

U.S. NATIONAL DEBT AS OF:

July 2019

\$22,025,713,624,721

July 2018

\$21,195,069,635,322

INSIDE THIS ISSUE:

President's Message
Driving Towards Goals

Brian's Corner
*Preparing for an Economic
Slowdown... Are You Ready?*

What's Happening?

Photos from Around Town
Welcome, Mike Edwards!
What Clients Are Saying

Our CFO'S:

Todd Rammler
Brian Bach
Daniel Beardslee
Rick DiBartolomeo
Martin Hilker
Sanford Wexler
Trish O'Kane
Mike Edwards

NEW!

Visit Our Website!

www.michigancfo.com

President's Message: Driving Towards Goals

Editor's note: It's summer, so I thought I'd keep it lite with an article that has nothing to do with finance. Flip to Brian's article on P3 if you're looking for our usual financial nuggets.

One of my personal goals

over the past few years was to get a "fun" car. And by "fun" I really mean "mid-life crisis" car. I've driven a Jeep Grand Cherokee for five years, and while I like it and it's a fine vehicle, it doesn't really check the "fun" box. Furthermore, it's grey. Or as I call it **"Accountant's Grey"**.

The problem is I'm not really a gearhead or a car guy, so nothing was really jumping out at me. And I'm an accountant. . . so flushing money down the toilet on a fun car – even a *used* fun car – kinda goes against how I'm wired. But this goal has been on my list for a while, and I felt like I needed to deal with it or take it off the list (ahhhh rationalization).

So I started a list of cars that I thought might make the "fun" short-list. It was the usual suspects. **Option 1: Corvette** – the stereotypical mid-life crisis car. A friend told me I'd also need a thick gold chain, extra-long chest hair, and a pot belly.

Sounds like a big commitment. **Option 2: Camaro.** I really like the new Camaro body style, but have never driven one. I'd say it was the early frontrunner. **Option 3: Jeep Wrangler** with a soft top. Remove the top, remove the doors. . . that sounds fun, right? But I already have one Jeep. . . do I really want two?

With no clearly compelling answer, the goal sat there, un-checked on my list.

Last fall I was at a conference and a friend of mine – let's call him "Bob" – was blathering on and on about how much he loved his car: a Tesla. Bob is into technology and is one of those early adopter types. So I pretty much dismissed Tesla fan-boy Bob immediately. *Accountants are not early adopters.*

Fast forward to this May, I saw Bob at an event and with my goal still loitering un-checked on my list, I asked him for a test-drive in his newest Tesla, the Model 3.

He was happy to oblige, and as we pulled out of the parking lot he said **"Do me a favor, and push the pedal to the floor."** And so I did.

Holy Crap. It was like being shot out of a cannon.

Zero-60 in 3.2 seconds!

Everything about the car was cool. It was like no other car I've ever been in. It drove itself. It changed lanes by itself. *It has no dashboard.* My mind was blown.

A month later I was on the Tesla website and ordered a Model 3 by clicking a button. It was *scarily* easy. Two weeks later it was ready for pickup in Ohio.

I took my son with me to get it and it looked EXACTLY like the image of what I'd ordered. It was stunning. Super clean, and amazingly beautiful (see pic on P 2).

After a little over a month, I have no buyer's remorse. It makes me smile every time I drive it. It's nothing like a regular car. Definitely not like a grey Jeep. There are two buttons on the steering wheel, two levers on the steering column and a big screen. That's it. It's like driving a spaceship.

Tesla is to cars what the iPhone was to cellular phones: a game changer. Everyone I've taken for a ride in the car is amazed and in awe, just like I was when Bob let me drive his. I let my dad (who just turned 80) drive it and when he hit the "gas" pedal, he dropped an F-Bomb, and said "I never thought an electric car would be. . . like this." Me either.

Now the Tesla won't pull a snowmobile trailer, so I kept the Jeep. But the Jeep is basically sitting on the bench, waiting for winter.

Is Tesla as a company a solid bet? I don't know. But the vehicles they're making are impressive and, to use a trendy word that makes me cringe. . . disruptive.

So I've now crossed "Fun Car" off my goal list.

If you're curious. . . or skeptical. . . message me and I'll take you for a ride. And I won't ask you to pay for gas. ☐

Have a great Summer!

Todd Rammler

Photos from Around Town (and beyond!)



Brian at Yellowstone Canyon, visiting his son in Montana.



Todd attending the Rocket Mortgage Classic at the Detroit Golf Club.



The "Fun Car" Pickup in Cleveland



The Spaceship-like interior of the Model 3!

SAVE THE DATES!

Wednesday Sept 25th,
featuring former Lt. Governor Brian Calley,
now President of SBAM, who will explain the
strengths and weaknesses of Michigan's
business climate.
7:30am at the D.A.C.

November 13th,
"**Preparing for an Economic Slowdown**"
featuring Paul Traub, Senior Business
Economist with the Federal Reserve Bank of
Chicago at the Birmingham Community
House 11:30am—1:00pm.

Space is limited for both events, register
early at www.michiganCFO.com/events or
email Alisha alucido@michiganCFO.com

Welcome, Mike Edwards!

Michael Edwards is a Consulting CFO for **Michigan CFO Associates**. He started his career in public accounting at one of the big four accounting firms working in their small & emerging businesses department. Mike's experience in both operations and financial management gives him a unique perspective in considering the impact of decisions (or indecision) on operating efficiencies along with the financial impact. He received his bachelor's degree in accounting from **Wayne State University**.



Mike is a life-long Metro Detroiter who enjoys spending time with his family. He has three children, two stepchildren, and four grandchildren! When he isn't spending his time with his family, Mike also enjoys golf and music.

"If I had asked
people what they
wanted, they
would've said
Faster Horses."

-Henry Ford

What Clients Are Saying!

Michigan CFO Associates helped me service several mutual clients and I finally decided to hire them as a contract CFO for my firm. They help me and my business **stay on track financially** and follow **sound financial management** practices to keep us growing and profitable. I appreciate their candid guidance and feedback which helps me set goals and milestones to make us a better company. I highly recommend Michigan CFO!

- David Sokol, President, Wilshire Benefits





Brian's Corner: Preparing for an Economic Slow Down... Are You Ready?

People in the business community are beginning to hear rumblings, grumbings and have seen recent media attention given to the impending doom of an economic slowdown. Following the end of the Great Recession in mid-2009, the U.S. economy has enjoyed growth over the past decade making it the second-longest economic expansion in our nation's history. Prior to 2008 expansions and contractions ran in intervals of 5 to 8-year cycles, so if history is any indication of future events there is legitimate cause for concern.

While no one can predict the future, a commonsense approach tells us what goes up must come down. So, here are a few ideas on what business owners can do to mitigate the impact of an economic slowdown when it finally arrives:

Have a Financial Forecast or Budget for 2019 & 2020 and Track to Actuals:

Having a well-thought-out written plan allows for tracking progress and determining if you're on or off course.

Having a clear understanding of direct, selling and administrative costs allows businesses to know what expenses they can cut and where.

Make Operational Changes While Times Are Still Good:

Close or consolidate unprofitable locations or product lines. If they're not performing when times are good, it may be time for a change.

Purchase new or refurbished equipment now so you're set for the next 1 - 3 years.

Do major operational improvements now (systems, equipment, IT) to minimize costs and create flexibility.

Make Financial Changes While Times Are Still Good:

Clean up and get rid of old or obsolete inventory.

Tighten and/or enforce credit policies.

Ask for an increase in available line of credit, even if it is not needed now.

Accelerate paydown or pay off debt if possible.

Build an emergency cash fund.

Establish and monitor KPIs to measure clear targets.

When to Respond to a Changing Economy:

Set trigger levels that start the execution of a contingency plan.

Communicate plans & expectations with staff.

Solicit ideas from staff (cost saving/revenue enhancing).

Convert fixed to variable costs where possible (outsourced vs. in-house).

Tighten customer credit policies and step-up AR collections.



Common Lessons Learned from 2008:

Management waited too long to make changes and ran out of cash. Most companies could not get small enough fast enough.

Companies did not monitor bank covenant ratios, went into default and their bank called their loan.

Companies overextended on warehouse and office space, could not get concessions from their landlord and were forced to close.

Planning for a downturn is like any contingency planning. It takes time, resources and an interest in being prepared. No one likes the thought of having to make significant cuts in staff or costs. However, it's much easier to do over a period of time with a plan versus having to make decisions in crisis mode.

We believe it's very important for businesses to be prepared for an economic slowdown so we are presenting a workshop luncheon on **November 13, 2019** called "Preparing for an Economic Slowdown". We'll be joined by an Economist who will help us better understand the prediction of a downturn and we'll provide solid actions steps that businesses can take to reduce the impact and be prepared when it arrives.

So, mark your calendars for November 13th and . . . stay tuned!

WELCOME New Clients!

GSH Group, Royal Oak, MI

Real Estate Investors www.gshgroup.com

Immanuel Lutheran School and Church

Macomb, MI www.immlutheran.org

Sterling Insurance Group, Sterling Hgts., MI

Insurance Agency www.sterlingagency.com

Wahl Refractory Solutions Fremont, OH

Metal Castings www.wahlref.com

HAPPY ANNIVERSARY!

1 Year— H&H Tool

www.hhtool.com

Huron Tool & Engineering

www.huron-tool.com

2 Years— KVI

www.kv-inc.com

3 Years— Concise Computer Consulting

www.concise.com

12 Years— Regina Andrew Design

www.reginaandrew.com

Schena Roofing & Sheet Metal

www.schenaroofting.com

50th Year in
Business—
Congrats!!!





MICHIGAN CFO ASSOCIATES

The CFOs for Small-Business

43230 Garfield Road, Suite 130
Clinton Township, MI 48038
586.580.3285

For additional updates follow us on

 <https://www.linkedin.com/company/michigan-cfo-associates>

 <https://twitter.com/MichiganCFO>

www.michiganCFO.com
info@michigancfo.com

MICHIGAN CFO ASSOCIATES

NEWSLETTER

The CFOs for Small-Business

Outsourced CFO & Controller Services Including:

- ✔ *TRENDSPOTTER™ Financial Statement Analysis*
- ✔ *Cost & Profit Margin Analysis*
- ✔ *Bank Financing Packages & Negotiations*
- ✔ *Financial Projections*
- ✔ *Cash Planning & Management*