

President's Message

iPhone 6, Pets, and other Financial Commitments



Todd Rammler

I've been waiting for the new iPhone to be released for a while now. My phone – the 4s – is on its last leg, and rather than buy the iPhone 5, I wanted to hold out until the bigger screened iPhone 6 came out. Even with glasses on, my eyes are failing me and an increasing rate and it's probably time for another eye exam (oyi). I fear that bifocals are not far away.

With my phone failing, I decided to join the impatient masses who immediately pre-order the new iPhone. So I went online to place my order, prepared to spend \$299 for the model with more hard drive space, and was all ready to go with credit card in hand. (Note – that credit card gets paid off every month in full—says the CFO).

But then I hit an unforeseen snag.

It seems that the wireless carrier I use has upped the shell game of buying a phone. It used to be that if you signed a 2 year contract, you could buy the phone at a discount.

But the game has changed. Now there are essentially 3 ways to buy your new phone: (1) sign a 2 year contract and get a discount; (2) pay full retail and get a different discount on your service plan; or (3) **FINANCE** your phone at the full retail price. *Finance a cell phone.* Now granted, the interest rate is 0%, but the difference in price is 150%!

Being the no B.S. guy that I am, I selected the 2 year contract which brought the price of the phone to \$299 as expected. I proceed through the checkout and a warning message comes up that says I currently receive a \$25/ month discount on my service plan that will be lost if I *don't FINANCE the phone (or pay the full retail price)*. So with the loss of the service plan discount, I will be paying full retail price for the phone no matter which option I select.

I decided to call the customer service line and ask about this. You can imagine how that conversation went. Me: "I don't want to finance a stupid phone". Him: "I'm sorry sir, but those are the only options we have". Me: "Can you hear my skull banging against the wall?"

So I closed the computer, put the credit card away and went for a walk to clear my head. Sometimes when I walk I listen to music, other times I listen to personal finance guru Dave Ramsey as he has good advice and is entertaining as well. On this particular day, I tuned in to Dave Ramsey, as I was miffed about the whole "finance a cell phone" situation.

Dave takes a call from some poor woman who was driving her car, hit and killed a dog that ran out into the street. The dog did some damage to the woman's car, and she wanted some advice on how to get the damage paid for. But she couldn't get any money from the dog's owners because they had no money for the car repair. They explained to her that they hadn't even "paid off" the dog yet. Yes, that's right, they financed the family dog! **They financed the DOG.** I can hear the ads for this now: "\$99 down, \$99 a month – this weekend ONLY!"

Not only did they finance the dog, let it run out in the street and get killed, but the now deceased "collateral" also did \$800 worth of damage to the car that brought it to its ultimate demise.

It makes financing a cell phone look savvy by comparison.

As we roll into budget season, it's important to incorporate major purchases into your budget and determine how those major purchases will be paid for. Some things do need to be financed in a smart way. Other things should be saved for. Building a cash reserve should become part of your budget even though it's not an "expense" on the P&L. So can other planned purchases. Decide on an amount per week or month and move that cash into a separate account. Then go buy it when the cash is available.

Like many things in life, good financial decisions involve a little bit of up front planning, and the discipline to stick to the plan. Whether its buying a new building, a piece of manufacturing equipment, a cell phone, or a dog, thinking through the best way to make the purchase in a financially prudent way will keep more money in your pocket and ensure that you are not humiliated on a nationally syndicated radio show.

Besides, you wouldn't want to have Fido repo'd, would you?

Best Regards,

Todd Rammler, CMA, MSA, President

U.S. NATIONAL DEBT AS OF:

September, 2014
17,754,908,290,277

September, 2013
16,738,183,526,697

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What's Happening

Michigan CFO Associates is "Best in Business"

Michigan CFO Associates was spotlighted on WJR during the month of August in **Huntington Bank's "Best in Business"** segment during the Paul W. Smith show. This segment was designed to highlight organizations that are redefining business practices in Metro Detroit.

Michigan CFO's commitment to the financial success of small businesses in Metropolitan Detroit has made us a stand-out in the community, and we'd like to share this success with you. To listen to this segment, visit our home page at www.MichiganCFO.com. You can find the audio clip about half way down the page.

Welcome, New Clients!



July **Sellers Auto Group** www.sellersautogroup.com
New & used vehicles

September **Total Security Solutions** www.tssbulletproof.com
Bullet proof glass & bullet resistant barriers

Clean Tide Container www.cleantidecontainer.com
Intermediate bulk container reconditioning, rebottling

August Anniversaries -We appreciate you!

1 Year **Global Design & Development**
Automotive Machine Shop

2 Years **Anticipated Plastics, Inc.** www.anticipatedplastics.us
Injection Mold Company

3 Years **Fleetilla** www.fleetilla.com
Global provider of vehicle tracking, asset tracking, cloud-based GPS fleet management.

7 Years **Schena Roofing & Sheet Metal** www.schenarroofing.com
Commercial Roofing Company

October Anniversaries

1 Year **Smart IT Services** www.smartservices.com
Top network service provider for small to medium size businesses throughout Michigan, Ohio, and Indiana.

2 Years **P & P Manufacturing** www.pandpmsg.com
Supplier of machined metal and plastic products





Report Formats: Even the Right Information is Useless in the Wrong Format

Those of us who are “numbers” people are blessed with being comfortable working with and interpreting numbers. This is not always the case with folks who are more right brained and tend to be challenged when it comes to looking at numbers.

The first thing to know about numbers are that numbers by themselves have no meaning. The meaning is determined by how the reader relates this number to something of value. Value does not always mean dollars, value could be in seeing a trend, measuring performance, or output against a standard. So a “numbers” person derives value, or power, in the numbers as a result of comparing it to an expected result or relationship to other numbers such as past performance.

We all have heard the phrase “what gets measured gets managed”. This adage speaks to the power of numbers and reinforces the notion that if you want something to change, you need the ability to measure change.

A number of units sold each day has value, but it gains value when compared against a target or budget and gains even more value when compared to last year or a prior period. In this example you see how one number, when surrounded by the right comparable numbers can provide a reader with a more robust perspective.

CFO’s learn through years of experience that even if you have the right information, if it’s not in a meaningful format there is not much value. We hear over and over again from CEO’s and Owners that the financial information they receive provides them little or no value besides top and bottom line. When you look at their reports, the reason is obvious because it’s not formatted in a way that allows the reader to see comparisons, measure trends and determine important relationships.

Here are some key points to remember when formatting reports:

- Know your reader – put yourself in their shoes and ask yourself, what would be important to see if I was in their seat.
- Make comparisons – make sure you have a comparison to a target, goal or last year’s performance.
- Include percentages - having a percentage ratio is especially important when looking at gross margins and other costs as they relate to various sales volumes.
- All on one page – have all relevant data calculated and on one page so there is no flipping back and forth or number crunching.

The ultimate goal of a good report is to provide the reader with clarity, conciseness, insight and a meaningful presentation. Hopefully these suggestions will help numbers people format reports in a way that helps the right brained people get more value and understanding from them. . . and make better decisions.

SUMMER, 2014 PHOTOS



Brian Bach at the end of the Wish-A-Mile 300 accepting an award by Michigan CFO Associates sponsored child, Jorden.



Todd, Josh & Rachel visiting Fort Mackinac.



A view from the bike path around Mackinaw Island—wishing I had a softer seat.

Michigan CFO Associates

The CFOs for *Small Business*

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Have a smart phone? Scan the QR code
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