
NACD “Hot Topic” Roundtable Discussions



**Presented at the 2009 NACD Annual Meeting
Marco Island, Florida**

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Hot Topic Format

- 4 Hot Topics:
 - The Economy
 - Succession in the Business
 - Regulatory/Legislative Issues
 - Green-Sustainability
 - 30 minutes at each table, but feel free to stay for the second 30 minutes
 - 10 minute audience wrap-up/conclusions at the end of the hour
 - Overall Purpose: To analyze, discuss, exchange ideas, and solve problems together with industry colleagues
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Discussion Starters—THE ECONOMY

	Real GDP	Inflation (GDP Deflator)	Average Unemployment Rates	Prime Rate
2006	2.7%	3.3%	4.6%	7.9%
2007	2.1%	2.9%	4.6%	8.1%
2008	0.4%	2.1%	5.8%	5.2%
2009*	-2.5%	1.8%	9.3%	3.3%
2010*	1.7%	1.1%	10.2%	3.3%

*Congressional Budget Office (CBO) estimates

Discussion Starters—NOTEWORTHY ACTUAL BUDGET DEFICITS (since 1969)

Quarter	% of GDP
1983	6.0%
1985	5.1%
1986	5.0%
1984	4.8%
1992	4.7%
1991	4.5%
1976	4.2%
1990	3.9%
1993	3.9%
1982	3.9%

Since 1969, 14 separate years had budget deficits that exceeded the 3.2% of GDP experienced under George Bush in 2008, for which he was so highly criticized.

...We have been here before!! But, unfortunately, we are entering uncharted budget deficit territory (in the trillions)

Discussion Starters—CBO BUDGET DEFICIT PROJECTIONS

... We are in Uncharted Territory

	% of GDP	Dollars
2008 Actual	3.2%	\$459.0 billion
2009	11.2%	\$1.587 trillion
2010	9.6%	\$1.381 trillion
2011	6.1%	\$921 billion

Based on August 25, 2009 Congressional Budget Office Projections (without the cost of national health care)

Discussion Starters—THE ECONOMY

- What is your overall sense for the current direction of the economy?
 - What are your major concerns?
 - What specifically are you doing within your company to plan for the next 6 months, 12 months, five years?
 - What are your feelings about the future outlook for:
 - Inflation/deflation
 - Overall economic growth
 - Budget deficits
 - Taxes
 - Other issues of importance
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Discussion Starters—SUCCESSION IN YOUR BUSINESS

STARTLING STATS:

- 95% of all U.S. corporations are closely-held
 - Only 27% of all businesses have a formal business succession plan
 - 70% of all second generation family businesses fail
 - 88% of all third generation family businesses fail
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Discussion Starters—SUCCESSION IN YOUR BUSINESS

WHY OWNERS DO NOT PROVIDE FOR SUCCESSION

- Procrastination
 - Ego
 - No interests outside the business; loves working
 - Perceived difficulty in finding an able successor
 - Difficulty in dealing with family succession issues
 - Illusion they will live forever and never lose their edge in business
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Discussion Starters—SUCCESSION IN YOUR BUSINESS

BLUEPRINT FOR SUCCESSION PLANNING

1. Convince yourself and be committed to establishing a plan.
 2. Establish the necessary wills, trusts, insurance and other estate planning tools in order to minimize (or eliminate) estate taxes.
 3. Have a professionally prepared objective, business valuation appraisal prepared for your company.
 4. Establish a flexible timetable for exiting the business and the necessary action plan to facilitate your planned exit.
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Discussion Starters—SUCCESSION IN YOUR BUSINESS

- What, if anything, can you do to enhance the value of your business when you are ready to sell?
 - What are some other succession planning options (other than a sale of business) that should be considered?
 - What do you recommend to be the steps to accomplish in planning for succession in your business?
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Discussion Starters—REGULATORY/ LEGISLATIVE ISSUES

- What do you consider to be the most significant regulatory/legislative issues facing the chemical distribution business today, and why?
 - What specifically are you doing within your own company to monitor regulatory/legislative requirements and initiatives, and to engage strategically to ensure business compliance?
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Discussion Starters—REGULATORY/ LEGISLATIVE ISSUES

- What challenges exist for doing business globally, such as in China and/or in emerging markets?
 - What are the primary challenges you face in the regulation of chemicals from the federal, state and global perspective?
 - What, if any, are your concerns pertaining to:
 - Changes to the capital gains rate
 - The proposed repeal of LIFO inventory accounting
 - Health care costs, and governmental intervention
 - Increased taxes, such as the proposed reinstatement of the superfund taxes that expired in 1995
 - Cap and trade
 - Any other important issues
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Discussion Starters—GREEN SUSTAINABILITY

REPRESENTATIVE DEFINITIONS:

- “Meeting the needs of the present without compromising the ability of future generations to meet their own needs.”
 - “Sustainable living provides that we (humanity) synchronize our consumption of natural resources with the earth’s production. In other words, using up natural resources at the same rate at which they are produced.”
 - “Being green means you are making intelligent use of your resources, which includes doing things in a way that uses less energy, consumes less resources, and ultimately **both** saves and makes you more money.”
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Discussion Starters—GREEN SUSTAINABILITY

- The term “green sustainability” means different things to different people. What does this mean to you and your business?
 - What specific “green sustainability” policies has your company implemented? What is planned for the future?
 - What new green sustainability legislation has affected your business, and how?
 - What future legislation that is on the horizon do you foresee and what are you doing to deal with these changes?
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