

U.S. NATIONAL DEBT AS OF:

April 2019

\$22,027,704,987,724

April 2018

\$21,113,576,555,836

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Mike Edwards

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President's Message: *Role with the Changes*

Recently, I sat with a CEO who was contemplating changes to his finance department as he wasn't getting what was needed to make informed, timely financial decisions. The company was bleeding cash, having lost money the last 4 years. I reviewed the financials with him and talked about the root causes, and what steps were necessary to correct the problems. There were 2 major issues; (1) seemingly low margins (although they were likely calculated wrong), and (2) sloppy overall accounting & processes. I laid out a very clear plan for how we'd address both. I also explained that hiring a lower level person to fix the obvious mistakes wouldn't address the root causes.

And then I didn't hear back from him.

When I followed up a couple weeks later, he told me *"I decided to hire a new bookkeeper, so once she's done 'cleaning up the books', we'll have you guys in, but we're not ready yet"*.

This is like saying, *"My kitchen needs to be renovated, so I hired my nephew to paint it. Once he's done, I'll have a contractor come out to start the demo."*

Hiring a bookkeeper to "fix" QuickBooks is not addressing the underlying problems – and in many cases it's compounding them.

So, I thought it would be useful to clarify accounting Roles, when it's time to *Roll with the Changes* – in your finance department.

What Role Do You Really Need? (see box on P.2)

Shortly after the above experience, I sat with another CEO and felt like she might be heading down the same, quick fix, yet ill-advised path. I then walked through the different accounting roles and explained how they might structure the department differently to get "the right people in the right seats" as Jim Collins advocates in the classic book *Good to Great*. At the end of this discussion the CEO said: *"No one has ever explained it to me like that in 15 years"*.

Many CEOs don't have a clear understanding of the differences between various accounting titles and positions, especially in smaller organizations. And it feels good to quickly address a problem by taking action to hire "someone" to address what ails you. Whether it's a Bookkeeper/Accountant (transactional), Controller (compliance), or CFO (strategic), being clear on what you need – and how much you need – is the first step. In our experience, *most businesses under \$30M in revenue do not need a full-time CFO. Hiring a solid transactional/compliance team and outsourcing the CFO role is often a better use of resources.*

A good CFO knows how to structure the finance department so that transactional people can execute efficiently based on a process. *If bookkeepers knew how*

to structure financial statements & processes, they wouldn't be bookkeepers. It's that simple.

Similarly, if a Controller could do strategic thinking and

make informed business decisions, they wouldn't be a Controller. **These roles are not interchangeable.** Nothing is saved or achieved by putting a low-level person in a slot where skill is needed; it's chasing after the symptom, not the problem. Just like the contractor is going to have to redo the painting your nephew did, the CFO is likely going to redo the "quick fix" the bookkeeper did.

Bookkeepers and Controllers are not CFOs. Getting clear on roles allows you to match the correct resource with the task and maximize your investment in each area. . . and **Keep On Rollin'** towards your business & financial goals.

Todd Rammler

P.S. Check out our free downloadable resource: *Hiring the Right Financial People in a Small-Business:*

www.michigancfo.com/hiring-the-right-financial-people/



*So if you're tired of the same old story
Oh, turn some pages
I'll be here when you are ready
To roll with the changes*

-REO Speedwagon

Roll with the Changes live on YouTube:

<http://ow.ly/JUJf50pwZTE>

Welcome, Patricia O’Kane!



Trish O’Kane
Consulting CFO

Trish is a hands-on, results-driven, financial management professional with 25 years of broad experience in accounting, finance and operations. She has the ability to identify opportunities for growth, cost savings, and implementation of process improvements; is successful at developing and driving strategic decisions to execution and is a proven team leader in performance. Trish understands the needs of small business clients and is a resourceful, enthusiastic problem-solver! Trish has experience with both public and private entities in various industries and provides financial and operational leadership expertise to business owners.

For her clients, Trish strives for maximum cash flow, effective operational and financial practices, reduction of risks and increased profitability. Trish earned a Bachelor’s degree in Accountancy from **Walsh College**, and received her CPA license from the state of Texas.

Fun Facts: Trish is a TWIN(!) and comes from a large family where she is the 8th of 9 children. **She has 24 nieces and nephews**, and loves traveling to Ireland, where she likes to visit *more* relatives. She currently lives in Oxford, MI with her husband and 11 year old son. Trish is a volunteer for **Gleaners**, **Our Lady of the Lakes Catholic School**, Cub Scouts and is a STEM counselor for **Boy Scouts of America**. **Welcome Trish!**

What Role Do You Really Need?

(from P. 1)

- Bookkeeper:** Mostly transactional, generally doesn’t understand what’s actually happening behind the scenes in Debits & Credits and cannot interpret financial statements
- Accountant:** Transactional with basic knowledge of Accounting theory; usually limited ability to interpret the data
- Controller:** Solid accounting knowledge, some analytical ability, primarily focused on historical accuracy and timeliness
- CFO:** Strategic, big-picture, forward-looking view with the ability to get deep in the weeds to uncover problems & limitations, but also “see the forest from the trees”

“It’s better to spend more than you planned, than less than you should.” - Zig Ziglar

Question. . . Shouldn’t YOUR
company be on these lists???

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eMatrix Energy Systems, Inc.—Custom battery technologies
www.ematrixenergy.com

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- 10 Years—** Colony Marine
www.colonymarine.com
- 9 Years—** Giffels— Webster
www.giffelswebster.com
- 7 Years—** Unitex Direct
www.unitexdirect.com
- 4 Years—** Right Brain Networks
www.rightbrainnetworks.com
- 2 Years—** Aluminum Blanking
www.albl.com
- 1 Year—** RHK Technologies
www.rhk-tech.com



Brian's Corner: Case Study– How a Simple Report Changed a Company

I decided to change it up a bit and share a firsthand case study experience on how a simple, one-page report changed the behavior of a company and pulled it through rough times. One of our roles as CFO's is to provide financial insight. You might think, "Well it's just a report", and in a way you're right but a simple report has the ability to change the dynamic of a small business.

Over the years being a CFO I've learned people don't pay attention to reports unless there is something in the report they care about. I started working with a client 10 years ago (who is still a client today) when things weren't going so well. They were just coming out of the "Great Recession," had made some difficult and painful cost cuts, and were attempting to right the ship but they were still not profitable.

For additional context, this is a professional service firm (at the time had eight partners, more now), and each partner was responsible for finding, managing, billing and collecting on their projects. The President was perplexed and asked me for suggestions. We were early in our relationship and had not yet created a budget so I suggested that we give each partner a spreadsheet and ask them to project their billings by month over the next 12 months. They had never done any budgeting or projecting before so there was some reluctance and hesitation from a few partners, but after a while they each submitted their numbers.

I then went about creating a one-page report that simply showed each partner's month-to-date actual billings compared to their projection for the month and also actual to projection year-to-date. This report was published so all partners could see and track their performance. They could also see the other partners' performances on the same report.

By having all the partner performances on one page it was clear who was reaching their goals, and who wasn't and a bit of friendly competition began to develop. It was amazing to watch over the next 10 months as all partners either met or exceed their goals. It's important to understand there were no other operational changes made during this time except for the financial visibility this report created across the organization.

This simple one-page report was important to the readers and it influenced their behavior. It determined how success was going to be measured, and held all parties accountable for that success. With this group there was no public humiliation if projections weren't met. The interpersonal dynamics of the partners held each other accountable and the public accountability raised the bar for their performance.

Today, there are 14 partners in the firm, and every year each partner provides their monthly billing goals that are compared to actuals on one-page monthly report. They have been profitable for the past eight years, since implementing the report, and over the past three years they have achieved record-breaking sales.

Can one simple report change a company? It can, if you include information the reader cares about in the right format. If the reports at your company aren't helping drive success, maybe it's time to make some changes!

Photos from Around Town



Everyone knows CFOs enjoy a nice round of golf, but Top Golf is even more fun! Our team had a spring outing at the new Top Golf in Auburn Hills.



Brian and former Piston, Isiah Thomas, at the D.A.C. "Zeke" spoke about the champagne company he purchased and bringing healthier beverages to the US!



Two "Ike's" in one Newsletter!

If only Ike Turner was still around. . .



Todd and former Police Chief, Ike McKinnon at the **EO Detroit** Chapter



Brian, Todd and Al "Z" on Opening Day! —>



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