

# Michigan CFO Associates

The CFOs for *Small Business*

# Newsletter



## President's Message

### Daydreaming of a 2-Year Turnaround Czar



Todd Rammler

Back in the summer newsletter I wrote about the enormity of our National Debt, and as the country was on a short road to running out of money, congress' answer was pretty simple: **raise the debt ceiling**. If you missed that edition, you can view it in the archive at <http://bit.ly/zMn1Is>. The visual of **what \$14 Trillion looks**

like is worth the two minutes to click the link and check it out.

I also found this video parody of the situation to be especially entertaining and on point – worth watching at

<http://www.youtube.com/watch?v=Li0no7O9zmE>

We often hear politicians announcing how they've "cut billions" from this or that, but we have no perspective on what impact that has (hint: practically none). The video above puts it in perspective.

Since the summer newsletter, I stumbled on a show John Stossel did called "**The Money Hole**" that ran on Fox News last July. Stossel reports from the National Debt Clock and investigates debt related problems already happening at the local government level, what's happened in other countries (both good and bad) when facing similar debt burdens, and how much waste and double talk there is in our system. It's still very relevant – particularly in an election year. If you haven't seen this show, it is absolutely worth your time to go find it either on TV or on the web (you can view it at <http://www.youtube.com/watch?v=Z6zM1WYhwPw> ).

It's difficult for me to imagine being one of the politicians he spotlighted and not feel completely and utterly ashamed and humiliated for what they allow to happen. It's obscene.

Our country is in financial distress. When *busi-*

*nesses* get into financial trouble and appear to be either ignoring the issues or incapable of fixing the issues, their lenders will often force them to engage a turnaround specialist. The banks have a vested interest in steadying the ship, and can force the company to insert a turnaround firm to become the acting CEO for a period of time. During this time difficult decisions are made by an objective outsider who isn't part of the "machine" that got them into trouble in the first place. An outsider can frequently see what needs to be done very clearly,

and with the authority they've been granted, can make things happen. It's not a popularity contest, so the acting CEO won't be concerned about extending their "term". It's a short-term engagement focusing on one thing: **results**.

Turnaround CEOs are not visionaries, and rarely possess the big-picture thinking that we would want in a long-term CEO or leader. They are generally mercenaries: hired guns to fix a specific problem in a short period of time.

I think we're at a point in this country where we need a qualified turnaround group

that actually knows how to get results, to go to Washington and be granted full power to fix the problems and get this debt situation corrected NOW. Not with phony legislation that reduces ABC costs over the next 15 years. Fix it now. No one working within the present system – no matter how well intentioned they are – is going to make a dent in this debt for years and years and years. The machine is too big, the well-intended participants too helpless, and the leaders too incentivized to swim with the current. (Stossel shows several examples of what has happened to some politicians in the U.S. that have proposed cutting back on spending – it's not pretty.)

Like the bank in a business turnaround, we the people have a vested interest in getting this

(Continued on Page 2)

## Inside This Issue:

**President's Message:** Daydreaming of a 2-year Turnaround Czar

**Brian's Corner:** U.S. Currency Trivia

### What's Happening?

New Financial Statement Resource

The Cash Flow Factory Workshop Series

### Client Spotlight

Q&A with Rick Dodaj, DPM Manufacturing

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### newsletters online!

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



(Continued from page 1)

underperforming management group out of the way so that somebody can go in and fix it. I say we solicit RFP's from outside firms for a 2-year engagement, with full authority to make changes. They get paid based on results actually achieved. No results, no pay. And no 2<sup>nd</sup> "term" to vie for based on pandering to this group or that group. 2 years to fix it – then you're out.

Simultaneously, as second group is formed charged with restructuring the "machine" that allows politicians to spend a career in Washington running the country into the ground, and passing laws that don't apply to them. Let's start with term limits and making the rules apply to the folks who pass them. We'll be 80% fixed with those two initiatives alone. When the 2 year turnaround is done, the restructured congressional rules go into effect, and we're back to the "normal" system.

Obviously a lot of details would need to be sorted out in this little daydream. But if we want results, we're going to have to do something substantially different. Candidates have been selling "change" for decades and by the time they're done all we'll have left is change. . . pocket change.

If this idea ever gets traction, I'll be the first to submit an RFP.

Best Regards,

Todd Rammler, CMA, MSA, President

U.S. Currency Trivia



As CFO's we talk about money all day, but I recently attended a coin show and was fascinated by the history of coins and currency, so I did a little research on the subject.

I found these interesting bits of history on the Federal Reserve Bank of San Francisco's web site. Hope you enjoy them!

- During much of the 17th and 18th centuries, the Spanish Dollar coin served as the unofficial national currency of the American colonies. To make change, the dollar was actually cut into eight pieces or "bits." Thus came the terms "pieces of eight" from these early times and "two bits" more recently.
- More than half of a dollar bill is considered legal tender, and only the front of a dollar bill is valuable. If you could separate the front of a bill from the back, only the front half would be considered "money".
- In 1955 a law was passed that all new designs for coin and currency would bear the inscription "In God We Trust." Those words had first appeared on a U.S. coin--the two-cent piece--in 1864.
- Until 1929 currency measured 7.42 x 3.13 inches. Since then it has remained at its present size of 6.14 x 2.61 inches--an easier size to handle and store. Since that size requires less paper, it is also less expensive to produce.
- By 1865 approximately one-third of all circulating currency was counterfeit, and the Department of the Treasury established the United States Secret Service in an effort to control counterfeiting.

For more info visit <http://www.frbsf.org/publications/federalreserve/annual/1995/history.html>

What's Happening?

New Financial Statement Resource. Check out our newly released product, *The Ultimate, Plain English Guide to Understanding Financial Statements for Small-Business Owners*. This guide will

walk you through a no-nonsense approach to once-and-for-all understanding financial statements and using them to drive profitability & cash flow. For more information visit <http://michigancfo.com/products-page>.

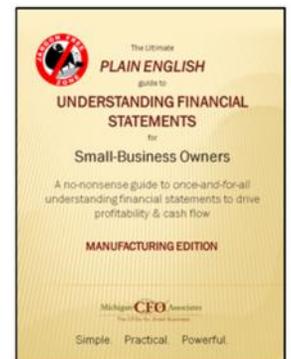


The Cash Flow Factory Workshop at Automation Alley

The Cash Flow Factory Workshop Series. We just completed the 3<sup>rd</sup> workshop in the series "Creating the Cash Flow Factory" entitled "Four Key Systems Every Business Needs". This latest workshop had an operational focus (as opposed to purely financial). We will be cycling through the entire 3-part series in 2012. Upcoming dates include:

Wed, 3/28 "Creating the Cash Flow Factory"

Wed, 5/23, "10 Keys to a Healthy Business".



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



## Client Spotlight on.....

**Rick Dodaj, President, DPM Manufacturing**

**Interviewed by Brian Bach**



Rick Dodaj

DPM Manufacturing was founded in 1997 as a precision machining company, providing customers with high tolerance, machined components. They provide world class precision machined fixtures, gages, and custom fasteners mostly to automotive and heavy equipment manufactures.

Their products are used mostly in the US with some products going to Mexico and China.

They have provided products in a wide area of applications, including train locomotives, steering components used on Kenworth trucks, and even some parts for NASA. Their products have been used by General Motors, Caterpillar, and GE Transportation, just to mention a few.

DPM was recently working on a sling application for the Health Care industry that helps lift patients out of bed. They were able to reduce the amount of parts from 8 to 3, making it stronger and at half the cost. These types of successes are attributed to a talented and highly trained staff of engineers, tool makers, and machinists. They continuously strive for improvements through training and the use of modern equipment and technology.

We caught up with Rick Dodaj, President at DPM Manufacturing for a few questions:

**BB: What is the most enjoyable part of your work at DPM; what makes you get up in the morning?**

I really enjoy the interacting with customers both domestically and across the globe. We work hard and are in a fast paced business so I like seeing us reach our goals and enjoy the fruits of our labors.

**Contact Information:**

**DPM Manufacturing**  
**28265 Beck Road, Unit C19**  
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**248.349.6375 Website: [www.dpmmfg.com](http://www.dpmmfg.com)**

**BB: What are some of the biggest successes you had at DPM in 2011?**

I would have to say the biggest success was the launch of our production division. This opened up a whole new revenue opportunity and provided us with some important diversification to our business. After a few lumps in the road, we streamlined operations and started reaping some of rewards for our hard work. What really helped us was a written plan and budget we put in place that allowed us measure our progress, stay focused and achieve our goals.

**BB: What is the outlook in your industry during the next 12 to 24 months and what are you excited about?**

We are optimistic about the next 12-24 months. Industry indicators and forecasts are looking like manufacturing will continue to expand. Our internal forecasts are predicting record growth for DPM in 2012 and 2013. I'm excited about the new production division and the diversification opportunities this opens for DPM.

**BB: Rick, I know you work a lot and love what you do. What do you do outside of work?**

There is life outside of work? I thought the world revolved around DPM Manufacturing. 😊 I enjoy playing bocce in the winter, in fact our league just started the second week of January. This really helps me get through the winter and takes my mind off the business one night a week. I try to put my feet up once in awhile but it seems every time I take a break, I get another idea and can't wait to get back to the shop and put it into action.

Check out DPM's machine tribute to **The Star Spangled Banner**, recorded in their facility — manufacturing in the U.S. is not dead! <http://www.youtube.com/watch?v=hOrdXzrvu7A>

## What Clients are Saying:

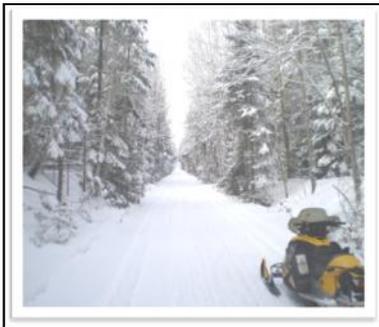
*"I strongly recommend a part-time CFO to any business owner who is struggling with trying to do everything and stressing about not knowing whether you are doing things right. They started with a complete overhaul of our company GL and continue with monthly reviews and straight forward helpful analysis of our company performance. Additionally, using a part-time CFO has improved my knowledge of our company's performance and keeps me on track with our goals."*

**-James Slaven, President, Regina-Andrew Design, Inc.**

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Snowmobiling in the U.P. near Raco, MI

# Newsletter ①

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