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Brighter
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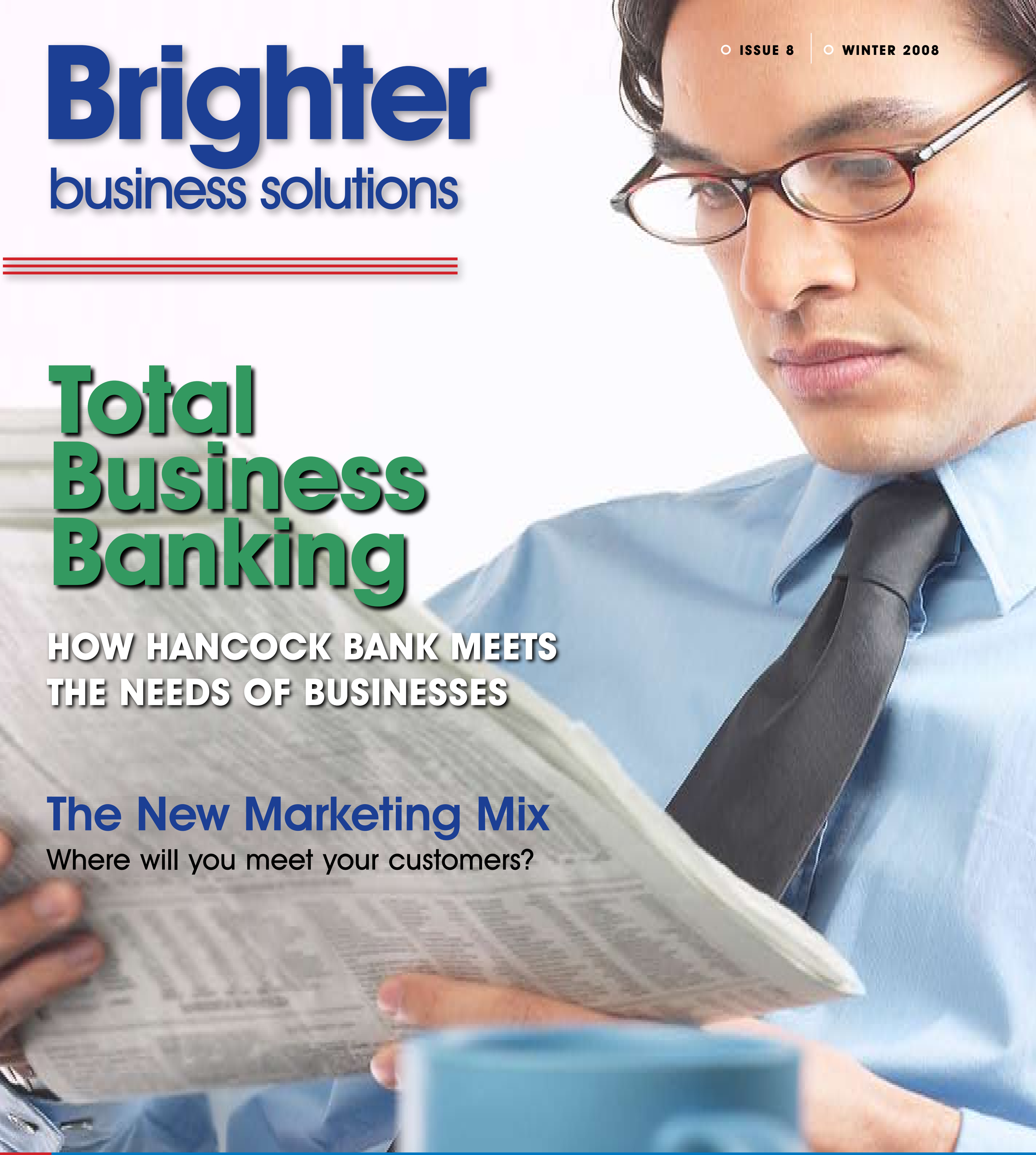

Total Business Banking

HOW HANCOCK BANK MEETS THE NEEDS OF BUSINESSES

The New Marketing Mix

Where will you meet your customers?

ALSO INSIDE:

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Professional Vitamin C

Do you possess the Courage, Confidence, Character and Credentials required to succeed in business? *See page 2*

Hancock Bank.

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Brighter business solutions

Take Your Professional Vitamin C

Do you possess Courage, Confidence, Character and Credentials?

BY JIM BLASINGAME

For centuries, prolonged service at sea resulted in sailors contracting a malady called scurvy. By the mid-18th century, researchers discovered that eating citrus fruit would prevent scurvy. We now know that the active ingredient in this remedy is vitamin C, which is found in the ascorbic acid in these fruits.

One of the maladies often found in small business owners is a condition I call "professional scurvy." This doesn't cause teeth to fall out, but symptoms do include high levels of negative energy, low levels of performance and an easily bruised ego. The result is an unfortunately high business failure rate. The good news is that, like the seagoing kind of scurvy, professional scurvy can also be cured with vitamin C—actually four kinds of "professional vitamin C":

Preventing professional scurvy requires regular doses of professional vitamin C.

1) Vitamin Courage

Challenges ignored turn into ugly problems that can bruise a business. But facing challenges with courage reduces the negative impact and provides a chance to morph them into opportunities. Courage is being brave after you've had time to think about it. Identify challenges early so you can administer a dose of Vitamin Courage.

2) Vitamin Confidence

Didn't Thomas Edison say that failure is successfully identifying what doesn't work? Pure success tends to build ego, which in high concentration can be professionally dangerous. But success allayed with failure actually builds confidence, which is essential for long-term performance. Vitamin Confidence in business is nothing more than faith in your ability to sail around present and future challenges, as well as seize the opportunities that come your way.

3) Vitamin Character

Contracts are the transactional laws of the marketplace. But like the relationship between captain and crew, it's character that counts, not the words or signatures on a piece of paper. Those who demonstrate high levels of Vitamin Character—like doing the right thing even if the contract doesn't require it—have no difficulty finding customers or crew.

4) Vitamin Credentials

Courage without skill is the definition of foolhardy … confidence without resources is what Texans call "all hat and no cattle" … and character without knowledge is a well-intentioned commitment that probably can't be kept. But all the best intentions won't help you succeed if you don't acquire Vitamin Credentials—education, skill, experience and resources—that can back up your business plan and commitment to deliver.

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The New Marketing Mix

Where will you meet your customers?

BY JOHN GRAHAM

It wasn't so long ago that the marketer's quiver held a number of different arrows. The skillful often chose some combination of print and radio advertising, broadcast television and cable spots, Yellow Pages ads, direct mail, billboards, special events, telemarketing and press stories. These were the trusted marketing tools.

That was then, this is now, and everything has changed. Since most of us prefer stability and predictability, we may see what is occurring as something akin to a transition from the old to the new—but this may be little more than wishful thinking.

Although some may disagree, no one has a corner on "right answers" today when it comes to marketing tactics. When someone asks if a particular tactic will produce the desired results, there is only one acceptable answer: It all depends on the product or service, the target demographic, the message and how the target customers want to be approached. Consider these four realities when planning your company's new marketing mix:

1. All marketing tactics are temporary. The time has come to recognize that there are no permanent solutions. One major soft drink company is changing the design of its cans every 12 weeks in an effort to grab attention, while wine bottles are quickly becoming works of art.

The e-mail blast frenzy lasted about a year—as long as it took to ramp up the spam filters. What's next? Will Google's cell phone deliver advertising messages that work with consumers? Should electronic ads be games? The message: Don't expect any single tactic to last forever. Everything is temporary.

2. All marketing is essentially experimental. "We're waiting to see how all this shakes out before we do anything," says a company president. The words are hauntingly reminiscent of those who announced rather proudly that they would wait to buy a computer until PCs were perfected. Today, these same people view their PCs as disposable.

Even though some vendors and agencies like to suggest that they have "the answer," it's clear that all marketing is, to one extent or another, experimental. What works with one group of customers may not work with another. And some things don't work at all.

3. Marketing requires an array of tactics. A major shift in thinking about marketing is needed. Rather than juggling three or four balls at one time, marketers today are juggling up to a dozen balls or more. These may include a blog, a series of eBulletins delivered to particular customer segments, several websites, advertising sequences on Google and Yahoo, personalized direct mail, TV and radio spots, print newsletters, print advertising in selected venues, billboards and a mini-social network.

The marketing concept is finding ways to connect as intimately and meaningfully as possible with individual customers, recognizing that not even three or four vehicles can deliver your message to your entire universe of customers and prospects.

4. Customers are the only experts. Al Wittemen, the managing director for retail strategy for Advantage Retail and a marketer for 35 years, points out that today's customers think less about brands and more about themselves. He uses prepared foods as an example of consumer behavior:

When a customer comes to the supermarket, there is far less interest in picking out a particular brand than there is in picking out dinner for tonight. In other words, "shoppers are not necessarily looking for high drama. More often, they are looking for relevant solutions to their immediate needs," he notes.

Among his observations regarding customer behavior, George Colony, the Forrester Research CEO, says that while 100-question surveys might help measure customer satisfaction, there is only one question that's really necessary: "Would you recommend this product or service to a friend or colleague?" It's time to forget about the hype and listen to your customers—they're the experts.

The marketing mix today isn't just in flux; it's fluid. Clearly, this is not the time to wait on the sidelines until the parade of marketing possibilities goes by. If you do, your competition is likely to march right by with your customers.

No one has a corner on "right answers" today when it comes to marketing tactics.

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BY DON SADLER

How Hancock Bank Meets The Needs of Businesses

The right banking products and services for each stage of development.

As a small business owner, you wear many "hats" during the day. First thing in the morning you are a human resources professional, making sure that employees' needs are met. Later in the day, you are the CFO when you pay your vendors. Operations management comes to the forefront when you come up with a custom solution to solve a problem for your best customer. Your day is not boring!

The variety of tasks you do every day is one of the biggest reasons you are in business for yourself. But amid the flurry of activity, it can be hard to stay focused on maintaining the financial health of your business. Trusted advisers are important to your long-term business success, and your business banker is one of the most important resources you have. (See sidebar on page 5 for more details on professional advisers.)

Once your banker understands your exact financial needs, he or she can recommend a wide range of business banking products and services appropriate to meet them. One factor a banker uses to recommend appropriate products and services is your company's particular stage of development. Following is an overview of the typical stages in a company's life cycle and products and services from Hancock Bank that might be appropriate at each stage.

Startup: Getting Off the Ground

During the startup and early stages of a business' development, the main challenges usually revolve around organization and capitalization. Owners are attempting to identify their core competencies and capital needs to sustain them into the growth stage. Products and services that can help you manage your finances usually include:

Checking accounts—Every new business needs an operating or checking account. Options from Hancock Bank include:

- *Business Resource Checking:* This account is appropriate for businesses that generate a moderate volume of checks or deposits each month. Customized cash management services are available, including linking to a Business Resource Line of Credit for short-term borrowing needs and overdraft protection.

- *Free Business Checking:* This checking account is appropriate for businesses that are just starting and don't yet generate a lot of transactions. There is no monthly service charge or minimum balance requirement.

Savings accounts—When you have excess funds available, you want them working for your business. These products enable companies to invest risk-free with maximum liquidity:

- *Business Relationship Rewards Money Market Account:* This account is ideal for businesses that will maintain a higher balance (at least $10,000) in their short-term account.

- *Business Savings Account:* This is the simplest option for businesses that maintain lower balances on which they'd like to earn interest.

- *Business Certificates of Deposit:* A range of CD maturities and interest payment options is available to meet varying liquidity and cash flow needs.

Merchant card services—Processing credit card transactions is essential for retail, Internet and mail-order businesses. Through our alliance with First Data Merchant Services (FDMS), Hancock Bank is able to offer business customers merchant processing for all major credit and debit cards, gift cards and checks.

Convenience services—These are designed to help save time and make banking easier and more convenient:

- *Business Visa check card:* There's no reason to bother with the hassle of writing checks when you can use the Hancock Bank Business Visa check card. The card is included free of charge with any Hancock Bank Small Business Checking account.

- *HandyNet Online Banking and Internet Bill Pay:* Enjoy the convenience of banking and paying bills over the Internet right from your home or office computer. These services are included free of charge

with any Hancock Bank Small Business Checking account.

Growth: Exciting, But…

When your business begins growing it is very exciting. Your hard work is beginning to pay off, and sales are building quickly. This is a great time to seek financial advice, because if you're not careful, your growth can lead to cash shortfalls and other challenges to your long-term business success. Your banker can help you determine how to manage resources to fund the growth of your business and recommend appropriate products and services that might include:

Treasury management services—These help maximize cash flow, create efficiencies and enhance financial performance:

• *Remote Deposit Capture:* This service enables you to deposit checks into your bank account from the convenience of your place of business, instead of physically driving to the bank to make deposits, using specially designed scanners and software.

• *Hancock Net Solution:* Hancock's Internet-based banking tool for businesses that need more than basic online services offers powerful yet simple solutions for managing your banking relationship.

• *MY PayCard payroll card:* This is a Visa-branded stored-value solution for employers whose employees do not have bank accounts and therefore can't receive direct deposit of payroll or expense reimbursement.

Loans and lines of credit—Hancock Bank will work closely with you to create the right financing structure to facilitate your company's growth:

• *Business Resource Line of Credit:* This is designed especially to meet a small business's short- or immediate-term financing needs. Even if you don't need the money now, it's usually a good idea to establish a line of credit so you have easy access to money if you need it in the future.

• *Business Real Estate & Equipment Term Loans:* Hancock Bank can provide the necessary funding to purchase the building your business is located in or acquire needed equipment to drive your growth.

• *Hancock Bank Productivity Card For Business:* This card delivers solutions to help businesses operate, make purchases and meet financial needs more productively.

Retirement plans—Most businesses have found that in order to be competitive in attracting and retaining top employees, they must offer retirement benefits. Hancock Bank can help you set up a retirement plan that fits your budget and meets the needs of your business and your employees.

Mature and Aging: Slow and Steady

Successful mature and aging companies have likely plateaued from a growth standpoint and are maintaining steady sales and profits. Among the Hancock Bank products and services that can help these companies are Wealth Management and Private Banking, Investment Management and Brokerage, and Estate Planning services.

To learn more about any of these banking products and services, please contact your Hancock Bank representative or visit your nearest Hancock Bank branch office.

The Small Business Triad

Many small business owners rely on what is often referred to as a "professional triad" of business advisers for outside expertise—this consists of their banker along with their attorney and accountant. However, some business owners only think of their business banker when they need to borrow money.

This is a big mistake, because your banker can do so much more to help your business than just lend money. An experienced business banker has worked with many other businesses like yours and can bring invaluable knowledge to the table in many areas of management.

Dead-end Prospects

When to pull the plug ... and how to do it.

BY ART SOBCZAK

Some sales literature and ill-informed sales trainers suggest that you should never, ever ask a question to which your prospect can answer no. However, I believe that in many cases the opposite is most appropriate: Make it easy for some prospects to say no.

Most of us have inanimate leads curdling in our follow-up files, taking up space but doing nothing, just like the useless power cords from old cell phones that are jammed in your junk drawer. But they're harmless right? They're not hurting anything.

Wrong. These prospects waste your valuable time when you call them back and hear the same old excuses about not being quite ready now, call back again next month. The hook is set, you're reeled in again, and the cycle continues.

"Harmless" Prospects?

Think about all the pre-call planning that goes into each attempt to reach a prospect, and the related notes afterward while you bury the prospect back into your files. These "harmless" going-nowhere prospects conceivably could be costing you a few hours each week. How many new calls to good prospects—who can and will buy from you—could you reinvest that time with?

Make it easy for some of your prospects to say no, and then move on to more fertile territory.

My philosophy is that if you're going to ultimately hear a "no," it's better to hear it as early as possible, rather than waste time and money languishing in the uncertainty and agony of not knowing.

Where Do They Stand?

I'm not suggesting that you intentionally make bad sales calls so you'll hear no's (although it seems many of the calls I receive fall into this category). I am saying that after your fact-finding, presentation and request for commitment, you should determine precisely where prospects stand with you.

If they'll never buy from you, that's fine—but try to find this out today. If there is real potential and they're worth waiting for, try to gather some evidence that they're going to do something between now and your next call. Ask questions like:

- *"What is our next step?"*
- *"What's going to happen between now and then?"*
- *"What, specifically, will you be evaluating?"*
- *"When will you discuss this with your partner/boss/manager?"*
- *"If you like what you see, will you make the decision to buy?"*

Ask the Cleansing Question

For those prospects you now have who are in perpetual follow-up mode, I suggest the "Cleaning Question" to either move them forward or rinse them out of your pipeline once and for all. The next time you speak with a prospect you've hit a roadblock with—assuming you have truly done your job by identifying needs, recommending a solution, etc.—ask him or her this:

"Pat, we've been talking quite a bit now over the past, oh, six years and we have agreed that we can cut your material costs, while improving time-to-market. What's stopping us from moving forward by next week?"

With this question, at least you will get something of substance to work with. Maybe the prospect will give you a reason to keep trying to move forward—or maybe you'll decide to dump him and move on.

I know, I know—with the way some companies have set up their compensation plans, it can be difficult to let go of prospects in your pipeline, since if they just happen to call in and place an order, you'll get credit for it. Sadly, though, some sales reps rely totally on this system, hoping prospects will just call on their own to buy.

In the long run, though, this is actually costing these reps, since they still have to speak with the prospects a minimum number of times per year to retain ownership. They could be investing this time more wisely elsewhere.

So, make it easy for some of your prospects to say no. You can ask them why they feel the way they do, and if they're mistaken in their beliefs, perhaps you can provide additional information. Otherwise, move on to more fertile territory.

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Playing By The Rules

How to avoid running afoul of regulators.

BY STEFFEN SMITH

Nonprofit organizations are big business. As a result, they are receiving attention like never before from state and federal regulators. In the wake of some highly publicized abuses, Congress is even getting in on the act and is considering establishing Sarbanes-Oxley-type requirements that could heap additional regulation on nonprofits.

Who's Doing The Regulating?

There's certainly no shortage of folks ensuring that nonprofits mind their Ps and Qs. Individual states and the Internal Revenue Service are the primary regulators of charitable nonprofits.

State: State regulators vary widely in how they operate. Registration and reporting may be handled by the secretary of state, a consumer protection agency or an agency that deals with registration and licensing.

Some states have specialized charities divisions within the offices of the attorneys general. Others fragment responsibilities among a variety of state personnel. Still others have "integrated" state charities offices, where staff in one state office are responsible for all charity-related matters, including registration and reporting, investigation and enforcement, educational programs and oversight of charitable trusts or bequests. Some of these offices also oversee certain structural changes such as mergers, dissolutions or major transfers of assets.

Federal: At the federal level, the IRS Exempt Organization (EO) Division supervises some 1.2 million nonprofits. It focuses on areas such as unrelated business income tax, worker classification issues and unreported profits (e.g., money skimmed from Bingo games). The EO Division also manages applications for tax exemption and the huge Form 990 reporting system, and it handles auditing, investigation and enforcement work.

The IRS maintains a current overview of tax information for charities and other nonprofits at irs.gov/charities.

How Nonprofits Get in Trouble

Regulatory compliance is strenuous for corporations, so it's no wonder that nonprofit organizations, notoriously short on human and financial resources, often fail to comply. Key areas of noncompliance include:

Failure to properly register—Under Section 501(c) of the Internal Revenue Code, there are 27 possible tax-exempt categories, each with its own special rules. In addition, nonprofits typically need to file Articles of Incorporation with their Secretary of State. IRS Publication 557 describes the tax-exempt status process for nonprofit organizations.

Improper lobbying and political activity—501(c)(3) tax-exempt nonprofit organizations are generally permitted to "lobby" to some extent, but are absolutely prohibited from engaging in "political activity." The distinction between these two activities is crucial, but not always easy to make. For guidance, visit the Online Compendium of Federal and State Regulations for U.S. Nonprofit Organizations at muridae.com/nporegulation/lobbying.html.

Fundraising violations—State governments are the most active regulators of fundraising, and the standards are quite different from state to state. In addition, some municipalities require registration to solicit funds in their locale. If you are going to solicit funds, you will likely have to register in each state where you intend to solicit.

The Unified Registration Statement (URS) provides a method for completing charitable solicitations registrations in multiple states. To learn more about how to use this system, visit multistatefiling.org. This website also contains a list of the public disclosure statements that must appear on all solicitation materials.

Internet concerns—The use of the Internet for fundraising incurs additional complexity. The National Association of State Charities Officials (NASCO) website offers the text of the "Charleston Principles," a document developed by NASCO members to provide background and guidance for the policy issues involved in charitable solicitations registration for organizations with an online presence. For more information, go to nasconet.org.

Parting Thoughts

In the nonprofit sector, ultimate accountability rests with the board. To avoid problems with state and federal regulators, establish sound compliance standards and operating procedures—and then make sure your board and staff follow them.

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How Do Regulators Learn of Abuses?

It appears that charity officials learn about nonprofit abuses much the same way we all do. State and federal regulators say that most of their cases start with a report in the media.

Disgruntled employees, disaffected board members or members of the public have all been known to pick up the phone or fire off an e-mail to their local news outlet. Indeed, a hard news story about some nonprofit abuse in the papers or on TV almost forces officials to investigate and become involved.

In addition, regulators review the annual reports filed by nonprofits (rules vary from state to state as to exactly which groups must file). States vary widely in how intensely they review the filed reports, but clearly some review is done and these reports sometimes reveal problems. And in some states, charity officials oversee transactions such as incorporation, mergers, dissolution, transfers of assets and charitable bequests—these reviews occasionally reveal problems.

The AMT Trap

The reach of the Alternative Minimum Tax is growing.

BY BRYAN LONG

It's important to carefully analyze your taxes if you think you may be subject to the AMT.

The alternative minimum tax (AMT) was created in 1969 in response to a Treasury Department report that 155 high-income taxpayers had completely avoided paying income tax through various tax benefits. Unfortunately, these 155 taxpayers ballooned to about 4 million Americans who were faced with paying the AMT in 2006.

Simply put, the AMT identifies taxpayers who take large numbers of tax benefits and requires them to recalculate their taxes under a different set of rules. These taxpayers must review their deductions, income exclusions and tax credits to see which ones are allowed under the AMT. If those tax benefits are not allowed, they must be added back to taxable income to calculate an alternative minimum taxable income (AMTI).

After deducting an AMT exemption amount, individuals subject to the AMT pay 26 percent on the first \$175,000 (\$87,500 for married couples filing separately) of AMTI and 28 percent on income above that level. They must then calculate both the regular and AMT tax liabilities and pay the higher amount.

Late last year, Congress passed legislation that provided a temporary patch to reduce the AMT burden on many middle-income taxpayers by increasing the AMT exemption amount—to \$44,350 for individuals and \$66,250 for married couples in 2007.

A Growing Impact

There are two primary reasons the AMT affects more Americans each year:

1. The AMT exemption amount was never indexed for inflation, like personal tax exemptions and standard deductions are.

2. Ordinary income tax cuts and reductions in tax rates force more taxpayers into paying the AMT, since their tax liability under AMT is higher.

In general, the more deductions you take, the more you increase the possibility that you will be subject to the AMT. Keep in mind these common triggers that may increase your exposure to the AMT:

- Itemized deductions for state and local income taxes and real estate taxes
- Significant itemized medical expenses
- Having three or more dependent children
- Realizing large capital gains in a single year
- Exercising employee incentive stock options

A Balancing Act

Reducing your AMT liability involves striking a balance in the see-saw relationship between deductions and income. Since AMT hits hardest when your deductions are high compared to your income, traditional tax planning gets turned upside down. Rather than deferring income and accelerating deductions, you may be better off taking more income and deferring all or part of your deductions.

To avoid unpleasant AMT surprises, it might be helpful to conduct a detailed analysis of your tax situation before the tax year ends. Your financial adviser and tax professional may be able to suggest strategies to minimize your AMT exposure, such as deferring capital gains or altering the timing for exercising stock options. In addition, you may want to evaluate the effects of accelerating or delaying income to help mitigate the effects of the AMT.

Even if you don't act before the tax year ends, it's important to carefully analyze your taxes if you think you may be subject to the AMT. Each individual's tax and AMT situation is unique, so it's important to work with a knowledgeable tax adviser who will create a number of scenarios and help you structure a plan.

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