job classifications will be charged more than others. For example, contractors are a higher risk to insure than accountants.
- Reported income – Most carriers do not insure more than 60 percent to 70 percent of your reported income.

If you are interested in researching disability insurance options, you should contact an agent or broker to assist you. To find one in your area, visit the [Independent Insurance Agents and Brokers Association website](#).

Also, the NASE offers [Critical Illness Insurance](#), which can protect you should you face a serious illness. ■

Member Spotlight

Anti-Bullying Activist

Deborah Reisdorph has been an NASE Member since 2009. She owns Skanadore Reisdorph Law Office in Huntington Beach, Calif.

Tell us about your business.

I've been an employment law attorney for almost 20 years. I have litigated many cases including sexual harassment, wrongful termination, disability discrimination, breach of contract and related litigation. Resolving cases through mediation and informal resolution is usually the best result for the client, and I think outside the box to try to bring the parties to a win-win solution.

In 2010, I founded **Bully Awareness Resistance Education (BARE)** in response to the numerous news stories about students committing suicide because of bullying. BARE provides dynamic, interactive professional development training to educators about preventing bullying and sexual harassment. I speak to students, parents and educators to help them together support schools and students throughout California in stopping the bullying epidemic.



What obstacles have you faced in running your business?

I have had to restart my law practice several times, but persistence has always paid off. Finding networking opportunities where word of mouth advertising is most effective has helped me grow my business every time.

As a self-employed person, I've learned it's worthwhile to reach out and find an expert to help with unfamiliar things like accounting and taxes, so I don't find myself in unexpected circumstances. Being a single mom was not easy while trying to grow a law practice, but my persistence and using the support of the NASE helped me remain successful in my law practice, even though I was not spending 50 hours a week in the office.

What's the greatest reward you get from your work?

The greatest reward is the knowledge that I've helped someone when they needed my expertise, or just my encouragement. I often help people who have a need but cannot afford my legal services. Knowing that I have contributed to the benefit of others in need is very rewarding. Although I really founded BARE to work with students, I realized I had much to offer in teaching, training and encouraging parents and educators. This supports the students indirectly, and I'm honored for the opportunity to give back to the community in this way.

What advice would you give to your fellow NASE Members?

Explore the benefits of the NASE and take advantage of every opportunity. The NASE really does care about the self-employed and they work to provide ever expanding benefits.

What's the best thing about being self-employed?

Having the flexibility to focus on the important things in life! ■

GET PUBLICITY FOR YOUR BUSINESS!

Your business could be featured in SelfInformed's Member Spotlight or in another NASE publication. Let us know you'd like to be featured and tell us more about your business on our [Publicity Form](#).



WHAT CAN CONGRESS ACCOMPLISH IN 13 Workdays?

By Kristie L. Arslan

In the 63 days between Labor Day and Election Day, Congress will spend 13 days in session working in Washington, D.C.—a relaxed work schedule by any measure.

And what will Congress accomplish in those 13 days? If past experience is any guide, they'll likely spend those working days making floor speeches, naming post offices and playing political games, instead of passing meaningful policy improvements.

Alternatively, Congress could use those 13 days in a significant way and address the legislative needs of the 22 million Americans who are self-employed. In the 63 calendar days between Labor Day and Election Day, the self-employed will continue their rigorous work schedule. They'll add \$165 billion to the U.S. economy and will work almost 8 billion person-hours in that time.

Sydni Craig-Hart, who owns Smart Simple Marketing based in Emeryville, Calif., knows the number of hours that go into running your own business. She works seven days a week with one other employee in her home-based marketing consulting firm, which focuses on helping other self-employed business owners succeed. Over the next two months, while Congress is dragging its feet on the issues that are important to small-business owners, Sydni will work to grow her business. She'll likely add about 15 new clients. In 63 days, Sydni will generate \$80,000 in revenue and complete more than 360 hours of meaningful work.

Doesn't Congress owe her the same level of output?

True legislative reform can make a real impact on America's smallest businesses.

It's time for Congress to get serious about helping America's smallest businesses. On behalf Sydni and the 22 million other self-employed job creators in America, I'm asking Congress to use their 13 workdays wisely. Here's my to-do list for our legislators:

- 1. Pass legislation to make a full deduction of health insurance premiums for the self-employed permanent.** This fix will ensure that self-employed Americans like Sydni will no longer pay annually, on average, nearly \$1,800 more in taxes than other business owners. The NASE has repeatedly called on the House to schedule a hearing around the Small Business Tax Relief Act, which directly addresses this issue. But so far, they've not found the time to schedule it.
- 2. Address the scheduled individual tax rate increase before the election.** America's self-employed cannot afford to have their tax rate increase, as is currently scheduled to happen at the beginning of 2013. Self-employed business owners making between \$70,700 and \$388,350 will see their tax rate increase by 3 percent under current plans. Self-employed business owners making more than \$388,350 will see their tax rate increase more than 4.5 percent.
- 3. Pass legislation to make the tax deduction for startup business expenses permanent,** instead of letting the provision expire at the end of this year. When provisions expire on a yearly basis, it's virtually impossible for a business owner to plan for the next year and grow their business.
- 4. Pass legislation to simplify the home office deduction for home-based businesses,** the working arrangement preferred by many self-employed, by allowing the option of a standard \$1,500 deduction for home office expenses.

True legislative reform can make a real impact on America's smallest businesses, like Sydni's. Congress has 13 days to do this: Will they take real legislative action or just name more post offices? ■

Kristie L. Arslan is president and CEO of the NASE and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.



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