

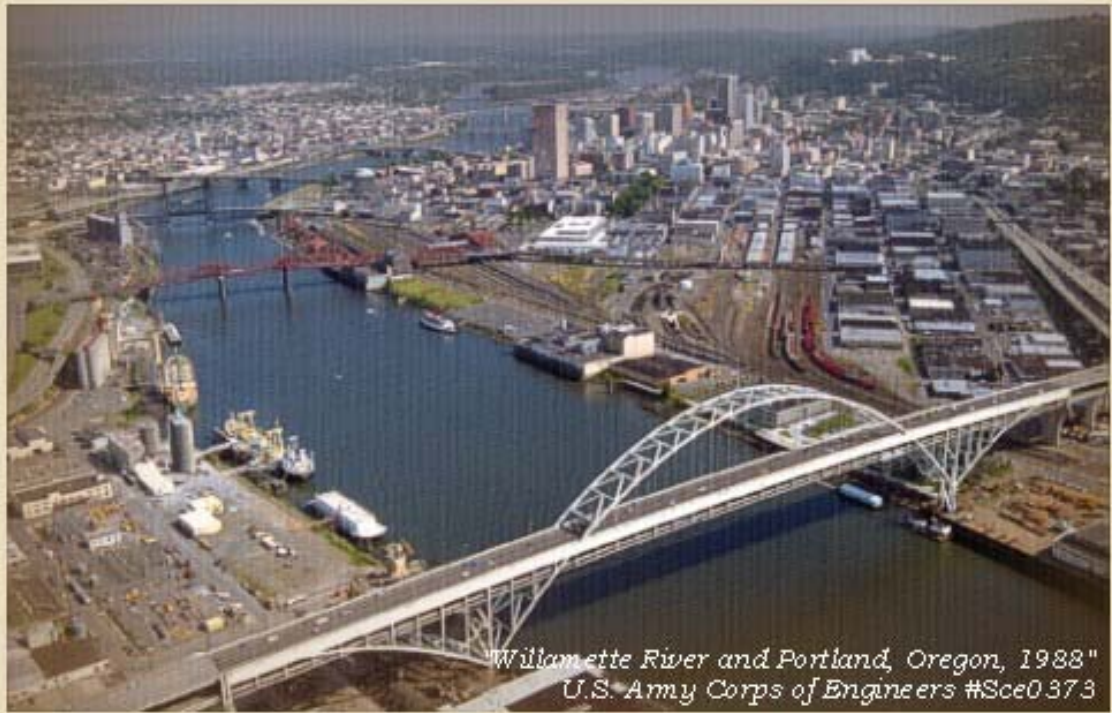
**Volume MMX, Issue 2**

**June 2010**

# THE OREGON INVESTIGATOR

***Inside this issue:***

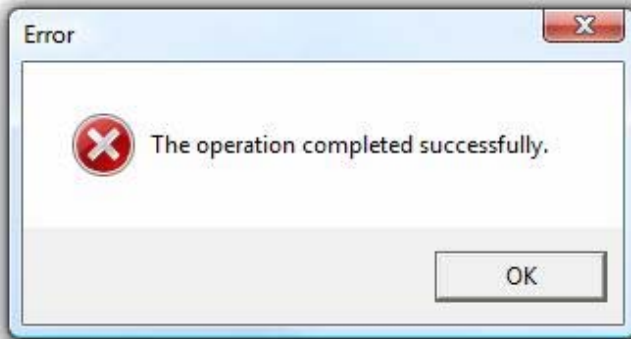
"Investigative Efficiency"	3
"Thinking—I.R.S."	4
"Success for the New Agency"	5



*Willamette River and Portland, Oregon, 1988  
U.S. Army Corps of Engineers #Sce0373*

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## Investigative Efficiency - by John R. Rose

**John R. Rose is Director, Academy of Legal Investigators, Salem, OR, and Author, \$10,000 Per Month As A Private Investigator**

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**The** national economic downturn has affected everyone, and every profession, including the business of investigation. Many are still making more than they can spend, but there are investigators who are a credit to the profession that have not reached that financial status. Hopefully, there are a few tips in this article that will provide some assistance. Okay—after reading this you may want to laugh and tell your friends that John Rose is really cheap! On the other hand, John started in business in 1967, and is still self-employed in the business of investigation.

The first step toward business efficiency is to avoid spending—period! If you make "X" amount each month and spend "XX" - no one should have to explain that you are losing money. When starting out it may be difficult to avoid specific expenses such as telescopes, taxes, computers, etc. However, there are ways to cut down on the cost of operating a business.

First, let us start with the way you pay office expenses: cash, check or credit card. Most everyone does utilize all three(3), and some people have started paying on-line. The credit card has been necessary for several years, but that does not mean you need a dozen cards. You need only one credit card, and pay that card off on the first of each month. If you do not, the interest will become the alligator and eat you up. The only other card that you will need may be a gas card—some oil companies will

give you a big discount if you use their credit card. (Shell gives 6 cents a gallon discount.) There may be other cards such as office supply companies that will give you a large discount if you purchase supplies only from them, and that would be a step in the right direction. In every step of your business you must pay all bills at the end of the month.

Your telephone is absolutely necessary. However, a cell phone may or may not. Oh, but today a cell phone is as necessary as a thumb on each hand?!? Well, could be in some worlds, but I do not own a cell phone, and have never owned a cell phone. Unless my wife dies, I may never own one. So, the cell phone to a business is not like oxygen to the human body. The cell phone is extremely expensive and could be viewed as a luxury. On the other hand, some clients insist that their investigator be close to a phone in the office or in the field. If this is true, the client will not mind paying for that luxury. My clients have always appreciated a live voice when they call and have never questioned the type of phone that we use for communications. We answer live 24-7, and do not own a voice mail. Our clients have never asked if we owned a cell phone. Of course, my wife has been talking with clients for 35 years and does a better job than I would. This way the cell phone does not ring or vibrate when I am in the middle of a million dollar interview or surveillance.

Computer, fax and copy paper should be purchased by the box or in a large enough quantity that you may buy them at a lower price. However, do not buy over a year's supply at a time. You should never have a fax line on your telephone or computer line—you

will lose business. You will have numerous pages come in your fax machine that is of no interest. Do not toss that paper out—there is one good side left! Turn it upside down and replace it into the fax machine and get double use or put it into your printer of your computer and do the same thing. Generally, when you are writing a report you need more than one copy. The copy made on the copier costs less than printing from the computer. Never print extra copies on the computer because the ink cartridge for your printer is much more expensive than that of the copier. Print one copy and then make extra copies with the copy machine.

If you have a copier you know that print cartridges are expensive. Call one of the local copier repair shops. You will find someone that will refill those cartridges for much less than buying a new one. No—all repair places will not be interested in refilling copier cartridges, but some of them will. They may also be able to sell you a new or rebuilt copier cheaper than buying from the office supply house.

Most computer print cartridges can be refilled. Buying the ink and refilling is a big savings. Some office supply stores will not help you, but if you check around there is a way. I discovered this by allowing my fingers walk through a "Quill" catalog. (Office supply mail order.) You may be able to purchase locally cheaper than ordering from Quill or other mail order houses, but the opposite may also be true. You have to shop around.

Do as you have been told all your life—the same switch that burned the lights, heat, AC, etc. on—also turns them off. Keep your money in the bank and your name will remain in the yellow pages.

# Thinking I.R.S. — by John F. Rose

John Rose is Director, Academy of Legal Investigators, Salem, OR, and Author, \$10,000 Per Month As A Private Investigator

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**H**appiness is having a perfect set of records when the IRS calls for an audit. January One of each year is the time to start keeping records. If not, there will come a time when you will want to change the meaning of IRS to "I'm Running South." ..... April comes earlier every year.



Those investigators who have established themselves with accountants, make more money than they can spend, do not want to save money, have no concern about an IRS audit, need not read this note. With a degree in accounting and having successfully survived three IRS audits, no additional costs - no jail time! .... I feel qualified to provide information in this area.

The first tip: Do not file early, like the first week in January. If you happened to forget to cross a "t" — your return will come back. They have too many bureaucrats with nothing to do but go over and over the same report with a fine pointed pencil. February 15 is about the right time to mail your return.

Investigators are somewhat unique in the way we do business. Unless you start the first of the year doing business right ... you could lose money. The rules, regulations and laws that the IRS works with are the same for everyone. These are not difficult to follow but they must be followed. Where many investigators goof is with their expenses. All

expenses must be recorded timely, including out-of-town per diem expenses. These should be documented immediately. If you do not document that expense and get a receipt, it's your loss. Recording expenses, keeping receipts in compliance with the IRS is not difficult, but for some it is a pain in the running gear. The easiest way to accomplish this is by establishing good habits. A small "Record Book" that will fit in a side compartment of a purse or a shirt pocket is the best tool for this task. These little books have a page for every day in the month. And the IRS will accept this as a legal journal. You do not have to spend time later, back at the office, posting another journal. When the expense is incurred, write that expense in the book and attach the receipt to the back cover. (Idiots that cheat on their expenses went out with prohibition — forget it.) When you write a check or use a credit card, you have a permanent record; however, for billing purposes, the "Book" is much better as it is immediately available when billing your client; the "permanent record" will not be available for a few days. A separate expense form for each file is a good idea. Many times the investigator remembers "paying" but without a receipt for written documentation, lack of total recall will eventually cost you money.

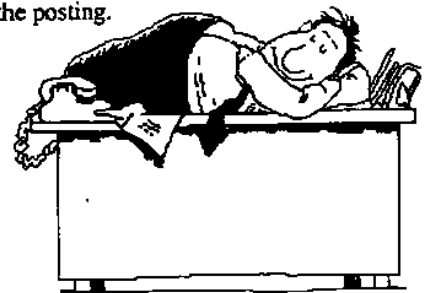
Develop a system that will work for you, cash, credit card or check. All three will work but neither will work 100 percent of the time. A credit card is absolutely necessary, rental companies and advance room registrations are two examples. Your system must be flexible in that regard — but, in all cases, a receipt is available if requested, keep and record daily. Many times items that cannot be written off as a business expense are purchased with the same check or credit card. These items must be kept separate and generally the receipt will be clearly itemized ... when that receipt is not kept ... that is money down the drain!

Once back at the office where does that receipt go? If it is an out-of-town expense directly associated with a billing to your client, that receipt should remain in the back of the book. If no expense book is maintained, all business receipts should have a place: an old shoe box, cigar box, cash box or desk drawer. It doesn't have to be fancy,

the only important thing is to keep all the receipts. These receipts must be documented in a journal, cash journal or check register.

The law requires you to keep a "record." It has been proven, in court, that one of the best records was the page from "grandmaw's" calendar where she recorded all the farm business along with personal information; when she put eggs under the hen, when the cow was bred, when the spuds were planted, etc. That calendar page is a legal record. You can waste your hard-earned cash by buying expensive ledgers and computer software, there are many other ways of keeping records. You may also draw lines on a piece of paper to make your own form for keeping records. The law requires that you maintain a record, it does not say you have to maintain a pretty, neat or fancy record, but it better be true and accurate!

All business expenses will be properly categorized under the correct heading on the IRS form, Schedule 'C' ... the numbers on Schedule C headings tend to change. Of course, computer software will do this for you, but if you are still waiting for Santa to bring you that first computer, here is a posting time saver. Print a list of the headings from Form C and tape it to the spot where you keep the receipts. Immediately before you file the receipt write the correct number on the receipt. Later when posting, you will not spend hours trying to remember what the item was for, what it was and what heading it should be listed under. This habit is especially helpful when someone else does the posting.



*"If you don't find it in the Index, look very carefully through the entire catalog."*

—Sears Catalog, 1897

# Success For The New Agency —

— by John R. Rose

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**R**emember, business is mainly an intangible, and it lives in the habits of all members of those operating or working within that business. The best investigative agency is no better than the weakest investigator on the team. Actually, your agency is not a room full of office equipment or expensive electronic gadgets; it lives in your ability to make professionalism a habit and proclivities of your repeat customers. You and your staff are your business as viewed from the eyes of your clients. Without clients, there will never be a business. Some investigators do not have their ear to the ground in the right spot at the right time or do not hear the real meaning of what they do hear. These same investigators strive hard for their first client and work extremely hard to provide a winning file for that first client, second and the third until their cup runneth over into the cash drawer. Then, they become lax and the business falls off, and their ego is crushed and someone else is making their clients happy. There is only one way to satisfy clients: **"Work Every Assignment As If It Was Your First."** If you work in this manner you will never work your last assignment.

Your clients are always sending you messages ... listen! Whether you ask them or you don't, they are always telling you what they think of the way you conduct your transactions with them. They may or may not write you letters, unsolicited, but when they stop sending you work .... it's too late. The wise investigator listens for what is being said between the lines. Clients tell you things in little stories, jokes, quips and quotes over coffee or lunch. Seldom will anyone come out and tell you that you are not running your business to your best



advantage. If you are lucky enough to look your clients in the eye, eyeball to eyeball, you may be able to get on their "wavelength" when they give you a file. Look and listen and comply with their thoughts and stated opinions. One chance overlooked may be a client lost. What will work for one client may not work with the next. If you have employees and believe they give a damn if you get another job or not, you are living in a dream world. They don't! (Few Exceptions) Employees care about quitting time and payday, and they will accept their check whether they've earned it or not.

The U.S. Small Business Administration has determined that eight out of 10 new businesses, including investigators, go under within the first five years. That is no surprise. It is not for lack of goods or services, it is for lack of courtesy,

concern, and commitment to the client's needs and desires. Let your customers know you care. Make sure your service (investigative agencies are service organizations) is the best and that you are a professional both in business and after office hours. A real professional is a professional 24 hours a day, seven days a week. The three greatest business busters are: stealing (over billing), drugs (alcohol), and sex — though not necessarily in that order. If any business person has a problem with any one of these, then kiss the business good-bye. This is also true with your employees. If you do not operate a tight ship, employees with these problems will, at your expense, eliminate themselves and many times take the owner of the investigative agency down with them.

To start and operate your investigative agency successfully is ridiculously simple. To guarantee that your new agency will be in the 20 percent that survives the first five years is so simple it is embarrassing to print, but here it is.

*Learn what it is your clients want and need, and develop a strong work ethic that will consistently and professionally provide that service better and more efficiently than your competition.*



*"The person who refuses to read is no better off than the person who cannot."*

— Mark Twain



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