

NEWSLETTER

The CFOs for Small-Business

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U.S. NATIONAL DEBT AS OF: January 2019

\$21,974,095,705,790 > Let's call it \$22 Trillion. . .

January 2018

\$20,492,746,546,193

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Our CFO'S:

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"Until the pain of

same is greater than

the pain of change,

nothing will happen."

- Someone

Just after the holidays I was visiting with a client, and before our meeting began, I asked him: "What did Santa bring you for Christmas?" And he replied "About 5 extra pounds". I laughed and admitted that I got a similar "gift", but unfortunately, Santa was a little more generous with me.

I monitor my weight regularly throughout the year and have a goal range I generally stay within. But once the calendar flips to Thanksgiving, I mostly throw in the towel as it's difficult to maintain consistent exercise and eating until the "party" is over. But come January 2nd, I'm diligent about getting back to my goal range quickly. And fortunately, I have a proven plan that I discovered about four years ago that works for me.

For a long time I was frustrated with being slightly heavier than I wanted to be, so I tried a bunch of things people try when attempting to lose weight. And none of it worked. Cardio, weights, P90x, eat this/don't eat that. But it was not a cohesive plan, it was random acts of weight loss

- like throwing spagnetti against the wall to see what might stick. Nothing stuck, and when you work at something and don't get results it's easy to give up. Which I did.

But four years ago I reached that critical point of being "sick & tired of being sick & tired", and was determined to get it under control. So I did some research and discussed it with a few close friends. And then the "a-ha!" occurred. I was shown how to easily track calories in vs. calories out on the Fitbit that had been on my wrist for two years, serving little or no purpose other than as a decorative reminder that I'd made no progress. Once I learned about targeting and tracking a specific calorie deficit*, I had a clear goal, a plan that made sense, and I executed. I kept a chart near the scale to monitor progress (still do, actually). And I had a specific date when the goal should be reached.

It worked! And it's still working. It's like cracking the code to weight loss. Or unlocking one of the mysteries of the universe. It's a simple formula that gets the results I want. . . if executed diligently. It's a switch I can flip at any time.

Similarly, in business we need a clear plan of how we get the results we want. But the first step is clarity on what we actually want. Many can't really articulate this. "I want to lose weight" is different than "I want to lose 15 pounds by March 31st". "I want to grow sales" or "I want to be more profitable" are equally vague. What exactly do you want? And what's the formula to get it? Is it more leads? Better margins? An investment in automation? If you don't know,

who can show you? Like my friend showed me

the calorie deficit tracker. . . which was literally right there on my wrist (and not being used!).

> Once you have a clear goal, and a specific plan, the final ingredient is commitment to execution. Without committed execution, it's a waste of time. Does it always work perfectly? Of

course not. There are setbacks. One day you think olive oil is healthy and will help with your weight loss plan; the next day you learn that 1 little tablespoon has 120 calories! (I just learned that. . . sigh). But in the end, you're far more likely to achieve your goals with clarity and commitment.

What's on your 2019 Christmas list? If you don't have a clear, committed written financial plan for your business, now's the time to make it **happen**. And if you need some help – reach out to us. It's what we do.

And if you need help with your taxes. . . well, we still don't do that. :)

Happy 2019!

Jodd Rank

WELCOME, New Clients!

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Test Products Inc. – Custom electrical test equipment for automotive manufacturers
Sterling Heights, MI – <u>www.testprod.com</u>

HAPPY ANNIVERSARY!

6 Years– DF Benefits DBA Stearns HR www.stearnshr.com

3 Years- HRPro/ BenePro www.hrbenepro.com/

1 Year — Detroit Training Center

www.detroittraining.com

Hydraulic Parts Source

www.hydparts.com

Now Available Online... The Cash Flow Factory Health and Growth Webinar Series

In the Fall we presented a three part workshop series, these workshops were designed to provide specific techniques for tangible business improvement. We received an overwhelming response for these workshops, two of the three workshops were **COMPLETELY BOOKED!** After receiving such positive feedback we decided to record the series and make them available on our website! The best part is each webinar is only about 50 minutes so you can watch them at your convenience.

1. Creating the Cash Flow Factory

This webinar demonstrates how small changes in a few key areas can have a significant impact on generating more cash in your organization. We use a case study to show step-by-step practical ways to improve internal cash flow, and reduce over-reliance on bank financing.

2. 10 Keys to a Healthy Business

In business, as with everything in life, there is a balance, and the balance we're talking about here is between "sales Growth" and "Healthy Sales Growth." Would you like to grow a "healthy" business? Would you like to understand key areas to help manage and balance "growth" AND "health"? Here are 10 key areas designed to show how to balance health & growth, reduce risk and create a long-term sustainable business.

3. Four Key Systems Every Business Needs

System #1: All businesses have it, but owners rank it the <u>least valuable</u>
System #2: Ranked #1 in importance, yet <u>barely 1/3 of business owners USE it</u>
System #3: <u>THE KEY</u> to effective planning & driving tomorrow's success
System #4: It will minimize surprises and give you a sense of control

To view on demand visit:

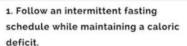
www.MichiganCFO.com/CashFlowFactoryWebinarSeries/

*Chart from Page 1

"Do what you said you would do, when you said you would do it, the way you said you would do it."

- Larry Winget





- Follow a vegetarian diet while maintaining a caloric deficit.
- Follow a mediterranean diet while maintaining a caloric deficit.
- Drink protein shakes while maintaining a calorie deficit.
- Follow a ketogenic diet while maintaining a calorie deficit.
- 6. Eat pizza all day while maintaining a caloric deficit.
- Exercise while maintaining a caloric deficit.



- Follow an intermittent fasting
 schedule while NOT maintaining a caloric
 deficit.
- 2. Follow a vegetarian diet while NOT maintaining a caloric deficit.
- 3. Follow a mediterranean diet while NOT maintaining a caloric deficit.
- Drink protein shakes while NOT maintaining a calorie deficit.
- Follow a ketogenic diet while NOT maintaining a calorie deficit.
- Eat pizza all day while NOT maintaining a caloric deficit.
- Exercise while NOT maintaining a caloric deficit.

FITNESSRELOADED.COM

BOTTOM LINE: WEIGHT LOSS IS A CALORIES IN - CALORIES OUT GAME. IT'S NOT THE REMOVAL OR ADDITION OF INDIVIDUAL FOODS OR NUTRIENTS THAT CAUSES WEIGHT LOSS.



Prian's Corner: Does Your Business Have Financial Clarity?

CFO's like the word "clarity" because by definition it's "the quality of being coherent and intelligible." Every business owner strives for clarity, especially when it comes to understanding the financial performance of their business.

Unfortunately, what we see and hear is business owners don't have financial clarity. We find they have lots of guestions such as: How do I sort out what's important? What do I measure? What do I measure to? These are good questions so let's see if we can help create some "financial clarity".

What's Important?

The two most important financial elements of a business are profitability and cash flow. These two items can be tricky because you can be profitable and have weak or negative cash flow, or have positive cash flow for a period of time and not show profitability. This may sound like double talk but it's critical that a business is profitable and has positive cash flow to have continued success. While both are important long term, in most cases, a business must first be profitable to have a chance at creating a positive cash flow. You can get by for a while on loans and infused capital but long-term payback can only come when revenue exceeds costs.

What to Measure?

It's important to start with accurate, timely and properly formatted internal financial reports. Profitability is determined through your Income Statement. However, if the accounting is not "accurate," where revenues and/or costs are not consistently recorded to the correct accounts or costs are not matched to the correct months, the information is not useful. Also, if the reports are three months old, they are not "timely" and will not be helpful in making current decisions. Properly formatted statements breakout contributions by product lines or type of services and measure gross margins in each category instead of lumping all the gross margins together. Having fixed costs properly identified allows one to determine breakeven levels of revenues needed to cover overhead costs. Cashflows are measured through a "Statement of Cash Flows" report that captures changes in accounts receivable, inventory and financing activities.

What to Compare To?

This is where creating a written plan is crucial. Making it work on paper first builds confidence a plan is achievable. Pull out top line assumptions and drill down to what activity levels are needed to support the results. How many units, how many hours, or how many leads do we need to reach our goals? Determine production and labor costs and account for uncertainty to the projections. Properly plan cash flow and financing needs for additional equipment and staff. Also, plan for increased Accounts Receivable and Inventory cash needed to support growing operations. When there is a well-thought-out written monthly plan it's easy to compare actual to budget and quickly determine if you're going in the right direction. With a good plan it is easy to determine success.

When you know what's important to look at, what to measure and how to determine success, financial clarity become laser focused. The next step is building internal reporting and dashboards to track progress and provide monthly financial viability.

Having financial clarity does not happen by chance, it's an intentional process of developing a written plan based on where you want to go and how to get there. Once you have the plan, putting the right structure in place to support the plan is the key to creating financial clarity.

- Brian Bach



Rick DiBartolomeo clowning around at the Detroit Thanksgiving parade!



Al Zabkowski, making his newsletter debut!

Photos from Around Town (and the World!)



The Michigan CFO team at Cooper's Hawk Winery for our annual Christmas luncheon



Dan Beardslee with his family in Japan! His daughter, Laura, teaches Englishthis is her classroom on Halloween!



Todd's birthday celebration-50 is the new 40!



Scott Clein and Brian at our VIP Networking mixer



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