

CONNECTING SAN DIEGO BUSINESS

SD•B2B

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MONDAY • MARCH 10, 2014

EXPENSE-OFFSET POLICIES

Coordinated strategy needed to prevent costly chargebacks

Software programs, communication key to avoiding penalties

JOE DYTON

SPECIAL TO U-T SAN DIEGO

No business wants to fulfill an order and then get dinged with a penalty by the customer for not meet-

ing standards. It happens, though. In some industries such penalties, called business-to-business chargebacks or expense-offs, are considered one of the costs of doing business.

It's easy to see why customers create these expense-off policies. Vendor noncompliance can put a wrench in operations and cause added expense

for the customer to cover. So they throw back to cost on the vendor.

Those chargeback costs add up nationwide — to \$11.8 billion annually, according to Chargeback.com, a company that provides chargeback solutions. On average, businesses spend 1.8 hours resolving each individual chargeback.

\$11.8B

Annual total B2B chargebacks nationwide, according to Chargeback.com.

Prevention

Are there ways to avoid these B2B fines? The best way to do business, of course, is to prevent chargebacks in the

first place.

There are many software programs available that validate inbound and outbound transactions and the quality and timeliness of orders, and shipment notifications and invoices to identify issues as they happen.

Software is also available that audits, researches, creates and tracks

deduction items.

There is also software that offers ways to identify, fix, test and roll out changes to address chargebacks.

Time and resources

However, obstacles can still stymie a supplier's efforts to deliver to customer specifications, including not having enough time to

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ENTREPRENEUR ENDEAVORS

Terri Somers

Owners should hit the books to prevent a taxing shock

Entrepreneurs, startups and new small businesses have many things in common. Unfortunately one shared trait is a tendency to make bookkeeping and accounting mistakes that could amount to thousands of dollars in lost deductions or penalties from the IRS and other agencies.

Recently, I consulted with a bookkeeper and learned someone I had planned to use as an independent contractor with my public relations company does not qualify as such. It's a common mistake, I learned, and just one of many made by entrepreneurs and startups.

Determining whether someone is as an independent contractor or an employee has to do with how much control you have over that worker. Do you have the right to say when, where and how the work gets done? Having an independent contractor agreement with the worker is helpful, but isn't binding with government agencies, said Melody S. Thornton, CPA.

The California Employee Development Department, which monitors the contractor vs. employee issue closely, also requires companies to report their use of a contractor within 20 days of paying them over \$600 dollars, said Tracy Kearin, CPA.

This is done by filing a form DE542, which is available on the EDD website, Kearin said. She said she has not seen any enforcement of this reporting requirement. "But they have the right to enforce a penalty, which freaks me out so I like to make sure everyone knows about it."

Burden of proof

Does all this freak you out?

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MARK OPRISKA

U.S.-MEXICO TRADE RELATIONS

ON THE BORDER

Experts say San Diego would benefit from efforts to strengthen cross-border business

CARI BARGAS

SPECIAL TO U-T SAN DIEGO

Trade between the United States and San Diego's neighbor, Mexico, has more than doubled since 2009, due in large part to the North American Free Trade Agreement (NAFTA) and local organizations that promote the practice.

The downside, however, is that a lack of resources may be limiting trade growth between Southern California and Mexico, and jobs have been lost due to NAFTA.

According to the Economic Policy Institute, a nonprofit, non-partisan think tank, 682,900 U.S. jobs have been lost due to NAFTA since it was passed into law in 1993, 82,354 of those in California. Of the national total, 116,400 were likely job losses that took place between 2007 and 2010, when the U.S. labor

"U.S. trade with Mexico sustains six million jobs in the U.S. and much more in Mexico."

Anabel Colunga • The Tijuana Economic Development Corp.

market was severely depressed, according to the institute.

Nevertheless, the positives outweigh the negatives, particularly in Southern California, say experts.

Largest trading partner

U.S. exports to Mexico exceeded \$226 billion last year, representing a 75 percent increase since 2009, said Rick de Lambert of the U.S. Commercial Service. Locally,

Mexico has long been San Diego's largest international trading partner. It accounted for 97 percent of San Diego's exports and 82 percent of its imports, according to the National University System Institute for Policy Research's Economic Ledger published in April 2013.

The San Diego office of U.S. Commercial Service, part of the Department of Commerce's International Trade Administration, is one of many local groups working to draw attention to the issue of cross-border business.

Despite the strength of California-Mexico trade, growth is limited by a lack of resources and infrastructure at the border, said James Clark, executive director of the Smart Border Coalition. The coalition is a group of business leaders from Tijuana and San Diego who

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Q&A

REPUTATION IS EVERYTHING

SD-B2B interacts with Karen Conde, CEO and founder of the Conde Group, a professional staffing firm.



KAREN CONDE
Conde Group

Unemployment rates for white-collar workers during the recent recession jumped from 3 percent to 6 percent over 29 consecutive months, the first time that happened since 1982, according to the U.S. Bureau of Labor Statistics. San Diego's Conde Group Inc., a staffing firm for professionals, was able to turn those numbers into positives by connecting white collar workers with temp jobs.

It wasn't the first time that Karen Conde, CEO and founder of the Conde Group, was able to turn something negative into something positive.

After causing an automobile accident in which a woman's were severely injured, Conde founded the nonprofit organization, Forgotten Victims, which provides support to those who caused automobile accidents (not involving drugs or alcohol) that resulted in catastrophic injuries or death.

Conde earned her bachelor's degree in economics from the University of Arizona. Prior to founding Conde Group, she served as a senior vice president

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PROBLEM SOLVED

Seeking a government contract? Here's free advice



Paul Cevolani

At contract center businesses get help applying to agencies

MARK DEHAVEN

SPECIAL TO U-T SAN DIEGO

Bidding on a government project is competitive, complex and time-consuming.

However, it can be well worth it for small businesses to go after those

contracts. After all, the federal government lets about \$500 billion a year in contracts, and 23 percent of them go to small businesses, according to the Government Services Administration.

In an effort to help small businesses in the San Diego region take a bite out of the contract pie, the San Diego Contracting Opportunities Center, an economic development program of Southwestern

College, provides a variety of training programs.

Free instruction

The center is one of a system of Procurement Technical Assistance Centers administered by the Defense Logistics Agency. Funding comes partly from the city of San Diego Small Business Enhancement Program, other local government agencies, prime contractors and the Department of Defense.

The mission of the center is to provide free instruction to San Diego area small businesses on how to do business with federal, state and local government agencies. The center provides a wide range of services, including one-on-one counseling on how to get government contracts, specialized workshops and training, automated bid matching services for eligible clients and more.

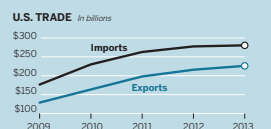
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TRADE WITH MEXICO

SAN DIEGO REGIONAL EXPORTS



Sources: U.S. International Trade Administration; U.S. Census Bureau



Brian Cragin Infographics