

# THE Mangold Group Messenger

Issue 2

Winter 2007



*Hello,*

*Here we are pulling out of the strange winter weather and heading into spring. Unfortunately, instead of looking forward to blossoming flowers, we waste our time worrying about the IRS. Death and taxes may be inevitable, but they are not the most important things in life. So let's take a moment to look at what really matters, and it is not just filing your 1040 on time.*

*By this time of year, many people have already given up on their New Year's resolutions. Now, we can't help you lose weight or become a better dancer, but we are here to help you achieve certain other dreams. Perhaps you would like to open your own business, but are daunted by all the paperwork involved. Or maybe you already own a business, but spend your nights and weekends paying bills and filing*

*(Continued on page 2)*

## The Ultimate Business Machine

Over on McNeil Drive, you can pick up a new BMW X3 SUV for around \$40,000. But, although the X3 bears the name of a German auto manufacturer, the design and manufacturing were actually done by a Canadian firm, Magna International, Inc., at a factory in Austria. Similarly, while Dell is headquartered in Round Rock, when you call their customer service line you may be speaking to someone in India or the Philippines.

It is not just large corporations that are jumping on the outsourcing bandwagon. If anything, it is even more critical to the nation's more than 25 million small businesses. Fortune 500 firms have the resources to hire their own army of experts, yet they still utilize outside counsel and accounting firms. So, what about a business with a handful of staff which must still comply with the same employment, accounting and tax regulations as the behemoths? According to the Small Business Administration, businesses with less than 20 employees spend 45 percent more per employee than larger firms to comply with federal regulations, including 67 percent more per employee on tax compliance.

That is where strategic outsourcing comes into play. Success lies in determining where a company's key strengths lie and letting someone else take care of the rest. Dell, for example, outsources some of its call center functions, but continues to design, manufacture and sell its own computers. IBM, on the other hand, frequently outsources manufacturing, preferring to concentrate on design and services.

Most business owners already outsource at least one accounting function—tax preparation. A smarter approach is to outsource the entire accounting department: invoicing, collections, payroll, accounts payable, inventory, taxes, financial reporting and all the other functions that help an owner build a profitable business, without worrying about compliance issues. This eliminates the time spent hiring, training and replacing personnel to do those functions, as well as the payroll, benefits, office space, computers and other expenses of employing non-core staff.

SBA figures show that fewer than half of new businesses make it through the first four years. Outsourcing the accounting function improves the chances of success by letting the owner concentrate on building The Ultimate Business Machine, rather than trying to keep the books straight and filing forms with the government.



## Featured Client - Elements Group

In 2003, Paul Foreman and John Kinnaird started Elements Group, a company that provides landscape design, installation and maintenance, pool cleaning and repairs, concierge, and other services to clients who have estate or estate-like properties but don't want to hire an estate manager.

"We're a one stop shop for all their household needs," says Elements Group Controller Meredith Drake. "When a client calls in with a request, we handle all the personnel and logistics and ensure the job is done to perfection."

It was a popular concept. In just three years the firm has grown to fifty employees and more than \$6 million in revenue. Part of the company's success lies in sticking to what it does best and outsourcing the rest.

"The taxes alone would be something we would have to outsource, and we didn't want to hire a payables clerk and a billables

clerk and a payroll clerk," says Drake. "We went out to find a solution that would be cost effective and get us started on the right foot."

So, instead of hiring and training their own accounting department, they hired The Mangold Group. In addition to the taxes, this includes the payroll, invoicing, paying bills, and interfacing with the IRS and the Texas Workforce Commission.

"They do just about everything administratively for us, except the planning and forecasting," says Drake. "This allows us to put our attention on growing the business rather than worrying about the accounting. They always deliver very quickly and accurately and they do all the things I don't want to worry about."

Drake is in touch with Marlene Van Sickle and the staff on a regular basis. Marlene supervises the specialists who do the payroll and accounting while Thomas

oversees the provision of the tax compliance services. Then Drake can access her financials 24/7 over a secure connection.

"Business owners really need to keep tight control on their personnel costs," says Drake. "By using The Mangold Group, we don't have to worry about hiring and training cost at all, let alone all the hard costs of salary, benefits and payroll taxes."



### Ask Thomas



**Question:** I want to open an individual retirement account. Which is best, a standard IRA or a Roth IRA?

**Answer:** Both IRAs are subject to income tax, but they are taxed at different times. With standard IRAs, depending on your income level and employee benefit plan, the money could be tax deductible when you put it into the IRA, and then it is taxed as income when you take it out of your account.

*Roth IRAs are the opposite: the income is taxed when you put it into the account, but not when you take it out.*

*Which is best depends on what tax bracket you are in. If you are currently in a high-tax bracket, but expect to be in a lower one when you retire, you will pay less in taxes with a standard IRA.*

*If you are currently in a low tax bracket, however, a Roth IRA is better. When you come in for your tax returns or financial planning, we can run the numbers to see which best meets your needs.*

Submit Questions to:  
Ask Thomas  
2714 Bee Cave Suite 200  
Austin, TX 78746  
newsletter@mangoldcpa.com

### Win a \$50 Gift Certificate

It's as easy as 1, 2, 3:

1. Fill in your name on the card below.
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Every card that is redeemed at our office will be entered into a drawing for a \$50 gift certificate usable at your choice of hundreds of retailers.

The drawing will be held on April 16th, and the winner announced in our next newsletter.

THE **Mangold Group**

Certified Public Accountants, PC

**FIRST CONSULTATION FREE**

(Up to 30 minutes)

**512-327-0909**

Given by: \_\_\_\_\_

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## OOPS — THERE'S A TYPO!

We have hidden a typo  
in our newsletter.

Be the first to find it  
and email us at  
[newsletter@mangoldcpa.com](mailto:newsletter@mangoldcpa.com).

You will  
**WIN**  
**Four Free**  
**Movie Tickets**



## What Our Clients Are Saying

The benefit I feel working with Mangold Group, is that I get to focus on the part of business that I enjoy.

I studied abroad for a year while maintaining my business locally; this was made possible because I could take care of critical business needs on line. Thomas Mangold has performed the duties which I contracted him to do, and more, he has referred me to other good consultants.

*Marco Rini  
David Wilson Garden Design Group, Inc.*



After meeting with Thomas, we felt very good about the tax plan. There's no question that we got our money's worth. His personal time to discuss tax strategies for us was a great investment of our money and time. Our decision to change CPAs is a decision not made lightly. We feel very good about our changing to Thomas as our CPA.

*Lee Slaton, Marketing Consultant and  
Deborah Kern, PhD, Author and Speaker  
USANA Health Sciences  
Nutritional products and consulting you can trust*



## More Profits More Free Time

Are you spending  
too much time  
on accounting?

Call today to  
schedule a meeting to  
see how outsourcing  
your accounting can  
help you grow you  
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