

Looking for Help With Your Business Tax Return? Begin Your Search on Page 16.

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NEW BUSINESS MINNESOTA



Resource Heroes

Special Report

New Entrepreneurs Often Need the Resources of Key Business Professionals to Succeed. New Business Minnesota Brings You Stories About **Resource Heroes** You Should Know and How They Helped Clients Reach Their Goals: Justin Sundberg, CPA, **Sundberg Tax & Consulting**, with client Jo Miller, J. Miller and Associates; Attorney Jeff O'Brien, **Lommen Abdo**, with client Ilan Klages-Mundt, Insight Brewing Company; and Ricardo Ortizcazarín, **Cazarin Interactive**, with client Patrick Gaughan, Gaughan Companies.

Photography by Paul Keller

Resource Heroes

Nobody
Succeeds in Business
Alone, Especially Not New
Businesses. They Often Rely on
Professionals with Specific Skills or
Services They Need to Launch and
Grow Their Enterprises. They Turn
to Their **Resource Heroes:**
Business Professionals Who Have
Made a Significant Difference In
the Success of Their Clients.
Here We Present Three Such
Examples.

RESOURCE HERO



Justin Sundberg, CPA, Sundberg Tax & Consulting, with client Jo Miller, J. Miller and Associates

Sundberg Tax & Consulting – Justin Sundberg

Providing Tax and Business Advice that Helped a Small Business Survive a Setback and Begin Growing Again.

New Business Minnesota

It was one of those moments every small business owner dreads. The moment the things you don't know that you don't know come knocking at your door.

For Jo Miller, president of J. Miller & Associates Inc., a grant writer and grant research professional, that moment came in 2014, just as her first business was starting to grow and she was preparing to launch another new one, Smartegrants, LLC.

To be precise, the thing she didn't know about was a tax problem that went back five years. The reason she didn't know about it was that she was so busy with her business and she just "trusted" all was well with her business taxes from her now former accountant.

She didn't discover how deep the hole was until she changed CPAs to facilitate working across state lines with her New York state partner.

Enter Justin D. Sundberg, CPA MBT, of Sundberg Tax & Consulting, who sees his clients as more than merely revenue. To have a good business relationship, he says, you have to know more about

them than just their financial reports.

"When I first start working with a client, I ask a lot of questions," says Justin. "I need to learn about their business and goals. I learn as much as I can about their life and their business so I can have as many tax and business ideas as I can to help give them an edge."

What he learned was that Jo started her business in 2003, began consulting in 2005, and decided to turn that into a business, which she officially launched in 2007. Amidst those distractions, she also sold her house, moved, and was preparing to do business across state lines.

It wasn't that Jo was dissatisfied with her old CPA, but with all the changes and the increasing complexity of her businesses she thought it might be time to work with a CPA who was also a business advisor. Her nephew, a lawyer, referred her to Justin.

Justin began to look over her books, asked lots of questions, and began setting up her QuickBooks.

"I told him the first thing I needed done was my taxes and then he could improve my workflow after that," says Jo.

As Justin was digging through past tax records, he realized that

Sundberg Tax & Consulting *Continued from Previous Page*

the filings had not been done properly... for the past five years.

"I was in shock," says Jo. "Justin told me about it gently and with a 'can do' attitude. He told me how deep the hole was and how we'll get out of it. I never felt alone or abandoned or that I had made a mistake. He was going to handle it all.

"I had the right person with me."

Justin recalled, "I was able to fix the situation. I even abated some hefty IRS penalties. Overall, I cleaned up the mess made by a sloppy accountant with minimal cash needed from Jo."

Once Justin had the tax issues addressed and the books in order, he immediately started tax planning for the next year, which he says should save her a lot of money going forward.

Jo was like many of his clients who initially come to Justin for one reason, such as tax preparation.

"As we talk, they start realizing that I can help them in other ways such as organizing their business or developing long-term tax strategies," says Justin. "My clients know their business very well. I know small business very well. With that knowledge, I help and teach my clients."

In the case of Jo, her business was growing to a full-time business and he helped her get organized so she could spend more time on her business and less on administrative tasks.

"Justin is so easy to understand. He doesn't get impatient with me. There are times I have to just say I know nothing about a certain area," says Jo.

"He takes baby steps with me and doesn't talk down to me if I ask him to back track and repeat. I wanted someone like that. Someone sharp who knows accounting, but also knows a lot about business and tax law, someone who knows about working across multiple states and has a great referral network."

She appreciates that if Justin can't answer a question, he knows who can and isn't shy about asking for help himself.

Aside from all his years of study, getting to his undergrad at St. Thomas and passing his CPA exam on the first try, Justin credits his years at Deloitte, one of the "Big Four" professional services firms, for teaching him the "best practices" for tax and work and client relationships.

Armed with that foundation, he went on to work for a number smaller firms. But Justin preferred the high standards that Deloitte had. The smaller firms were more like an assembly line. They take whatever information a client offers, don't ask too many questions, complete the return, and move on to the next one.

"They sold widgets called 'tax returns'. I provide a service. I push my clients for more information so they can get every deduction legally possible," says Justin. "I like to prepare returns in a way that meets IRS standards, and IRS trusts what I'm submitting because of my stellar record."

Seeing that high quality professional services were unavailable to most people, Justin was convinced that there was an opportunity to start his own firm and do taxes and consulting for small and medium sized businesses. And do it by his standards.

To do that, he needs to ask lots of questions and get the maximum information out of his clients. Without the prodding, people tend to hold back certain information because they think it's not important.

For example, he had a 1040 client who always took the standard deduction. He told Justin not to bother because the retail tax pro said his itemized deductions wouldn't exceed the standard deduction, and therefore they would not benefit him.

"He was taking the easy way out," says Justin. "I suspected he had more deductions than he realized, so I insisted on looking at his

mortgage interest statements and property tax payments."

When all the information he requested was in, it was clear that the client should have been itemizing. Justin filed amended returns going back a number of years that resulted in a \$10,000 refund.

"Many people take the opinion of a loosely-qualified tax preparer as fact," says Justin. "They may be leaving money on the table or taking risks of which neither is aware."

The easy way out rarely pays off. Justin says that TurboTax only knows what you tell it. "I ask my clients a lot of questions, some of which may seem a little off-topic to a non-tax professional, and that is because I am searching for every last bit of information that could lower their tax liability."

"If turbo tax gets a refund of \$500 people are happy. What they don't know is I may be able to get a \$3,000 refund because I know the minute details of the tax laws," says Justin.

Business Advisor

Based on the trust he established with Jo in resolving her tax issue, Justin began helping her better manage her business.

It's pretty common, as with Jo, that many business owners have their special areas of knowledge. Justin sees his business advisor role as helping his clients understand their financials and providing them missing business skills so they can focus on their business.

"Most people think they have a handle on their business finances because they know their bank balance," says Justin. "But if I can help them see the whole financial picture, they may see opportunities to make changes, more efficiently allocate their resources, and make more money."

In Jo's case, it became clear that her time would be better spent building her business. She turned her bookkeeping over to Justin so she could take on some big clients, and is now producing significant revenue growth.

Conclusion

"Justin dug me out of the hole I was in and helped me start moving in a new direction. He is even teaching me so I can keep my accounting costs down," says Jo. "Now that I have multiple businesses, he makes it easy to manage it all.

"I would recommend him to anybody. He looks out for you. If you want a partner in your business and want to get good information and guidance in addition to tax preparation, you can't beat him."

NBM

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RESOURCE HERO



Jeff O'Brien of Lommen Abdo and his client, Ilan Klages-Mundt is president of Insight Brewing Company LLC.

Lommen Abdo PA – Jeff O'Brien

For being a legal guide and key referral source that helped launch Insight Brewing Company.

New Business Minnesota

Ilan Klages-Mundt spent a year traveling the world, working at breweries from England to Japan to learn about global craft beer styles and traditions in preparation for launching his own Twin Cities brewery.

Arguably the most important destination on his journey turned out to be the Minneapolis law offices of Lommen Abdo PA and attorney Jeff O'Brien, who helped provide a key ingredient that led to the creation of Insight Brewing Company LLC.

Ilan, Insight's co-founder, had the brewing part of his strategy down and was working on his business plan. He realized that he would need an attorney. He decided to call Jeff after he came across his blog as a beer attorney who had worked with multiple breweries.

When Ilan called to set up an appointment in January 2013, he was told to bring a sample of his beer to the meeting.

"It's important for me to sample their beer as soon as possible," says Jeff. "I need to know if they're worth working with because I want to work with them from start to opening and get them to market.

"If they come in with a good beer, I know they are real. And if they make good beer and seek legal counsel, that means they have a good product and know to get outside help. They'll be successful."

Ilan did a tasting at the law firm's office and his beer passed the test. That was the beginning of a rewarding business relationship that led to the November 2014 opening of the Insight Brewery and Taproom.

"At that initial meeting, we talked about the other breweries Jeff worked with who he could refer us to for real estate," says Ilan.

"Jeff was really generous right away. We came in and told him our experience and what kind of beers we wanted to make. He valued my commercial experience brewing around the world. He could see an actual business coming out of this."

What impressed Jeff most about Insight's plans were the different styles of beers Ilan planned on introducing to this market, such as a pale ale brewed with yuzu fruit from Japan or the Saison De Blanc beer made with Sauvignon wine grapes.

Starting a brewery can be overwhelming, says Jeff. Many who try don't have a business background and are transitioning from hobby brewing to the commercial level. "They don't know all the challenges coming their way that can derail their dream if not handled

Lommen Abdo PA *Continued from Previous Page*

properly.”

For example, it's important to choose the correct business entity when registering with the state, prepare buy sell agreements if partners are involved and negotiate the lease or purchase property for the brewery at a good location.

Then there is development of the business plan and explaining the concept, including how the brewery will sustain growth in terms of the existing and future competition from other breweries.

To top it all off, the brewery must obtain a Brewer's Notice through the Alcohol and Tobacco Tax and Trade Bureau of the federal government before they can open.

Jeff says everything has to be in place before they can even apply for the license. The government wants to see the ownership structure, the financing must be in place and the physical location has to be secured so regulators can tour it.

“They want it all done up front,” says O'Brien. “It's chicken and egg. You have to make commitments without a guarantee that your notice will be approved.”

Since Jeff and Lommen Abdo do federal and state licensing all the time, they know how to streamline the process to complete it quicker. The process can take up to 18 months or longer to go from idea to grand opening.

Trademark is another land mine that is critical for a brewery. Branding and building an identity requires a great name for the brewery and for each of the craft beers they produce. All these names have to be researched as early as possible to see if they can be used and then trademarked to protect them.

“I've had clients who had to use their third choice for a name because it was already in use and they didn't know it,” says Jeff. “You don't want to get a cease and desist letter that may destroy all your marketing and branding efforts.”

Another dangerous area is raising capital, says Jeff. Most entrepreneurs don't realize that the Securities and Exchange Commission only allows them to have a limited number of non-accredited investors.

Entrepreneurs can easily cross the line from raising money from family and friends and into selling securities, which requires registration with the SEC and the state.

“Up to 35 non-accredited investors is all right. 36 puts you in violation of state law and can bring your company down if you're caught,” says Jeff. Ilan relied on family and friends and an SBA loan to finance the brewery.

In searching for money, Ilan was concerned that most investors he met knew nothing about the beer market. He knew he needed a strong team of partners who could bring more than money to the operation.

Then, while teaching a home brewing class, Ilan met future business partner Brian Berge. “We hit it off,” he says. “I told him about my plans and after he tasted my stuff, we decided to join forces.”

Soon they were joined by partners/investors Kevin Hilliard and Eric Schmidt. Between the four they had all the bases covered: One knew sales, another supply chain, one knew marketing and branding and Ilan had brewing nailed.

“We all work together well,” says Ilan. “I would be worried if four brewers were trying to do this. We needed balance of expertise. Now I have a good idea of the business and the marketing sides and they have a much better understanding of brewing.”

Ilan says that Jeff's contributions go beyond the legal side. He provided a referral to a commercial real estate broker who “gets” the emerging brewery market. Jeff is certified as a real estate specialist by the Minnesota State Bar Association.

In the beginning most landlords were skittish, says Jeff. “Not everyone wanted a brewery in the space,” he says. “We had to find out-of-the-box thinkers who understood that other tenants see an onsite brewery as an amenity.”

Says Ilan, “Jeff did networking with us and put us in front of a lot of the right people. We couldn't have done this without him.”

Jeff has been working with the brewing community since the demand was unleashed when Surly Brewing was successful in getting Prohibition-era state laws changed in 2011. Now the Twin Cities craft beer market is among the hottest in the country.

Because of the focus on breweries and his track record, Jeff's practice has grown and he now represents more than 24 breweries and distilleries in the state. Jeff was selected as one of the 40 Under 40 by the Business Journal in 2014, in large part, because of his contributions to the state's craft beer industry.

Among Jeff's brewing clients that opened up recently along with Insight are Surly Brewing's new Destination Brewery, and Urban Growler Brewing Company in St. Paul.

He also represents HammerHeart Brewing in Lino Lakes and Dangerous Man Brewing in North East Minneapolis. “At HammerHeart Brewing you get wood floors and rustic walls. At Dangerous Man you have picnic tables like a German beer hall, and Surly is a huge, massive operation,” says Jeff. “There are no cookie cutters. That's what so cool about it. The only thing they have in common is good beer.”

Prior to Prohibition, Minnesota used to have 125 breweries. As long as the new generation is brewing good beer and making good business decisions, neither Jeff nor Ilan see an end in sight.

For Jeff, brewing has become more personal. “I have immersed myself in the industry and the culture. For me to do my job right, I have to speak their language. I'm always traveling and tasting and trying out different styles – that's part of knowing an industry.

“I visit clients as often as I can to see how it's going in the tap room and just be a customer,” Jeff says. “It's a tough gig.”

Throughout the process of bringing Insight to market, the two have become good friends. “I do a lot of my happy hours there,” Jeff says. “They've given me a lot of business and now it's my turn to give back to them.”

Ilan credits Jeff for his ability to handle the complex issues – legal and otherwise – of getting Insight Brewing Company to market and being their guide on the journey from idea to reality.

“We wouldn't be where we are now if we hadn't met Jeff,” says Ilan.

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Jeff O'Brien is part of the Food, Beverage and Leisure Activities practice group at Lommen Abdo PA, a full-service law firm with 34 attorneys in Minneapolis; Hudson, Wisconsin; and New York City. The firm's areas of practice also include general practice from cradle to grave, securities, financing, entertainment and sports law. He can be reached at (612) 339-8131 or jobrien@lommen.com. www.lommen.com

Ilan Klages-Mundt is president of Insight Brewing Company LLC, a craft beer distribution brewery with a tap room. If you want to sample their global beers, visit the taproom at 2821 E. Hennepin Ave. in Minneapolis. He can be reached at (612) 554-7618.

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RESOURCE HERO



Patrick Gaughan of Gaughan Companies and Ricardo Ortizcazarin of Cazarin Interactive.

Cazarin Interactive – Ricardo Ortizcazarin

Helping Restore the Reputation of a Good Company By Telling Their True Stories Online.

New Business Minnesota

One of the first things a new business does is create a web site. And nearly every established business has upgraded their sites numerous times. The power of the Internet as a marketing tool is indisputable. But it can also be used as a weapon.

Gaughan Companies, a commercial real estate and development service company in the Twin Cities, found itself under attack online a few years ago. A former employee who had been fired and a resident of a complex managed by the company had turned to the Internet to seek revenge, posting at a number of complaint sites.

Patrick Gaughan, president of the company, was at his wit's end. The negative comments were showing up on a Google search on the first page, near the top, with false accusations against Gaughan Companies.

The family owned business, founded in 1969, and that had maintained an A+ rating with the Better Business Bureau of Minnesota and North Dakota, was being slandered. It was the first thing anyone wanting to know about them – potential investors, prospects, suppliers – would see.

They tried everything they could think of – technological and

legal – to stop the slander. Nothing worked.

By happenstance, a telemarketer working for Cazarin Interactive, a web design and marketing agency, was doing cold calling and appointment setting. A meeting was setup between Patrick and Ricardo Ortizcazarin, president of Cazarin Interactive.

At the meeting, it was Ricardo's intent to talk about Cazarin's full-service marketing capabilities. The only thing Patrick was interested in was fixing his online reputation.

It was a challenging situation. Patrick told Ricardo that one of the posters had been contacted, regretted his actions and admitted it was a mistake.

"The people he posted it with wouldn't take it down unless we paid them \$10,000," says Patrick. "It was blackmail. They can slander you online. Lie. Make stuff up and post it."

"It's so hard to fight it, to counter the false picture they paint, and mitigate the damage."

Ricardo explained that erasing things from the Internet wasn't possible when the content was being controlled by others.

The answer was to fight "bad" with "good." The blackmail site was using its interconnected network to falsely boost the negative comments to the top of any search results; two comments kept alive

Cazarin Interactive *Continued from Previous Page*

The branding and marketing pieces were created in anticipation that that person would become a customer. “With the logo, we wanted a specific PMS color and shade,” says Dr. Ness. “We wanted something warm, friendly and professional. It couldn’t be too girly because we have men as patients, too.”

The detail of the logo reflects the attention to detail that makes Dr. Ness a successful plastic surgeon. To accentuate that, Jim created a curved business card to accommodate the logo’s arch.

Part of Jim’s research included looking at plastic surgeon web sites from all over the country to see how other doctors presented themselves in the marketplace. Dr. Ness wanted his web site to reflect sensitivity toward women.

The next phase of Jim’s research was talking to Dr. Ness’ patients about what they expected in a marketing message and about what issues were important to them.

“I was under the impression that women had procedures to get noticed or did it for someone else,” says Jim. “That wasn’t the case at all. Many did it solely for themselves. There were private, sensitive reasons: confidence, self-esteem, a desire to feel beautiful when they look in the mirror.

“Having plastic surgery is a very personal decision. From a marketing standpoint, we have to make it as comfortable and easy for them as possible.”

The messaging also had to address the fear many have of the surgical procedure itself. Jim created brochures and instructional literature to educate patients about what they can expect at every step from surgery to recovery and accurately present the risks.

“The biggest challenge for me was the subject matter,” says Jim. “How to talk about it and market something that is very personal. To do that, the focus needed to shift from the ‘thing’ and introduce them to the person they needed to trust. So we market Dr. Ness, his name, his practice, who he is, and how he thinks. And do it in a way that is easy to understand and grasp.”

Dr. Ness says it was important for marketing themes to connect with regular people. “There is misperception that plastic surgery is only for LA and New York City.”

To keep it real, there is no photoshopping or stock photos of professional models. “We intentionally didn’t want any high-gloss presentation. That’s not who we are,” says Dr. Ness. Any photos at the website, on the clinic walls or in marketing material are of actual patients.

To counteract the misinformation women encounter on line, it was important that the Ness Plastic Surgery site provide accurate, trustworthy and accessible information.

“We have to address their concerns, whether it’s a fear of dying on the operating table or of a ‘botched’ outcome,” says Dr. Ness. “I want them to be able to appreciate the results.”

To maintain and perpetuate a brand, you need a plan, says Jim. That is usually in the form of a brand style guide he prepares for his clients that explains what the company stands for, the language to use when talking with customers, what you wear, etc.

“Look at Apple and how its brand is permeated in everything it does,” says Jim.

The guide book needs to be used and requires diligent training of employees to ensure that the use of the logo, language and color are consistent.

“Some business owners can manage the brand over time,” says Jim. “Others just can’t fit it in with other critical aspects of their business and they turn it over to us.”

After the branding strategy was in place, Jim started to work the marketing plan, beginning with a series of billboards whose goal was to make Ness Plastic Surgery the dominant player in the western side of the Twin Cities.

Talking about plastic surgery, especially high above a busy highway, was a challenge.

“If you use beautiful women, some will see that as unattainable,” says Jim. “If you use pictures of actual women with issues, you can come across as insensitive.”

They decided to use more conceptual, metaphorical concepts that really speak to the target audience.

“We focused on what our research says women are thinking and feeling and we wanted them to know we empathize,” says Jim.

They went with tasteful humor. The vinyl front of one billboard was visibly sagging in full 3D with the words “Need a lift?” Another featured a deflated beach ball with the question “Deflated?” And another had fruit dressed in bikinis with the line “Ness Plastic Surgery for Every Body.”

“We heard from a woman coming back from the cabin when she saw the beach ball billboard,” says Dr. Ness. “She said, ‘That’s how I feel.’ And she came in the next day.”

Since the campaigns began, Dr. Ness says there has been exponential growth. Now his business is getting into skin care lines, a spa for medically directed non-surgical procedures, BOTOX®, filler enhancements and other techniques that his patients value.

Mind*Spark has been working on a full advertising campaign for radio, print, and for the first time, TV, says Jim.

“We’re creating a media plan that targets the right demographic, which means picking the station, the frequency of the spots and time of day. The creative concepts and story boards are being tested to select the right message,” he says.

Having a marketing professional like Jim to work with has been invaluable. “He always brings ideas to the table and he understands who we are,” says Dr. Ness. “And he has really helped me and my staff to understand what our brand is and how to best present it.”

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