

# Michigan CFO Associates

The CFOs for *Small Business*

# Newsletter



## President's Message

### GEORGIA'S ON MY MIND....



Todd Rammler

**I don't have an official "bucket list"**, like Jack Nicholson and Morgan Freeman did in the movie by the same name. I have a few things floating around in my head that I know I want to do before joining the choir in the sky, but I haven't yet spent a lot of time thinking about "the list". I'm sure as a few more years pass, it

will move up in priority. Nevertheless, a few weeks ago I crossed off one of the items on my mental bucket list: walking the grounds of Augusta National at the Masters golf tournament. (Non-golfers reading this may want to jump to page 2 at this point, or risk being bored to tears while I blather on about a golf course.)

Augusta National is a special place; many refer to it as the golfer's Mecca, "holy ground" and other such descriptions. It is the one course in the U.S. that all golfers want to play, but very, very few ever will. Many of the PGA tour players lucky enough to qualify at Augusta say it is their favorite place to play, and look forward to it all year long. It's a private course, and you can't buy your way into membership; you must be *invited* to join. I don't know how many official members there are at Augusta, but the number I've heard is 400. And those 400 are disbursed all over the country (and perhaps, beyond). A few notable members include Bill Gates, Warren Buffet (can he even swing a golf club?), Jack Welch, Peter Coors, and Lynn Swann to name a few. It's hard to imagine any of them playing much golf at a club hundreds or thousands of miles away from their home base. Seems like a waste, really.

Augusta National is like a golfer's Disney World – it's the happiest place on earth. Everyone there is in a great mood, secretly thinking "I can't believe they

*actually let me in here!*" even if just for a day. The staff are exceptionally welcoming and polite, every inch of the grounds meticulously clean and pristine. After watching years and years of Masters tournaments on TV, I know most of the holes and landscape by memory. So when we first walked onto the course the only succinct description I could come up with was: *Surreal*.

Two things I didn't fully realize about the golf course until being there in person: 1) there is a LOT of elevation change from hole to hole (it's a tough walk); and 2) there really is no deep rough. It goes from fairway to first cut to pine straw. That's it. No deep shaggy rough like a U.S. Open course.



The 10<sup>th</sup> Fairway at Augusta National

It was a spectacular day, beautiful weather, majestic landscape, and pristine course conditions. I even tried one of those famous pimento cheese sandwiches that are a tradition at Augusta (and in the south, as I learned from some locals). Not bad, not great, but part of the experience. And a bargain at \$1.50. All in all, it was an unforgettable day.

When I began writing this, I was planning on tying in some business lesson or financial principle to my experience at Augusta (after all, this is a business newsletter!) but decided to just leave it as is. Goal set. Goal achieved. Cross it off the list.

Next item on the bucket list (just added): Play 18 holes at Augusta. With Bill Gates, Warren Buffet and my Dad – might as well dream big!

Best Regards,

Todd Rammler, CMA, MSA, President

**P.S.** – If any of you would like to see additional photos from the course, we have quite a collection online, and I'd be happy to send you a link to view them. Send me a private email, and I'll forward the link to you.



**U.S. National Debt as of April 17, 2012**

**\$15,666,200,000,000**

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



## What's Happening?



The Cash Flow Factory Workshop

**The Cash Flow Factory Workshop Series.** We just completed the 1st workshop in the 3-part series entitled "Creating the Cash Flow Factory". Register now for Workshop #2 **"10 Keys to a Healthy Business"**, on May 30 at Automation Alley.

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

The Cash Flow Factory

Health

Growth



Sandy Bagozzi

**New Faces.** As the new office manager of Michigan CFO Associates, Sandy is responsible for ensuring the daily operations run efficiently. She is a key player in the support of the entire Michigan CFO team, responsible for internal accounting, administration, marketing, and communications.

Prior to joining Michigan CFO Associates, Sandy was an office manager at a construction company. Outside of work, Sandy enjoys spending quality her two daughters, Allison and Miranda. Sandy can be reached at 586.580.3285 x202 or [Sandy@michiganCFO.com](mailto:Sandy@michiganCFO.com). **Welcome!**

## Strange Military Instructions & Information

I don't know where we found these, or even if they are legitimate, but they're pretty entertaining. Enjoy!

- "A slipping gear could let your M203 grenade launcher fire when you least expect it. That would make you quite unpopular in what's left of your unit." - Army's magazine of preventive maintenance.
- "Aim towards the Enemy." - Instruction printed on US Rocket Launcher
- "Cluster bombing from B-52s is very, very accurate. The bombs are guaranteed to always hit the ground." - USAF Ammo Troop
- "It is generally inadvisable to eject directly over the area you just bombed." - U.S. Air Force Pilot training manual
- "Try to look unimportant; they may be low on ammo." - Infantry Journal
- "Tracers work both ways." - U.S. Army Ordnance officer
- "Five second fuses only last three seconds." - Infantry Journal
- "Any ship can be a minesweeper... once." - Anonymous
- "If you see a bomb technician running, follow him." - USAF Ammo Troop
- "You've never been lost until you've been lost at Mach 3." - Paul F. Crickmore (test pilot)
- "The only time you have too much fuel is when you're on fire."

## The Real Deal – Taking Vendor Cash Discounts



**Brian Bach**

If you're not taking advantage of vendor cash discounts you may be passing up significant costs savings opportunities. At first glance, cash discounts look like small insignificant amounts, but when you calculate the effective annual interest rate, these can be eye popping numbers.

We've put together the following Vendor Cash Discount table that calculates the effective interest rate based on various discounts amounts, days to pay and standard terms.

Cash discount options are often expressed in this way **2/10 Net 30**, which means "you can take a 2% discount if paid within 10 days, or pay the full amount within 30 days."

As the chart below shows, there is serious savings when considering cash discounts. I don't know how many times I've seen business owners pass up a cash discount just to hold on to their money for a few more days. Foregoing a 2/10 Net 30 discount option means you just passed up the equivalent of a 36.0% return.

If cash is tight but you have the availability to borrow on your line of credit, it can still pay to take advantage of discount terms if the percentage saved is better than the cost of funds.

If you have a key vendor that doesn't offer discounts, pick up the phone and ask them. Many businesses are starved for cash and may welcome this offer.

A word of caution, it's not **ALWAYS** wise to take a discount. Without proper cash planning a company can get into trouble taking discounts and running into a cash shortage because they depleted their working capital reserves. Planning is the key!

Study the chart below and when possible, take advantage of vendor cash discounts. It's the "real deal"!

Percentage Discount Offered	No. of Days to Pay Within and Take Discount	Standard Terms in Days	Effective Interest Rate
3.0%	5	15	108.0%
3.0%	10	30	54.0%
3.0%	20	60	27.0%
2.0%	5	15	72.0%
2.0%	10	30	36.0%
2.0%	20	60	18.0%
1.0%	5	15	36.0%
1.0%	10	30	18.0%
1.0%	20	60	9.0%
0.5%	5	15	18.0%
0.5%	10	30	9.0%
0.5%	20	60	4.5%



### Client Anniversaries!

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



### Welcome New Clients!

- **Unitex Direct – Security Uniforms, Public Safety & Career Apparel**  
[www.unitexdirect.com](http://www.unitexdirect.com)
- **Austin Financial Group, LLC – Employee Benefits**  
[www.austinfg.com](http://www.austinfg.com)
- **Relevar Home Care – Home Care Services**  
[www.relevar.com](http://www.relevar.com)

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# Newsletter ②

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