

# Michigan CFO Associates

The CFOs for *Small Business*

## Newsletter

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### President's Message



Todd Rammler

#### In God We Trust; All Others Bring Data

I first heard this expression years ago from the Operations Manager at an automotive supplier where I was the newly hired CFO. Our company assembled plastic parts, and one of

the vehicles our parts ended up on was having quality problems. In the automotive business, a quality problem can put a company out of business quickly. At the first mention of a quality problem, finger pointing descends through the supply chain like Omarosa in the Board Room on the TV show *The Apprentice*. Everyone blames somebody else, tossing the inevitable "costs of quality" around like a hot potato. The assembler blames the manufacturer, the manufacturer blames the materials supplier, the material supplier blames the wholesaler, somebody blames the freight company, the designer, the test lab—and on and on. **Who's going to pay?**

It was in this situation that I was talking with our Operations Manager about our cost exposure and how our vendor was already denying any responsibility for the parts they supplied. I was asking him how we were going to bring this to a resolution, in this he-said/she-said environment. He replied, "***In God We Trust; All Others Bring Data.***"

While I don't remember the specific outcome of that situation, I did retain the underlying principle. Make decisions with data, not opinions, or gut instincts or hunches.

A while back, Brian & I read an article on this very subject written by an entrepreneur, and

we've reprinted it for you in Brian's column. It comes from a slightly different angle than my example above, but the principle is the same.

Continuing with the theme of using data for decision making, we are holding a "Virtual Roundtable" discussion on Key Performance Indicators (KPI's) on April 23<sup>rd</sup> (see the flyer insert for details). We've presented this material in person a few times and received very positive reviews, so we decided to open it up on a webinar platform, although it will be interactive with participants providing insight into their experiences using KPIs in their business. I would



strongly encourage you to join us for this on-line event especially if you are not currently using KPI's to run your business.

Best Regards,

Todd Rammler, CMA, MSA, President

### **WE'VE MOVED!!**

Our New Address is:

43230 Garfield Rd., Suite 130  
Clinton Township, MI 48038

P—586-580-3285

f— 866-570-3754

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#### **What's Happening?**

KPI Virtual Roundtable -  
April 23

Michigan CFO  
Open House - May 15

#### **Brian's Corner**

Make Decisions With  
Data, Not Hunches

View  
past newsletters  
online!

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



## What's Happening?



Save the Date:  
May 15, 2014, 4-8 pm

Michigan CFO  
Open House in our  
new location!

*Details & invitations to follow -  
stay tuned!*

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

### April Anniversaries

- 1 Year TK Mold & Engineering, [www.tkmoldeng.com](http://www.tkmoldeng.com)  
Tooling, Engineering, Repair & Maintenance
- 2 Years Austin Financial Group, LLC, [www.austinfo.com](http://www.austinfo.com)  
Employee Benefits
- 2 Years Signal Restoration Services, [www.signalrestoration.com](http://www.signalrestoration.com)  
Emergency Cleaning Services, Water or Fire Restoration,  
Building Reconstruction
- 2 Years Unitex Direct, Inc., [www.myunitexdirect.com](http://www.myunitexdirect.com)  
Security Uniforms, Public Safety & Career Apparel

### May Anniversaries

- 4 Years - Giffels Webster, [www.giffelswebster.com](http://www.giffelswebster.com)  
Civil Engineers, Landscape Architects, Planners & Surveyors
- 8 Years - Michigan Custom Machines, Inc.  
[www.mcm1.com](http://www.mcm1.com)  
Design & Build Industrial Test Machines

## Photo Gallery



Rachel, Frosty & Josh Rammler



Josh, riding near Gaylord



**A Picture Perfect Day with "the boys" on Otsego Lake!**



Brian with Hank Meijer during the  
CEO Summit at the Westin Book Cadillac



Brian Bach

*I came across this article from Inc. Magazine a while back and it really struck me as we've witnessed a lot of decisions made on hunches that have gone wrong. While we don't often reprint articles from other sources, this one really resonated with us, and is especially timely with our upcoming Virtual Roundtable on KPI's. I hope you'll read this and carve an hour out of your schedule to join us on April 23<sup>rd</sup> for our discussion on KPI's.*

To view the original article, please visit

<http://www.inc.com/langley-steinert/make-decisions-with-data-not-hunches.html>

## Make Decisions With Data, Not Hunches BY LANGLEY STEINERT

Your pride says your hunch is on the money, but be sure the numbers tell the same story before you take a leap.

As an entrepreneur, nothing's more satisfying than going with your gut and getting it right. Every once in a while your nose leads you to gold, and you get to pat yourself on the back and enjoy the moment.

Most of the time, though, managing on a hunch is an exciting way to get things horribly wrong. When you're guiding a start-up business, making the best moves starts with gathering data to support those great hunches.

And the data is out there. Whatever the industry, you can track down numbers to give you direction. In the online arena especially, there is a constant flow of traffic and information that leads to cold, hard facts.

Over the years, I've learned that it is far more productive to go where the data takes you than "go with your gut." Two years into my co-founding TripAdvisor, I had a gut feeling that there was a burning need for a new feature on TripAdvisor. I was sure the masses wanted a VacationAdvisor service that would guide them through a series of questions and in turn tell them exactly where to go on their next vacation.

After six months of development, TripAdvisor launched VacationAdvisor only to find out that nobody was using it on the site. My initial urge was to double down and spend more time "working out the kinks." But after looking at the cold hard facts and conferring with my co-founder, I realized the project was doomed.

Lessons learned? Gather data early in your start-up lifecycle and go with the hard facts. Had I spent more time surveying our customer base early in the process I would have learned that consumers didn't want the product I thought was a sure hit. A few days of market research could have saved our company six months of development time and much wasted resources.



After that ill-fated experiment, I became a convert in decision making with data. At TripAdvisor and now at CarGurus decisions are only made with supporting data. If the initial data says an idea has no merit it gets killed and we move on - even if the idea is one championed by the CEO (me) of the company.

There can be no sacred cows in the world of start-ups.

In fact, at CarGurus we have taken data decision making to what some might see as an extreme end. To test new ideas, we often run what we internally call the "under construction test" to gauge our audience's interest in a new idea. For a small segment (5% or less) of one day's worth of traffic on our site, we put up a link that invites visitors to click through to a new feature. When the consumer clicks on that link they are taken to an "under construction" page that explains that the feature is under construction.

Now, I'm sure this concept offends many product design purists. However, only 5% or less of a day's worth of our site users even see this experiment and as such we minimize the inconvenience to our users. The data we get in return, however, is invaluable. If nobody clicks on the link/call to action for the new feature we know that nobody is interested in that new feature and we take that as evidence that the feature is not worth building saving months of development time and wasted resources.

If you have the expertise to collect data in-house, use it. Even if you are not in the online world, spend some time talking to some of your customers before embarking on a new service or product at your company. If you have vendors that can gather market intelligence, call them. Go to a reliable source to get empirical evidence at your fingertips before you make a leap. Otherwise you're working from opinions, which are great for dinner conversation and bad for business plans. Start with the data, and you'll have a good idea of where you'll end.

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I <3 Snow!

# Newsletter ②

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**You're Invited to an Exclusive Event!**



# KPI Virtual Roundtable

Join Us Online April 23, 2014, 12:00 Noon, For:

Key Performance Indicators,  
Metrics and Dashboards:

What Does It All Mean, and How Do I Use It?

Topics will include:

- Choosing the right metrics
- Interpreting the data
- Reporting formats & frequency
- Accountability

In this brand new Live Webinar we will explore the practical application of **using KPI's to Drive Performance** in your organization.

*Note: Advanced Registration is Required For This Event*

To Register: Please Complete This Form  
FAX Completed Form To 866-570-3754

First Name: \_\_\_\_\_

Last Name: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Company Name: \_\_\_\_\_

To Register Online Go To:  
<http://tinyurl.com/mpephba>

## AGENDA

11:45 am	Virtual Check In & Material Download
12:00 noon	Presentation Begins
1:00 pm	Adjourned
	Cost: FREE

Questions? Call Sandy at  
(586) 580-3285 x202

Presented By:

**Michigan CFO Associates**  
The CFOs for Small Business

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