

# Michigan CFO Associates

The CFOs for *Small Business*

## Newsletter



### President's Message



Todd Rammler

#### Two out of a Hundred. . .

As I sat down to write this from the den at home, it occurred to me that 10 years earlier, I sat in this very same room both excited and scared to death at the same

time, having just launched Michigan CFO Associates. Like many startups it began on a shoe string budget, with an unclear business plan on how I would go about growing the company.

The den was my primary office for the first year or two. I remember sitting in there the first couple months, doing cash flow projections on a spreadsheet which I aptly named "How long till I run out of cash", which basically projected the initial business I had + savings against my bills. At best it was a few months.

While reviewing this calculation, a 6 year old boy was frequently tapping on the closed glass doors of the den, a dog was barking in the background, and my daughter would be born 4 months later. I had two initial clients that fell into my lap, and no idea how I would get client #3 or beyond. So, hey, no pressure.

That was in 2006. . . pre "great recession".

Today we are in our 5<sup>th</sup> office, have worked with more than 100 businesses, and will soon be adding our 10<sup>th</sup> team member. And we're just hitting our stride. We still do a cash flow forecast, but thankfully the name of the file has changed. Although the underlying fear of that old file name (i.e., running out of cash), while less prominent, will probably never completely go away. And this seems to be true of many business owners I talk to regardless of how well they've done for how long. The thought that "it all could disappear

tomorrow" seems to be a common, never-quite-ending concern.

Early on, we did some research as part of a marketing campaign that highlighted business failure statistics. It showed the number of businesses that lasted 10 years was 2 out of 100. Two. I always assumed those statistics didn't apply to me, but I am after all a math guy, so I won't pretend there was never any doubt.

I'm very proud to say we did in fact beat that statistic, with a great team of people, persistence bordering on pig-headedness (as the late sales trainer Chet Holmes would say), and a dedication to **helping small-business owners make better financial decisions** (our mission statement). We've been blessed and have many people to thank who provided their help, assistance, coaching, referrals, kindness and an occasional kick in the pants. We are especially grateful to a handful of key people who were tremendously helpful very early on – when there was nothing in it for them. Without their help I might not be writing this article.

I'm also proud to say that the very first client I started with – the client that gave me the idea to start Michigan CFO - is still a client today. 10 years later.

Thank you all for your support whether we met 10 days, 10 months or 10 years ago. We appreciate you and hope to be around in another 10 years – in a bigger office, with a larger team helping more businesses beat the statistics.

Gratefully-

Todd Rammler, CMA, MSA, President

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

June, 2016

\$19,230,634,229,069

June, 2015

\$18,152,841,401,259

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#### Our CFO's:

Todd Rammler

Brian Bach

David Leo

Martin Hilker

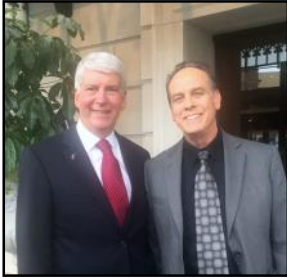
Dan Beardslee

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## What's Happening?



Brian with Gov. Rick Snyder



Brian with Michigan Attorney General Bill Schuette



Michigan CFO Associates  
10 Year Anniversary  
Party



2016 National Debt Clock in NYC



### Welcome, New Clients!

**May** **Quadwest Associates, [www.quadwest.com](http://www.quadwest.com)**  
Management Consulting Firm

**June** **Orion Test Systems & Engineering, [www.orientest.com](http://www.orientest.com)**

### July Anniversaries

**3 Years** **Rave Computer, [www.rave.com](http://www.rave.com)**  
Innovative Computer Solutions

**4 Years** **P & P Manufacturing, [www.p-pmfg.com](http://www.p-pmfg.com)**  
Commercial Manufacturing

### August Anniversaries

**5 Years** **Fleetilla, [www.fleetilla.com](http://www.fleetilla.com)**  
Global provider of vehicle tracking

**9 Years** **Schena Roofing & Sheet Metal, [www.schenarroofing.com](http://www.schenarroofing.com)**  
Commercial Roofing

### September Anniversaries

**9 Years** **Regina-Andrew Design Inc., [www.reginaandrew.com](http://www.reginaandrew.com)**  
Contemporary Furniture and Lighting



## How to ... Design & Develop a Pay Structure for Small Business



Brian Bach

Recently, there has been a lot of press coverage regarding changes in overtime regulations that became effective on May 18, 2016. Those changes will not be addressed here; however business owners who have developed a formal pay structure will have the information needed to better evaluate and adjust to the impact of these changes.

When we're working with small business owners the subjects of hiring, pay ranges, payroll costs and appropriate pay increases comes up. Either when budgeting, or managing employees on a daily basis. Since there is often no formal pay structure in place to act as a guide, the decisions in these areas tend to be knee jerk reactions when someone is hired, promoted, or asks for a pay increase.

Here is a simple four step outline on how to design and develop a pay structure that with a little effort can provide valuable guidance when faced with hiring, budgeting payroll and pay rate decisions:

List Each Position and Create a Job Description – these do not have to be lengthy detail job descriptions.

The idea is to determine the basic primary and secondary duties in each position along with the skills or experience needed (i.e. customer service, bookkeeper, forklift driver etc.). Be cautious of using job titles that are broad like "mechanic"; it's better to be more specific like "yard and equipment mechanic". Focus the duties and the value they bring to production and/or servicing customers.

Create a Payroll Budget for Each Position – start with creating a spreadsheet and list each employee and their pay rate that falls under the positions listed in 1 above. Now annualize the pay amounts and this forms the basis for a payroll budget, summarized by position, and overall costs. This exercise allows management to see pay discrepancies between staff and within positions and can help determine the cost impact of adding or reducing headcount.

Research Your Local Market – the next step may be the hardest which involves comparing positions and pay structures to current market rates. There are so many sources of information this can be confusing, so focus on matching "job duties" and not so much on titles. The duties assigned to a position of "Line Supervisor" may be different from what typically shows on Monster or Indeed. Working with an outsourced HR consultant can help put this comparison together. This will be a valuable comparison when considering raises, or adjusting rates, to attract and/or retain talented employees.

Devise a Pay Grade System – the last step is formalizing the list of positions, establishing pay grade ranges and assigning pay amounts based on experience, education, progression in a career, and prevailing market rates.

The benefits of this four step process is a pay structure that is relevant to a business, aligns with defined positions, and offers market rated competitive wages. Armed with this information a business owner can determine the cost impact on changes, help budget for merit or annual increases, and provide guidance when considering staff changes or promotions.

### **UPCOMING EVENT:**

**Funding Growth With Limited Capital: How To Make Smart Investments**—presented by Michigan CFO Associates and Phimation

Join Todd Rammler, CFO and Dave Haviland, Strategist to hear how they help companies make smart investments for growth!

**August 18th, 2016**—8:30am-11:30am @ **Automation Alley** 2675 Bellingham Troy, MI 48083

To register go to <http://michigancfo.com/events/workshops> or call 586-580-3285 x 202 or by email at [kwarren@michiganCFO.com](mailto:kwarren@michiganCFO.com)

## Michigan CFO Associates

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Sleeping Bear Dunes

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# Newsletter 3

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