

Michigan CFO Associates

The CFOs for *Small Business*

Newsletter



The REAL Candidate for Change 2.0



Todd Rammler

Eight years ago in the midst of the Presidential elections, I decided to hold my own election and run as The REAL Candidate for Change. . . for metro Detroit small-business owners. At that time we were in the middle of The Great Recession, and just about everyone was craving change.

As the current political season unfolds, and we all ask each other "Are these REALLY the best candidates we can come up with???", I've decided to dust off my campaign materials, update my stump speech and jump on board the SMART Bus to make campaign stops all around this Great Lake State. Well, at least the southeast portion. Or at least as far as the SMART bus route will take me. We've got a bigger team, and more resources than we had in the '08 election. But our message is the same: **Helping small-business owners make better Financial Decisions.**

- A renewed focus on **Health initiatives** to keep your business healthy in good times and bad;
- Employee retention strategies, to **build a wall** around your people – and keep undocumented competitors from poaching them;
- An immediate ban on pantsuits.

Additional details of HOW we will achieve a surplus can be found in my running mate Brian's article on page 3. And you can read a more comprehensive version of my plan in the book "**30 day Total Business Makeover**" (available at www.MichiganCFO.com), in which I outline the entire fiscal campaign.

With these strategies, you're gonna win. And you're gonna win BIG. It's gonna be great.

As your candidate for change, the bad news is that under my plan you will pay more taxes. . . because you will make more money.



Now you won't see me running any attack ads – partly because I'm not sure who I would attack. No, instead you will see me spreading the message of *what we will do* – not what someone else didn't do – to create positive change. I'm talking about financial changes that will make businesses consistently profitable . . . and healthy.

Some of the foundations of my campaign include:

- A **balanced budget**, running at a surplus, with an intense debt reduction plan;

The final change, that I'm most looking forward to will come just after the polls close, when thankfully, this election season will come to an end and we can stop watching millions of dollars getting flushed away in an endless barrage of useless ads. That's a change we can all embrace.

God Bless America, and God Bless Detroit.

Vote Michigan CFO!

Best Regards,
Todd Rammler

Todd Rammler, CMA, MSA, President

U.S. NATIONAL DEBT AS OF:

September, 2016
\$19,481,570,414,221

September, 2015
\$18,151,139,449,629

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Brian Bach
David Leo
Martin Hilker
Dan Beardslee

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What's Happening?



Brian with Salvador Salort-Pons, the new Executive Director of the Detroit Institute of Arts speaking at the Detroit Athletic Club in September.



Todd with former Detroit Lions Linebacker, George Jamison



Todd and Dave Haviland at the Funding Growth with Limited Capital Workshop at Automation Alley in August.



Todd with "Iron Mike" Ditka at E.O. THRIVE—Chicago

UPCOMING EVENT:

Stay tuned for our upcoming workshop on Fraud & Embezzlement Prevention December 2016!!!

To be added to the invite list, please email Kellee at KWarren@michigancco.com

Welcome, New Clients!

July

ElectroJet Inc., www.electrojet.com

Electronic Control Units

MMSDC, www.minoritysupplier.org

Non-profit promoting economic growth of corporate members and minority-owned businesses that serve them

October Anniversaries

1 Year

Global Telecom Solutions, www.gtssdirect.com

Business Telecommunication Needs

December Anniversaries

1 Year

A.A. Jansson, Inc., www.aajansson.com

Precision Measuring Service & Equipment



Predicting Net Income... with Confidence



Brian Bach

No one likes surprises; unless it's your birthday! The same goes for a business owner who thought they had a good month, then see the profit & loss statement, and "surprise," you're in the red! OUCH! You can minimize surprises and predict your bottom line with a level of confidence - if you take the time to analyze and understand two important predictors in your business.

Predictor # 1 – Consistent Gross Profit as a Percentage of Sales:

For most businesses there is a pricing or quoting system that determines selling price based on the cost to provide a product or service, along with a target for gross profit dollars or percentage. Examples are retailers using markups, or service firms using overhead multipliers. The idea is to consistently price your products and services so they produce a predictable gross profit percentage. Looking at the Sample Profit & Loss below you can easily see how various levels of Sales yield predictable gross profit dollars, and provide the gross profit percentage remains around 40% (\$1,000 = \$400, \$1,200 = \$480 etc.).

Predictor # 2 – Consistent Fixed Costs per Month:

This predictor is expected provided the accounting folks follow a system. Most businesses have recurring monthly expenses (rents, utilities, phone etc.) along with supplies, and other operating expenses. Have your accounting staff create a checklist to insure all expenses are recorded for a given month. In the Sample below, fixed costs average \$400 per month so each month an owner can compare actuals to an average and determine differences.

Results – Predictable Net Income for a Given Level of Sales:

When your gross profit percentage and fixed costs are predictable you have the ability to forecast your net income based on your level of sales. The Sample Company below shows at \$1,000 in sales they essentially breakeven with -0- net income. They can predict sales levels above \$1,000 will result in positive net income while below \$1,000 will result in losses. Management can now focus on improving sales, improving gross profit percentages, or reducing fixed costs to improve bottom line results.

It's not difficult to predict net income provided you understand your pricing and manage your fixed costs. Leave surprises for your birthday and manage your bottom line with confidence!

Sample - Profit & Loss					
\$000s	Jan	Feb	Mar	Apr	Predictors
Sales	\$1,000	\$1,200	\$950	\$1,050	<--Levels of Sales
Labor @ 60%	600	720	570	630	<--Variable Costs
Gross Profit	400	480	380	420	
	40%	40%	40%	40%	40% <--Key Predictor #1: GP as % of Sales is consistent
Fixed Costs:					
Rent & Utilities	100	100	100	100	
Salaries-Admin	225	225	225	225	
Supplies	75	75	75	75	
Total Fixed Costs	400	400	400	400	<-- Key Predictor #2: Fixed \$\$ Costs per Month
Net Income (loss)	\$0	\$80	(\$20)	\$20	<-- Predictable Net Income for a given level of Sales

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Yates Cider Mill,
Rochester, MI

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