

# Michigan CFO Associates

The CFOs for *Small Business*

# Newsletter



## The Back to School "Doublewide" Issue

### President's Message



Todd Rammler

**We watch a lot of The Food Channel in our house.** Partially because we like food, but also because it's one of the few channels that can be watched by the entire family without the ever-present fear of bad language, sexual innuendo, Trojan Man, Viagra commercials, and ads for Flirty Girl "work out" videos ("Order now

and we'll throw in your very own stripper pole!"). It's difficult raising small children and keeping all of this garbage away from them – but that's a topic for another day.

One of the shows we watch regularly on the Food Network is called **Restaurant Impossible**, (sort of like Mission Impossible) where Chef Robert Irvine is called in to do a 2-day, \$10,000 makeover that will resuscitate an otherwise dying restaurant

[www.foodnetwork.com/restaurant-impossible](http://www.foodnetwork.com/restaurant-impossible).

Most of the situations he goes into are pretty similar: out of date décor, lousy food, fatigued owner(s) stuck in their own tunnel vision with a half million dollars in debt, bleeding cash, and zero ideas on how to fix the situation. He screams and yells to wake them up, redecorates, sets up a new menu and they have an opportunity for a new lease on life. It's up to them to take the reigns and ride.

So the basic premise is this: We'll come and fix your failing restaurant in 2 days by spending \$10,000 of our money, and you're going to get humiliated on TV for making bad food and not knowing the answers to simple questions about your business.

Even though I shouldn't be, I'm always shocked at how little the owners on this show know about their businesses. Average sales per day, food cost as a percent of sales, gross margin, best selling items, most profitable items. And

even if they give an answer, Robert generally goes to the data and proves they DON'T know the correct answers – part of the reason they're failing. Running a successful business requires an ongoing discipline of monitoring the right things.

On a recent episode, the owner told Robert their catering business was the only thing keeping the restaurant alive. Of course Robert wasn't going to accept that statement without proof, and after he costed out the catering menu, it turns out catering was dragging them into bankruptcy even faster than the main



restaurant business. "I'm shocked" the owner says. All I could think was "I'm shocked too – that you didn't know this".

The truth is that it's easier for outsiders to see obvious problems in someone else's business, but much harder to see our own problems and recognize our own ignorance because

we're emotionally invested in the situation.

In our work as CFOs, we encounter the same types of issues in businesses that are equally as obvious – at least to an outsider. Therein lies the value of an objective viewpoint. It literally can be the difference between success and failure, between a highly profitable business or barely scraping out a living.

We're coming into "budget season" and on page 3, you'll see Brian Bach's article about the importance and value of budgeting, another one of those disciplines that everyone knows they should be doing, but few actually do. So few do it, that last year we offered to do a FREE budget for a limited number of businesses if they were willing to commit to the process. We received the maximum number of replies very quickly, and were optimistic that perhaps our message was getting through.

Then, reality set in.

(Cont'd on Page 2)

### U.S. NATIONAL DEBT AS OF:

September, 2012  
\$16,004,950,000,000

August, 2011:  
\$14,580,000,000,000

### Inside This Issue:

**President's Message:** Back To School; Restaurant Impossible; No More Free Budgets.

**What's Happening?** Michigan CFO in the news; Upcoming Workshops; Celebrity Sightings

**Brian's Corner:** Budgeting—A Benefit or a Burden?

**Spotlight:** March of Dimes on Discovery's *American Chopper*

**Silver Lake Photos**

**View past**

**newsletters online!**

<http://michigancfo.com/newsletter-archive>



(Continued from page 1)

Out of all those that responded to our free budget offer, only 1 company actually completed the process. In fact, all the other business didn't even start the process – all came up with reasons why they couldn't go forward with us *doing a FREE budget for them*. They were too busy to participate in a ½ hour conference call and a 2 hour review meeting. All the other work was to be done by us (about 10 hours of free work). **"Nope, we're too busy"**.

**"You will fail not because of what you don't know, but because of what you won't do that you already do know."**

**-Gary Halbert, famous direct mail copywriter**

We will not be offering the free budget opportunity again, as there is no point in dragging an unwilling horse to water. (If you would like to get a 2013 budget in place, and are serious about it, I will offer a discount off the regular price – contact me only if you're serious).

I suspect the restaurant owners on Robert's show were also "too busy" to know their actual food costs.

In other Cable TV news, be sure to check out my interview with **Laura Loughridge, State Director of the March of Dimes**, who appeared on the hit Discovery show **American Chopper** a few months ago with Paul Jr. who built a beautiful bike to be auctioned on behalf of the March of Dimes.

Lastly, we just returned from a short but enjoyable family trip to the sand dunes at Silver Lake – check out some of the pictures on page 6.

Hope you had a great summer – now it's time to get back to work with a renewed sense of discipline – just like you'd tell your school aged kids.

Best Regards,

Todd Rammler, CMA, MSA, President

## What's Happening?



**In The News.** Michigan CFO Associates has recently been featured in Corp! Magazine and Crain's Detroit Business. Check it out using the links below!

[Michigan CFO in Corp! Magazine](#)

[Michigan CFO in Crain's Detroit Business](#)

<http://tinyurl.com/9ylctc5>

<http://tinyurl.com/9v2gl64>

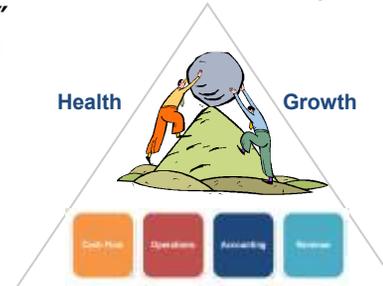


**The Cash Flow Factory Workshop**

**The Cash Flow Factory Workshop Series.** We just completed the 3rd workshop **"Four Key Systems Every Business Needs"** on July 25. Register now for Workshop #1 **"Creating The Cash Flow Factory"**, on October 24 at Automation Alley.

Please visit <http://michigancfo.com/events/workshops> for more information or to register.

### The Cash Flow Factory



**Celebrity Sightings.** Our CFO's are highly sought-after celebrities, occasionally stopping to accept a request for a photo from our many raving fans!



**Todd & Bernie Smilovitz at the Gleaner's Celebrity Golf Outing**



**Brian & Peter Karmanos, Jr. at Shimmer on the River 2012**

## Client Anniversaries!

We want to thank the following clients for their continued support and look forward to many more anniversaries to come!

Michigan Custom  
Machines, Inc.

Design & Build Custom  
Test Machines

6 Years

[www.mcm1.com](http://www.mcm1.com)

Peter Basso  
Associates

Consulting Engineers

4 Years

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

Schena Roofing Co.

Commercial Roofing

5 Years

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

Bosco's Pizza Co.

4 Years

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

LTM Auto Truck & Trailer

Auto Repair & Detailing

1 Year

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

Fleetilla, Inc.

Vehicle Tracking &  
Fleet Management

1 Year

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



## Welcome New Clients!

- Avon Plastic Products — Manufacturer of injection molded plastic products.
- Signal Building Company — Disaster restoration contractor. [www.signalbuildingco.com](http://www.signalbuildingco.com).
- Hibbard Inshore— Underwater Inspection, Construction and Consulting. [www.hibbardinshore.com](http://www.hibbardinshore.com)
- Management Impact— Human resource solutions. [www.yourhr.co](http://www.yourhr.co)
- DF Benefits — Full service benefits brokerage. [www.dfbenefits.com](http://www.dfbenefits.com)



## 8 Questions with Laura Loughridge, State Director of March of Dimes, about her experience on Discovery Channel's hit show *AMERICAN CHOPPER*



**Laura Loughridge** appeared on a 2-part episode of American Chopper, as Paul Jr. Designs created the March of Dimes bike. The show originally aired on Discovery Channel on March 12<sup>th</sup> and March 19<sup>th</sup>, and reruns are shown frequently. Visit <http://dsc.discovery.com/tv/american-chopper/> for more info.



**The March of Dimes Bike**

### **BACKGROUND:**

President Franklin Roosevelt's personal struggle with polio led him to create the National Foundation for Infantile Paralysis at a time when polio was on the rise. Better known as the March of Dimes, the foundation established a polio patient aid program and funded research for vaccines developed by Jonas Salk, MD and Albert Sabin, MD. These vaccines effectively ended epidemic polio in the United States.

Since 2003, M.O.D.'s fight to save babies has been strongly characterized by its Prematurity Campaign. The rising incidence of premature birth has demanded action, and the March of Dimes has responded with a multi-year campaign to raise awareness and find the causes of prematurity. Internationally, 15 million babies are born too soon every year. That's more than 1 in 10 babies, affecting families all over the world. For more information on the history and mission of M.O.D. please visit [www.MarchofDimes.com](http://www.MarchofDimes.com)



**Bike unveiling at Lamar Construction**

### **QUESTIONS:**

*How did this whole "March of Dimes" bike project with American Chopper get started?*

Carl Blauwkamp, CEO of Lamar Construction, approached my staff person about having a bike created by Paul Jr. for the March of Dimes. He has triplet daughters who were born premature and he spent a little too much time in a NICU. One of his daughters had/has a rare and lethal blood disease due to the prematurity and when Carl and his wife were looking for answers, they learned the March of Dimes was the only organization who was actively working to find solutions. All three daughters are healthy and happy (as seen on the show) however they know of many others from their days in the NICU who didn't have the same fate. Carl wanted to do something big...to "shout it from the roof tops"...to show his gratitude to the March of Dimes, but most importantly for others to learn what we are doing everyday to ensure babies are born healthy and stay healthy.

*What was it like to be a part of the TV production? What surprised you?*

I had never seen the show before...so the thing that surprised me the most was how "real" it actually is. The guys do not wear makeup, there is no fancy lighting or scripts. It is just some guys working in a shop making bikes with guys in black with cameras circling around. I honestly didn't even know who the stars were because no one looked "done-up." I had to ask who Paul Jr. was and if he was the star.

*I'm sure that those who watch the show regularly would want to know: Do Paul Sr. and Paul Jr. really dislike each other that much, or is it all 'manufactured drama' for TV?*

It's legit. Don't want to get into details as I have become friends with some of the crew but there is a definite feeling of hurt and dismay. Much like an ugly divorce.

*The thing that struck me as I watched the show was how you confronted the boys (Paul Jr. and Mikey) about their relationship with their father. How did that exchange go over after the cameras were off?*

I believe the quote was "Instead of fighting fire with fire, why not try a little water or indifference?" Mikey teared up a bit and gave me a hug. Everyone seemed to like the footage a lot and Mikey said it gave him a lot to think about. You only see about 5 minutes of an hour shoot. It was pretty intense. Discovery loved it.

*After the bike was donated, what happens to it? Are you riding it around town to make donor calls? How is it being used for M.O.D.?*

The bike will be auctioned off on November 19<sup>th</sup>. Until then it is housed at Lamar Construction Company in Hudsonville, MI and it travels around to MOD events, community festivals and other sanctioned events where people can buy auction tickets. A list of scheduled locations is available at <http://md.lamarconstruction.com/>

*What is your goal for fundraising with the bike?*

The original goal was to raise \$3 million for the March of Dimes and we are working hard to get there!

*So the bike will be raffled off on November 19<sup>th</sup> – how much are tickets, and how can people purchase them?*

People can visit [www.marchofdimes.com/michigan](http://www.marchofdimes.com/michigan) or fill out this form

[https://www.marchofdimes.com/pdf/michigan/Chopper\\_Online\\_Raffle\\_Form.pdf](https://www.marchofdimes.com/pdf/michigan/Chopper_Online_Raffle_Form.pdf)

*Now that you've had a taste of 'Hollywood', are you planning to do any more reality TV shows in 2013? Maybe a cameo on Swamp People or Storage Wars?*

Only if they pilot a series called "Sylvan Lake Shore" then I can just run around in a bikini all day with my boys and dog and get paid for it.

**Editor's note:** Please support the March of Dimes in this campaign by purchasing raffle tickets for the bike—it's a great cause and you never know—you could be riding around town this fall on this awesome custom bike!

Contact info:

Laura Loughridge  
State Director  
[lloughridge@marchofdimes.com](mailto:lloughridge@marchofdimes.com)

## Silver Lake Vacation Photos



Family photo after walking the dunes!



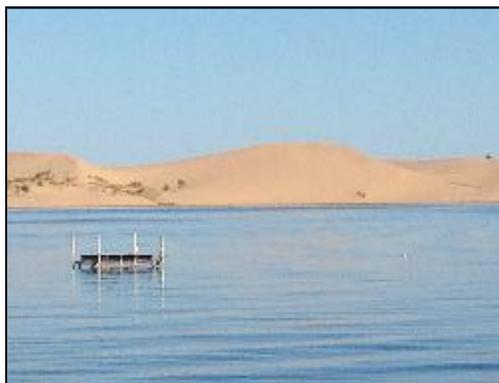
Enough with the walking—let's get a Jeep!



Taking a break on the Sunset Tour



Lake Michigan Sunset



The view across Silver Lake west towards the Dunes



Boys only —an 800cc Polaris Razor!



**Brian Bach**

## Budgeting .... a "Benefit" or a "Burden"

There is a quote from Alice in Wonderland "If you don't know where you're going, any road will get you there". Unfortunately, this is often the approach business owners take when it comes to business planning or budgeting.

When the conversation comes up with owners on planning or budgeting we get agreement almost 100% of the time it's a valuable tool and they should have one. But our experience shows that only 2 out of 10 companies actual prepare and utilize a budget in their planning process.

This is baffling because you would never think of taking a long car trip if you haven't set a destination and determined the most efficient travel route. So why would you sit down each morning to run your business without a plan on where you want to go financially?

So let's examine some benefits and burdens of the budgeting process.

### Benefits:

Creates a Setting for Planning - takes management away from their short-term, day-to-day activities and causes them to think about how to improve the company's future competitive and financial position.

Looks at Profitability and Assumptions - determines where a company is making the most profit and where to reduce or stop investing in unprofitable areas. It also allows management to reexamine market and business assumptions and make strategic changes if needed.

Sets Financial and Operational Performance Goals - allows employees to participate in setting targets to measure individual, department or divisional goals. You now have a way to provide ongoing feedback of actual to budget and make corrections as you move through a year. This is also an ideal time to design compensation plans that reward goal achievements.

Determines Financing and Cash Flow Needs - a well prepared budget will determine additional financing and/or working capital needs so funding facilities can be put in place ahead of time to meet new demands.

If the benefits are so compelling why does it appear to be such a burden that only 20% of companies create and actually use a budget? Here are a few common reasons:

### Burdens:

Not Important to Management - people are usually buried in their day-to-day activities where little or no importance is placed on planning. Fighting fires and reacting to emergencies are a way of life. In a working environment of action and reaction people can't see how you can follow a plan because there is no order.

Don't have the time, discipline or expertise to create - creating a budget requires setting aside time to gather and analyze the data. It takes discipline, dedication and focused energy to examine and uncover the story behind the numbers. It also takes knowledge, expertise and understanding on how information is collected and presented while interpreting the important relationships as a result of the analysis.

Management style is not accountability based - often we see managers are reluctant to hold employee's accountable. If employees are steady workers and not causing trouble why rock the boat by setting targets and then having to confront them when they are not met? In some cases managers are not included in setting the targets and have no ownership in meeting the goals. They perceive the targets as subjective and designed by management to as sticks to be used for underperformance.

Experiencing the benefits of using a budget requires business owners to have the desire and discipline to create and utilize this important tool on an ongoing basis. Going through the motions of creating a budget and not using it to measure against monthly performance is a waste of time. It's like planning a trip and throwing away the map!

We find business owners agree that budging is important and helpful, like exercise and losing weight, but are reluctant to take the time, and don't have the discipline to make it a priority so they can actually experience the benefits.

As CFO's working with many companies, we have seen clients make dramatic improvements in their businesses simply by managing the business with an appropriate budgeting tool. When the data is in front of you, you have the ability to make critical decisions and take decisive actions that have a tangible impact on future results.

Kraig Kramer, a renowned author and national speaker sums up forecasting like this: *"Everyone should put their CFOs on the bow of the ship with binoculars rather than the stern, where they're tracking accounting numbers in rear-view mirrors. Management should be asking and enjoining others in discussions of the future, using "what if" and "what do you see" and "what could or is likely to occur" kinds of dialog."*

Budgeting, a benefit or a burden? It really depends on where you want your company to go. If you look closely, you'll find that any random road will NOT get you to your destination.

Commit to using projections as a management tool in your business. . . I guarantee you won't be disappointed.

## Michigan CFO Associates

The CFOs for *Small Business*

12900 Hall Road, Suite 455  
Sterling Heights, MI 48313  
586.580.3285



Enter to win the March of Dimes Chopper—  
details inside!

# Newsletter ③

## Michigan CFO Associates

The CFOs for *Small Business*

12900 Hall Rd, Suite 455 Sterling Heights, MI 48313  
586.580.3285 x 201

[www.michiganCFO.com](http://www.michiganCFO.com) / [info@michiganCFO.com](mailto:info@michiganCFO.com)

### OUTSOURCED CFO & CONTROLLER SERVICES INCLUDING:

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