

# MICHIGAN CFO ASSOCIATES

The CFOs for Small-Business

# NEWSLETTER

VOLUME 14 | ISSUE 01 | Winter 2020

## U.S. NATIONAL DEBT AS OF:

### January 2020

\$23,201,380,134,806

### January 2019

\$21,974,095,705,790

### January 2015

\$18,141,444,135,563

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## Our CFO'S:

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Updated!

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[www.michigancfo.com](http://www.michigancfo.com)



## President's Message: Hope for the Best, Prepare for the Worst... and Make Economist Jokes Along The Way

As we begin 2020, the economy is top of mind for a lot of people – and there's some confusing signals out there. Most prognostication suggests *it has to get worse at some point*, yet the stock market is at record highs, unemployment is at the lowest level in years, and consumer spending – one of the most important barometers – is very healthy. On the other hand, it's an election year, and **Impeachment Fever** is running rampant – at least in one segment of the population. Interestingly, it may prove to be a case study on how focusing on someone else vs. going about YOUR business is an ill-advised strategy. . . time will tell.

With a lot of negative sentiment about economic outlook, we put together an event in November called **"Preparing for an Economic Slowdown"** with Hitachi Finance, and Paul Traub, an economist with the **Federal Reserve Bank**. Paul did a great job of mixing economic data and his take on the issues for a packed room at the Community House in Birmingham (see pics on p. 2). As an accountant by trade, I feel the need to poke fun at professions that are in fact\* **nerdier** than accountants – like Engineers, and Economists (it's a short list). And with that, I'll pepper the remainder of this article --and heck, the rest of the newsletter -- with Economist jokes... because Paul isn't looking. :)

An Economist's left leg is on fire, and his right leg is frozen. He says, "On average, I'm perfectly fine."

Having heard a few economists talk about the near term, my take is that 2020 may be a little bumpy at first, but will be a strong year overall. Note that this opinion is free, so you likely got your money's worth.

In the 2<sup>nd</sup> half of 2019 we talked to a number of business owners who were feeling differing degrees of economic "pinch", and generally we come back to one idea: **Contingency Planning**.

Cases in point: we have a client in a very cyclical industry – feast or famine you might say. They are approaching famine, and we've asked them to make some decisions/commitments on the

contingency plan (e.g., What changes will be made in priority order, what impact will they have, and what are the triggers for action?).

This was resisted for six months with "it's in my head" or "we kind of know it" until we insisted on a written list. Clearly it was painful to go through this process – as one would expect. But it is absolutely necessary, and now it's done! Monitoring is easier than deciding. And deciding is easier when you're not in the eye of the storm.

Another client in a cyclical business learned from the past downturn and not only made the list, but executed quickly. I'm happy to say they're already turning the ship around.

Maybe you've done well in the past few years and have a substantial cash reserve – a terrific position to be in. But **don't be lulled to sleep**, if you're showing losses and chewing through those reserves as if it's not real money. Timely, decisive action is still required. And the best way to accomplish this is having a clear contingency plan.

**In an economic downturn, the biggest mistake is waiting too long to adjust.** So make the plan NOW, and then you're prepared and don't have to make difficult, and typically emotional decisions under pressure.

Hopefully you won't need those plans. But if you do, you're prepared.

Q: How does an Economist open a can of beans?

A: "Assume you have a can opener..."

## Free Resources:

Free **Contingency Planning Worksheet** available under 'Tools' at:

[www.michigancfo.com/free-reports-whitepapers/](http://www.michigancfo.com/free-reports-whitepapers/)

Link to article: The time to be profitable is ALWAYS. [www.michigancfo.com/2020/01/the-best-time-to-make-a-profit-is-always/](http://www.michigancfo.com/2020/01/the-best-time-to-make-a-profit-is-always/)

**Here's to a great 2020!**

*Todd Rammler*

\*Not an actual fact

## Save the Date!

### Dinner Presentation:

**Fraud & Embezzlement in Small – Business:** *How It Happens, Why It Happens, and What You Can Do About It*

In this presentation we'll uncover conditions that allow fraud to occur, the mindset of a person who commits fraud, actual local examples of frauds, the impact to business owners, and **practical steps for identifying and correcting weak points in your organization.**

Who: **Small-Business Owners**

Date: **February 24th, 2020**

Time: **6PM– 8PM**

Place: **Loccino Italian Grill & Bar**  
**5600 Crooks Rd. #106**  
**Troy, MI 48098**

Cost: **\$30**

Click [Here](http://www.michigancco.com/events) to register online or visit [www.michigancco.com/events](http://www.michigancco.com/events)

**Hurry, space is limited to 20 participants!**



Senior Economist, Paul Traub presenting to a room full of Michigan's small-business owners

## Photos from Around Town



Brian with Doug Rothwell at the 2019 CEO Summit in Detroit



Hey, Hey Hockeytown! Todd, with daughter Rachel and Darren McCarty at a private showing of The Russian Five!

*If you laid all the economists in the world end to end, they still wouldn't reach a conclusion.*



Rick DiBartolomeo and wife, Sue at the Judson Gala where Rick was honored as a past President!



MICFO Staff atop the Detroit Athletic Club for a team outing filled of wine tasting and dinner!

## Photos from "Preparing for an Economic Slowdown"



A jam-packed room to hear Paul's take on where the economy might be headed

*I'd tell you an economist joke but there's not enough demand!*



Bill Green, Mike Semanco, Todd Rammler, Paul Traub, and Brian Bach at the Community House in Birmingham





## Brian's Corner: Setting a Goal for Learning in 2020

It's the beginning of a New Year and as most of us do, we start the year by creating a list of goals we're hoping to accomplish in 2020. You know the usual list, at the top is lose weight, eat better, exercise three days a week, spend more time with family yada yada yada...

As a business owner, I'm taking a different approach this year and setting a goal for learning in 2020. Why am I focusing on learning? Because learning opens the possibility to think differently and to change. And when you learn to change your mind, you change your world. *'What you think, you become. What you feel, you attract. What you imagine, you create.'* –Buddha."

Here are the things I want to learn in 2020:

### **Learn to Take Action:**

Nothing happens until something happens. If I want to improve the culture of my business I will learn to be the example of that culture. If my sales trends are flat or declining, I will do the research to understand why, and create a plan. If I want to grow my business, I will learn to create a written plan, a roadmap to how this will happen. *'Knowing is not enough; We must apply. Willing is not enough; We must do.'* –Bruce Lee."

### **Learn to Adapt to Change:**

Nothing changes until something changes. If competitors are offering payments online it's important to stay current. If I'm still using QuickBooks to run a \$10m company, maybe this is the year to invest in a new ERP system. If my website hasn't been updated in years maybe it's time to revamp it so it stays fresh and relevant. *"Intelligence is the ability to adapt to change."* –Stephen Hawking."

### **Learn to Learn:**

Nothing is learned unless you put in the time to learn. We grow from the books we read and the people we meet. If you're content with the way things are it closes off the possibility for new ideas. Reading or listening to a podcast changes your understanding of the world by getting you to think in a new way. I recently listened to a Ted talk on facing a stressful experience, such as giving a talk. The techniques were simple and effective, and now I use them all the time. *"Being ignorant is not so much a shame, as being unwilling to learn."* –Benjamin Franklin."

Yes, I'm setting a goal for learning in 2020. Learning to take action, make a plan and not be complacent. Learning to adapt, be flexible and embrace change. And lastly, setting aside time to learn, to open my world to new possibilities. *"Man's mind, once stretched by a new idea, never regains its original dimensions."* –Oliver Wendell Holmes."

**Wishing everyone the best in the New Year!**

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*Economists have predicted 9 of the last 5 recessions.*

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### **WELCOME New Clients!**

**HM White** – Industrial & Automotive Paint  
Finishing and Metal Fabrication. Detroit, MI  
[www.hmwhite.com](http://www.hmwhite.com)

**Life for Relief & Development** – Global  
Humanitarian Relief. Southfield, MI  
[www.lifeusa.org](http://www.lifeusa.org)

**TK Mold** – Plastic Mold Injection Manufacturer.  
Romeo, MI  
[www.tkmoldeng.com](http://www.tkmoldeng.com)

### **HAPPY ANNIVERSARY!**

**8 Years** – Stearns HR – HR Compliance Consulting  
[www.stearnsr.com](http://www.stearnsr.com)

**5 Years** – HrPro/BenePro – Employee Benefit Brokerage  
[www.hrbenepro.com](http://www.hrbenepro.com)

**2 Years** – Detroit Training Center – Workforce  
Development  
[www.detroittraining.com](http://www.detroittraining.com)

**Hydraulic Parts Source** – Remanufactured  
Hydraulic Pumps, Motors & Valves  
[www.hydparts.com](http://www.hydparts.com)

**1 Year** – eMatrix – Portable and Stationary Battery  
Manufacturer  
[www.ematrixenergy.com](http://www.ematrixenergy.com)



# MICHIGAN CFO ASSOCIATES

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## Outsourced CFO & Controller Services Including:

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

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