PREPPING FOR PRIME TIME

How to Gear Up Before the Busy Season

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- Spring Opportunities
- Tackling the Tech Savvy Tax Man
- Incorporating Video Into Your Marketing Strategy
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INCORPORATING VIDEO INTO YOUR MARKETING STRATEGY

Online video is no longer just a means for people to fulfill their entertainment needs. The medium has evolved into an inimitable source for consumers to gather information about a brand or service in an effort to make a wise purchasing decision. And, many experts are saying that video will become a dominant force in the content marketing sphere over the next few years, as content consumption continues to shift. It’s evident that integrating video content into the marketing mix is more important than ever before. If you are not taking advantage of this visual marketing tactic to capture the attention of a target audience, deliver a brand message in an impactful way, and ultimately boost sales, you are missing the boat. The good news is that there is no better time than the present to start using video in your marketing efforts.

FEATURES

PREPPING FOR PRIME TIME
By Amy Bell
As summer approaches, pest control companies across the nation are gearing up for the busiest season of the year. While some companies are plotting out their summer game plan, preparing for growth and training the troops, others are going about their business and hoping everything will fall into place when the busy season hits. If you fall into the second category, you may be cruising for a bruising.

SPRING OPPORTUNITIES
By Amy Bell
Adding new services is critical to the long term success of any pest management company. PMPs must stay abreast of industry trends and always be looking for services that their customers will need today and in the future. Trying to figure out how best to package and offer these new services is both a challenge and opportunity.

TACKLING THE TECH SAVVY TAX MAN, THIS ISN’T YOUR DADDY’S IRS
By Daniel S. Gordon, CPA
We as business people are not the only ones using technology to increase efficiency in our businesses. Technology and analytics are in every aspect of our life including your chances of being audited by the IRS. Unless you’re a CPA or tax attorney a letter from the IRS is a very scary experience. Unfortunately, when it comes to tax inquiries and audits it may appear that we are thought of as guilty until proven innocent.

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The Challenge Of Representing the Pest Management Industry

I wanted to start this column with a few statistics about NPMA’s 7,000 member companies:

5,500 U.S. PMPs
1,500 International PMPs
1,000 Suppliers
500 Other

But it’s not these numbers that chronicle our success. Of course we are proud of the number of companies that trust us to provide them with education, introduce their teams to other like-minded professionals and protect their businesses from damaging regulations. But, it’s the remarkable diversity of the companies that belong to NPMA that is our story. Whether you look at company size, where they do business or even the kind of business they offer, no two NPMA member companies are the same.

And that story becomes even more profound when you start looking at the numbers that really count.

For example, did you know that the largest 93 companies in NPMA grossed more than $5 billion—or 75% of the gross domestic revenue of the industry? And the remaining 5,407 member companies grossed approximately $575 million—combined? Of our 5,500 members in the U.S., 97% generate less than $5M in annual revenues, 87% generate less than a million and 55% generate less than $200,000 in annual revenue.

So, depending on how you measure small, somewhere between 55% and 87% of NPMA members are very small businesses. And these PMPs are out there every day protecting their customers from the dangers and diseases of pests.

Therein lies the challenge for NPMA. While there is no practical way to be all things to all people, our challenge is identifying the needs of each segment and developing member services that meet those varying needs.

While the biggest companies in the industry typically employ their own entomologists, regulatory, IT, HR and safety specialists, smaller companies don’t often have this luxury.

That’s where NPMA comes in.

Over the past few years, NPMA has focused on finding and securing benefits programs that respond to the needs of small businesses. Whether it’s access to unlimited free human resources consulting, free professional pest pictures to use in your marketing efforts, background screening services or gasoline discounts, we’ve worked hard to find programs to save money for our members.

In addition to these money saving programs, however, are the intangible benefits that we offer—including access to two Ph.D. entomologists who are available to answer any technical question you have, or ID any specimen you come across, online training programs to help keep you current with important issues like OSHA standards, and sample contracts so that you can be certain your assets are being protected.

We’re often portrayed as only caring about the “big guys”…but that is simply not the case. We appreciate the trust you give to us every day and we will continue to work hard to keep that trust by providing the programs and services you need to be successful in your business…no matter what your size. <<
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Prepping for Prime Time

HOW TO GEAR UP BEFORE THE BUSY SEASON

BY AMY BELL

As summer approaches, pest control companies across the nation are gearing up for the busiest season of the year. While some companies are plotting out their summer game plan, preparing for growth and training the troops, others are going about their business and hoping everything will fall into place when the busy season hits. If you fall into the second category, you may be cruising for a bruising.

“Taking the time now to prepare for the busy season will put you ahead of the game before phones start ringing off the hook,” says Melissa Krische, Manager of Operational Effectiveness with Batzner Services, a pest control company serving Wisconsin and Illinois. “If pest management companies hit the snooze button on advanced planning and preparation, they may miss a few things that could be critical to operational success.”

Here are a few things you can do to get your company’s operations in order before business booms this summer:

Spring into Action

For the majority of pest control companies, business is slower in the winter and spring months—which makes this the perfect time for planning. “Similar to how baseball teams attend spring training before Opening Day, we have found that the winter and spring months are better utilized preparing our operations to better serve our clients,” Krische emphasizes.

To prepare for the busy season, she says pest control companies should take a look at their progress and identify what could be enhanced. “Look at the prior year with a magnifying glass to identify what went well and what could be modified,” she says.
Before the busy season hits, consider doing the following:

- Pinpoint ways to attract new clients
- Improve administrative processes
- Re-examine your products, vehicles and equipment
- Set sales and production goals for employees
- Train employees on seasonal work procedures
- Identify ways to improve customer service
- Balance the route technician’s value and reshuffle for efficiency
- Review client pricing and scheduling with the office staff

“Now Hiring
As pest control companies prep for the summer season, many are planning for major growth—which means they’ll probably need more manpower. “When it comes to growth, we try to look at it as a three-year trend,” Krische says. “We plan for a certain percentage of growth and we look back to see how closely we came to meeting that growth over the last three years. Of course, we always try to grow at a similar or higher rate each year. And we ask ourselves, ‘Can we even hit this goal this year? If so, how many more people do we need to hire to reach this goal?’”

Once you set realistic growth goals, how do you determine how many new employees you need? “Unfortunately, there’s no simple equation or magic potion,” Krische says. “You just have to look at what the numbers are telling you.”

For example, when you compare your company’s previous year’s sales numbers with your current service capacity (the total available number of stops per employee each month), you’ll start to notice some trends. “First, look at your numbers for the last few years to see where you have grown geographically,” Krische explains. “Break the areas down by city or zip code to see new customer trends.”

Also consider the number of new contracts your company has sold as well as the number of calls received in your office. “Our residential sales team sells contracts over the phone, so we have seen a direct correlation between the increase of sales and number of calls,” Krische adds.

At the beginning of each year, take time to closely examine each technician’s route value and number of stops. “This will help identify if certain route areas need additional staff members based on the value of the route and available time to complete scheduled work,” Krische explains. Then, you’ll need to adjust accordingly to a production average that will allow for potential growth during the busy season.

Overtime can also be an indicator that it’s time to make some adjustments. For example, if you notice a technician in a particular territory is working long hours, it may be time to post the “Now Hiring” sign.

Once you consider all of these trends in coordination with your projected growth, you’ll have a better idea of how many new hires you require. “We look at our sales projections to see if we are able to accommodate the anticipated number of new service appointments,” Krische explains. “If the number of current technicians cannot meet the anticipated growth, we will hire new employees to meet the anticipated sales projections.”

The Early Bird Catches the Worm
When it comes to prepping for the busy season, the key is to hire new technicians before you actually need them. “What we’ve found is when we’re trying to plan for growth, it’s easier to hire the additional employees before we even have the new customers,” Krische says. “There are only so many people out there who are excited about working in pest control. If you hire them now, you may not need them for another two months—but it’s a lot easier to hire them now and find work for them later. So you need to hire them on the front-end to plan for that growth.”

“If the number of current technicians cannot meet the anticipated growth, we will hire new employees to meet the anticipated sales projections.”

—Melissa Krische
To top it off, new technicians will require at least three weeks to a month of training. If you wait to hire additional technicians during the busy season, you’ll be scrambling to serve new customers as your technicians complete their training. Which brings us to our next point…

**Team Training**

With summer just around the corner, now is the time for employees to brush up on their training. “For service technicians, ongoing training is important to be able to develop their critical thinking skills,” Krische explains. “Whether it is new hire training or seasonal training, on the job training as well as classroom will be essential for their success.”

It’s also critical to provide proper training for your service and sales representatives. “They represent your company in the field so it is in each company’s best interest to invest in training,” Krische says. “For our service team, we will train on understanding product labels, service protocols, documentation, safety and customer communication.”

Benjamin Franklin once said, “By failing to prepare you are preparing to fail.” If you want to set your business up for success this summer season, start prepping now.

“By failing to prepare, you are preparing to fail.”

—Benjamin Franklin
Want to boost revenue and improve customer loyalty? Add these innovative new services to your lineup.
Thomas Edison once said, “Opportunity is missed by most people because it is dressed in overalls and looks like work.” This certainly holds true when it comes to the pest control business. While adding new pest management service options might require some blood, sweat and tears, it’s usually well worth the effort.

“Adding new services is critical to the long term success of any pest management company,” says Bobby Jenkins, President of ABC Home & Commercial Services. “We each must stay abreast of industry trends and always be looking for services that our customer will need today and in the future. Trying to figure out how best to package and offer these new services is both a challenge and opportunity.”

If you’re looking to boost revenue, increase customer loyalty and gain an edge on the competition, consider adding some of the following groundbreaking service options.

**Mosquito Control**
As the temperatures rise, families race to their backyards for cookouts, swimming and sports—until swarming mosquitoes ruin their fun in the sun. As families learn more about the nasty diseases mosquitoes carry, many customers are turning to their pest control provider to help manage these outdoor pests. “Over the past five years, many companies have added on Mosquito Management Programs that have been very successful,” says Billy Tesh, owner of Pest Management Systems in Greenville, North Carolina. “This is a reoccurring revenue service.”

ABC Home & Commercial Services has also added mosquito control services. “Our mosquito control services consist of either installing misting systems or fogging properties as part of our overall pest management program,” says Jenkins. “Adding new services like this makes us that more valuable to our existing customer. The more we can do for them, the more valuable we become to them and them to us. We are able to deepen the relationship by adding more value.”

**Wildlife Control**
Out of all the new service options ABC Home & Commercial Services has added over the past few years, Jenkins says their wildlife control services have experienced the most growth by far. “From rodent control to raccoons, opossums and squirrels, urban wildlife has been a tremendous boost to our overall revenues,” he explains. For wildlife control measures, Jenkins says they almost always recommend exclusion as the solution. “We then place the customer on annual renewal or include a guarantee as part of a pest management service after we have sealed up the structure.”

**Closed Crawl Spaces**
According to Tesh, closed crawl space services are also gaining popularity in certain parts of the country. “These services address moisture issues and also lead to better indoor air quality, potential energy savings, and conditions less conducive to pest activity,” Tesh explains. Crawl space services also provide opportunity for yearly renewal revenue.

Tesh says this service has been a very successful add-on for Pest Management Systems. “We started about ten years ago, and it has grown to be a significant part of our business,” he says. “It allows us to provide solutions to issues we run across on a daily basis and better protect our customer’s investment.”

**Bundling**
Just as bundling has skyrocketed in popularity with cable TV and telecom services, this option is also booming in the pest management world. Tesh says Pest Management Systems currently offers a bundling option that includes a Tri-Annual Pest Control Program.

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“Adding new services is critical to the long term success of any pest management company. Trying to figure out how best to package and offer these new services is both a challenge and opportunity.”

—Bobby Jenkins, President
ABC Home & Commercial Services
“This new bundle has been taking off really well and allows the customer to have year round protection against general pests and termites,” he explains. “The customer receives a little bit of a price break for the bundle, great protection and we are able to increase our revenue per stop.”

Soil & Direct Injection for Plant Pests
Michael Andrew, Corporate Quality Assurance Manager with Clark Pest Control, says many pest control professionals are walking right past some great sales opportunities at their accounts. “Plant piercing, sucking pests are some of the plant-invading pests that infest and damage the landscapes at your accounts,” he says. “Our service is dedicated to exceed our clients’ expectations in and around their properties. Therefore, we need to look beyond the structure and investigate the surrounding landscape for other issues customers may be experiencing, such as parking lot trees, shrubs around building exteriors, or trees in the landscape.”

Andrew points out that while many customers think the dripping on their landscape is simply sap, it’s often caused by a secretion of honeydew from pests as they feed on nutrients from plants. “We can systemically inject, direct inject, soil drench, or basal bark treat for these plant issues, and save our customers some cost in cleanup from the sticky honeydew on their property, in halls, on rugs, cars and patio furniture,” he explains. “It will also help the technician avoid some ant issues and call backs arising from the ants going after the honeydew secreted from these plant sucking pests.”

The newest technology in tree care, the direct-injection method involves micro-injecting an infested tree with pesticides or fungicides directly into the vascular system, which controls tree damaging pests. “This system is a sealed system so there is virtually no exposure to the technician, customer, or the public, making this treatment method the most environmentally friendly out in the field,” Andrew adds. “We can treat for oak worms, fire blight, boring insects, piercing-chewing insects, various diseases, Sudden Oak Death and more.”

Opportunity Knocks
By adding these and other unique service options, many pest management companies are reaping the benefits—from higher revenues to more sales to increased customer loyalty.

“Our direct injection services have helped increase our revenue dramatically,” Andrew says. “It also helps with customer retention and new sales. It’s something not many companies are doing and it’s a way to have an edge over the competition at the door while making the sale. It has also helped reduce ant call backs at these accounts making the technician more productive and the customer happier.”

Plus, by offering an array of service options, pest management companies can stay busy throughout the year. “Having multiple service offerings is helpful when it comes to evening out the annual service revenues,” Jenkins points out. “Many of our services are seasonal, and having different services offsetting the down time is great for cash flow and keeping staff busy and productive.”
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INCORPORATING VIDEO INTO YOUR MARKETING STRATEGY

BY MISSY HENRIKSEN
EXECUTIVE DIRECTOR, PPMA

Online video is no longer just a means for people to fulfill their entertainment needs. The medium has evolved into an inimitable source for consumers to gather information about a brand or service in an effort to make a wise purchasing decision. And, many experts are saying that video will become a dominant force in the content marketing sphere over the next few years, as content consumption continues to shift. In fact, the Cisco Visual Networking Index reports that video will account for 79 percent of all consumer Internet traffic in 2018.

Quite frankly, video makes sense for marketers. It is a naturally engaging tool that delivers content in a visually appealing and easily digestible fashion, and is unrivaled when it comes to potential marketing reach. Consider the following statistics:

- More than 6 billion hours of video are watched each month on YouTube—that’s almost an hour for every person on Earth.
- Since June 2014, Facebook has averaged more than 1 billion video views every day.
- More than 100 million people watch Vines across the web each month.

It’s evident that integrating video content into the marketing mix is more important than ever before. If you are not taking advantage of this visual marketing tactic to capture the attention of a target audience, deliver a brand message in an impactful way, and ultimately boost sales, you are missing the boat. The good news is that there is no better time than the present to start using video in your marketing efforts.

Starting from scratch

Despite the fact that video has already proven an effective marketing tool for businesses, both big and small, many marketers are still hesitant to invest in video production. Some think that producing a quality video requires a mountainous budget, while others just aren’t sure where to begin. The truth is that creating a video doesn’t have to be an expensive, daunting task. Production costs have significantly declined, and there are many online tools available to help marketers working with a limited budget. Here are a few things to keep in mind when attempting to create a video from scratch:

Nail down on a specific direction: Approach video with a definitive plan as you would any other marketing campaign. Start by determining the overall direction of the video. For example, do you want to attract new customers by sharing impactful customer testimonials? Is the goal to inform your audience about new services or current promotions? Or, do you want to educate your viewers by sharing valuable information, such as seasonal pest-proofing tips or ways to protect against mosquito bites?

Determine the goals: Once you nail down a specific direction for the video, the next step is deciding how to measure the video’s success. There are many different metrics to consider, such as the number of views, how often the video is shared, and how many leads it generates. Make sure all parties involved are on the same page with the overall goal of the video before the cameras start rolling.
**Keep it short:** People love video, but they tend to become disinterested pretty quickly, which would explain why apps like Twitter’s Vine and Snapchat are widely popular among Millennials. If you are creating an informational video, it is best to keep it under two minutes in length. In fact, studies show that engagement drops off after as little as 30 seconds, especially if the audience is unfamiliar with the brand.

**Include a call-to-action:** Two minutes is undeniably a short amount of time to get multiple points across in a video, so try to stick to one specific call-to-action. After people are done watching the video, do you want them to visit your website for more information or call to schedule an inspection? Make sure the take-away message is clear and concise.

**Now, what?**

Creating a video is only the first step. Next up is finding a permanent home for the video and then promoting it to the masses. Fortunately, a huge amount of money or time is not required to market a video across the web.

**Host the video:** There are a handful of different hosting sites, such as YouTube, Vimeo and Brightcove, that allow users to upload their video, generate an embed code and post it on their own websites. While these platforms are all good options, housing a video in an on-site content management system is the best bet because it gives marketers complete control over the content and ads surrounding the video.

**Post it on YouTube:** If you decide to host a video on your own website, make sure you still post it to a brand channel on YouTube. The platform allows users to customize the title, description and keywords of a video—all of which are crucial to helping people find content.

**Share it with existing contacts:** Taking advantage of existing relationships is one if the easiest way to promote video content, or all content for that matter. Include a link to the new video in your monthly e-newsletter, or send an email blast to a list of current customers.

**Tap relevant social media networks:** Cross-promote the video on your company’s social media networks, including Facebook, Twitter and Instagram. Video, in general, outperforms all other content on these platforms in terms of reach and engagement. If a video is uploaded to Facebook, make sure to insert the video file directly into the post, instead of including a link to watch the video on an external website or YouTube. According to Ad Parlor, videos uploaded directly to Facebook garner 30 percent more views and provide a better viewing experience for the end user. Facebook also allows users to add a call-to-action overlay, inviting viewers to visit an outside website where they can discover additional content, sign up for a newsletter or make a purchase.

**Invest in video advertising:** Paid media is a critical part of effective video content marketing, and a great way to get audiovisual content in front of the right audience. Both Facebook and YouTube offer video advertising options that are worth considering.

- **Facebook advertising:** In recent months, Facebook has seen a shift toward visual content on the platform, especially with video. In fact, the number of video posts per person has increased 94 percent in just one year. The Facebook video advertising platform allows advertisers to target real people based on their interests, behaviors, age, gender and location. The video ads look like regular posts in the newsfeed, so they tend to generate solid engagement results.

- **YouTube advertising:** Each month, more than 1 billion people seek out video content on YouTube. Advertising on this powerful platform can help to drive video shares, new channel subscriptions and create additional opportunities to communicate with consumers. YouTube advertising campaigns are managed from Google AdWords, an easy-to-use platform. Advertisers can choose whether the ads appear before videos play, beside videos playing or in search results. Targeting is similar to Facebook advertising in the sense that advertisers can customize their target audiences by topic, keywords and demographics.

**Video is here to stay**

If you think video is just another trend that will fade out in a few years, think again. Consumers are exhausted by traditional media methods, and video offers a new way for them to gather engaging, educational, informative and impactful content.
BY BENNETT JORDAN, PH.D.

NPMA

Q It’s the middle of winter and all of a sudden I found a cluster of probably 100 of these strange looking insects on the outside of a customer’s house, about 3 feet up from the ground. It had been warmer than usual for a few days, but we have already had hard frosts in my area (VA) in the last few weeks. What are they, where did they come from, and what should I do about them?

A Based on the photo you provided, what you uncovered is a mass of female Fall Cankerworms (Alsophila pometaria), moths in the family Geometridae that are found throughout much of the United States. Although these aren’t structural pests (outside of an occasional invader-like scenario like you’ve described), caterpillars of this species, which are sometimes called inchworms, are significant defoliators of many common trees including ash, elm, boxelders, maple, and more. How can you tell that they’re females? It’s as easy as noticing that they don’t have wings! To the uninitiated, a wingless moth would hard to identify because they are a rarity. However, under magnification you can see that they are covered with scales.

The flightless females of this species crawl up tree trunks (and houses) in the fall and release pheromones to call (winged) males to them to mate. Although I expect that mating occurred in November, the warm stretch may have been enough to reengage in the behaviors that typically precede mating. Since this is an isolated occurrence, I wouldn’t worry about enacting any control strategies other than physical removal. However, you may want to alert your customer to be on the lookout for caterpillars defoliating their prized apple tree in the spring and summer.

Q A prospective new client is reporting that after an air quality sample was taken in their work place it was determined that mouse urine (some parts per billion) was detected, in the air. The explanation was that the mouse urine is left on dust which then can become airborne and then it can cause illness in the work place. I had never heard this explanation before, can this actually happen?

A A research paper from the Journal of Allergy and Clinical Immunology measured the presence of a variety of airborne allergens with a volumetric air sampler in residential settings (houses in Rochester, MN, and tenement housing in Harlem, NY). High levels of proteins specific to mites, cockroaches, and mouse urine were detected in air samples, especially in the tenement housing. For mouse urine proteins to become airborne, they must have dried after deposition and most likely were attached to dust particles, as was speculated. There are serious public health implications of airborne mouse urine and feces (for example, lymphocytic choriomeningitis is acquired via inhalation of fecal fragments) so take extreme precaution and always wear proper PPE when working in environments that you suspect may have rodent or bird waste.

Q I am trying to decide whether or not to accept a job cleaning out a house that is infested with crusted scabies. I don’t have any experience working with crusted scabies, and from the little information I’ve been able to find, they can be a real nightmare. Do you think it’s wise to pursue this opportunity?

A Crusted, or Norwegian, scabies are a very rare and highly transmissible form of scabies. They are typically contracted by people with compromised immune systems, and as such, are usually only found in hospitals and nursing homes. People infected with crusted scabies are highly contagious and can have extremely high number of the scabies mites on their bodies. The term ‘crusted’ is used because the number of mites can be astronomical (hundreds of thousands) and manifest as thick crusts of skin that may flake off. If you suspect crusted scabies, recommend consulting a physician.

Scabies are a public health pest and not the domain of pest management professionals so IPM-based environmental disinfection is the name of the game, not pest management. The CDC recommends using high heat to clean clothes and bedding, and cleaning/vacuuming furniture, carpeting, and flooring regularly to shed skin containing scabies mites. Pesticides are not part of the recommended protocol. If your company has environmental cleaning experience, as well as the right protective wear and equipment, good homeowner cooperation, and take many measures to limit liability, there is a possibility of success. When it comes down to it, only you can decide whether or not your company is up to this truly challenging and unique service request.
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TACKLING THE TECH MAN,

THIS ISN’T YOUR DADDY’S IRS
Ever wonder how the IRS is able to maximize their return on their audit efforts and choose those who may be audited? Well how do you as a small business maximize the fruits of your efforts?

Let’s look at a typical scenario we as business owners contemplate when we roll out a new service.

“I want to offer my clients a new service, what do I do? How do I know it will work? How should I roll it out?” Well as a student of business I was always taught the way to roll out a new revenue stream is to:

1. Identify a market
2. Determine a need that is not being satisfied
3. Create a product or service that will satisfy that need
4. Roll it out to a sample
5. Determine if the return on investment (ROI) requirement was met on the sample roll out
6. If the ROI was met, then move forward and roll it out to the entire market.

OK Dan, very interesting, but what does this have to do with taxes and the IRS?

Have you heard of IRS form 1099 K? On July 30, 2008, President Bush signed into law, the Housing and Economic Recovery Act of 2008. A law that was meant to help ease the housing crisis by having the FHA guarantee certain sub-prime mortgages thereby helping to restore confidence in the system. As with all laws, there are many times irrelevant special interest attachments made. As part of this law, the IRS tax form 1099-K was created to increase compliance in reporting sales run through merchant services and other third parties. In case you haven’t received one, the 1099K reports all payments made to your business by merchant companies. The first year it was required was 2012 for tax year 2011. Basically the form reports how much revenue you did in credit card sales.

It was only a matter of time until the IRS would monetize the use of this form by collecting more taxes. The other day one of my clients received IRS letter 5403 “Income Reporting Verification Notice.” The letter referenced the amount that was reported on Form 1099K. It also referenced his total gross receipts for the year stated on his tax return. It then drew the conclusion that his credit card to total sales was at 57% and that similar businesses (there was no mention of who those similar businesses were) usually had a ratio of 26 to 46% and as a result he may have understated his income. Wow! What a fishing expedition! As I did my research and queried other CPAs and tax attorneys I found out that the IRS had chosen 20,000 small businesses to send this notice to and my marketing
OK, so why is this so important and why do I find it so relevant? Because we as business people are not the only ones using technology to increase efficiency in our businesses. Technology and analytics are in every aspect of our life including your chances of being audited by the IRS.

light went on—Brilliant! (Unless you received one of the notices). Let’s take the six points above:

1. Identify a market—**Small Service Businesses**
2. Determine a need that is not being satisfied—**Potential Under Payment of Taxes and Money due the government**
3. Create a product or service that will satisfy that need—**A Fishing Letter softly telling taxpayer to recheck their work and amend their return if needed. In addition you may be audited if the IRS does not agree with your explanation.**
4. Roll it out to a sample—**20,000 Small Businesses**
5. Determine if the return on investment (ROI) requirement was met on the sample roll out—*While I don’t know what the threshold is, I’m sure someone at the IRS will have that information*
6. If the ROI was met, then move forward and roll it out to the entire market—**Stay tuned this is the new kinder gentler IRS using advanced techniques to catch those taxpayers who under report their income**

OK, so why is this so important and why do I find it so relevant? Because we as business people are not the only ones using technology to increase efficiency in our businesses. Technology and analytics are in every aspect of our life including your chances of being audited by the IRS. The above is a textbook example of what college kids are learning in their business classes about how to roll out a profitable product or service and the IRS is practicing what’s in most business textbooks.

Again, Kudos to the IRS for employing sound business techniques to catch tax cheats. But, unfortunately when it comes to tax inquiries and audits it may appear that we are thought of as guilty until proven innocent instead of the other way around causing us grief while we demonstrate our innocence.

Unless you’re a CPA or tax attorney a letter from the IRS is a very scary experience. Some folks would rather pay and move on than deal with the IRS whether they are guilty or innocent. This is where competent industry specific consulting is paramount. In case you receive one of these notices or any correspondence from the IRS for that matter, you should get in touch with your CPA making sure that he/she has a total understanding of your business as well as our industry.

You see a competent CPA may know the tax laws and rules as they pertain to most general businesses. But does he know that one of the most successful trends in our business that has been developing over the past several years, are prepaid service programs that are paid at the beginning of the year usually by credit cards? Or that many pest and lawn companies are offering their recurring services using plans whereby customers pay monthly, bi-monthly or quarterly by an automatic credit card draft at the beginning of the month? These billing practices improve cash flow, reduce collection problems and, oh yea, drive that credit card sales to total revenue ratio way up.

While answering IRS letter 5403 and explaining the above will not guarantee aversion of a full blown audit, a competent CPA who understands our industry will certainly be in a better position to answer such an inquiry or audit.

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