

Newsletter 3

President's Message

Are You Raising YOUR Debt Ceiling?



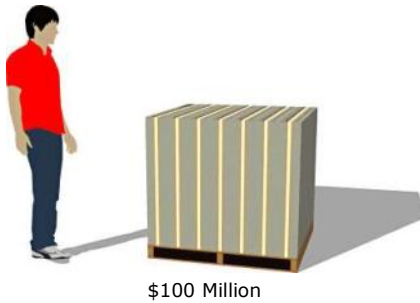
Todd Rammler

As I write this, a "deal" on raising the National Debt Ceiling appears to have been agreed to, though it is not yet official. Whatever the final agreement looks like, it's sure to include one thing for certain: more debt.

that the workshop focuses on practical strategies for improving cash flow in your business, and **eliminating an over-reliance on debt**. Something the U.S. government is sorely lacking.

Business owners must guard against the very thing our government is doing now and has been doing for years: **ignoring the root cause of cash problems**, and going back to the "bank" time and time again like a crack addict in need of one more fix. Borrowing can help avert an immediate crisis, but it is a slippery slope. Borrowing today and hoping things will work out "tomorrow" is not a solution.

Most of us have no concept of what **\$14 Trillion** means, so I've included some pictures found at <http://www.pagetutor.com/trillion/index.html> to provide a reference point.



Each pallet = \$100 Million. The man in the bottom left corner of the lower picture is roughly as tall as 2 pallets.

The bottom picture shows ONLY \$11 Trillion, the national debt as of March 2009. To get to \$14 Trillion, 6 more stacks would have to be added to this image. This translates into \$47K of debt per citizen, and **\$130K of debt per taxpayer**. Let that sink in for minute. . . .

And if you've never seen the National Debt Clock (<http://www.usdebtclock.org/>), take a look; it's sobering.

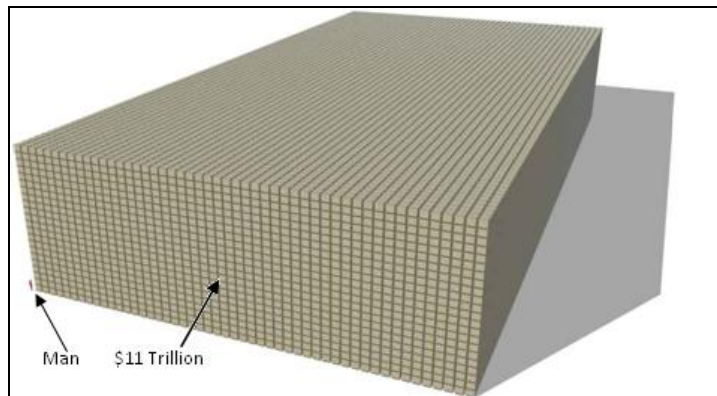
It is absolutely astounding to me that the debt has gotten this far out of control, and yet we still need more. Somebody needs to take the credit card away from Uncle Sam before China shows up at midnight to re-posses us.

A couple weeks ago, we hosted a workshop called "**The Cash Flow Factory**" (see "What's Happening" on Page 2). If you haven't attended this workshop, you should—I'm not going to give away the secrets here. But I will tell you

To learn about some real solutions, I'd encourage you to attend our next workshop or give us a call and let's talk about ways to *lower* your debt ceiling. I promise it won't take an act of Congress.

Best Regards,

Todd Rammler, CMA, MSA
President



Inside This Issue:

President's Message:

Are you raising YOUR Debt Ceiling?

What's Happening?

Wedding Bells

The Cash Flow Factory Workshop Series

Referral Drive—Coming Soon!

We're Hiring!

Take Control of Your Collection Process

Client Spotlight

Q&A with Dan Englehart

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What's Happening?

Wedding Bells! Congratulations to our Financial Analyst Erica Johnson, now Erica Cagle! Erica & Barry were married on July 22nd in a beautiful out-door ceremony at Metro Beach.

In other Erica news, we will be reluctantly saying "Goodbye" to her at the end of August. Erica has been studying Special Education at EMU for two years, and will begin student teaching this fall. Erica has been with us for 2 ½ years – she will be missed!

The Cash Flow Factory Workshop Series. In August we presented this 1 hour workshop at Automation Alley. Due to the number of responses, we were forced to turn some folks away, so we've scheduled another workshop for **9/15/2011**. Note: **Seating is limited to 20 participants.** If you'd like attend, register now at <http://michigancfo.com/events/workshops>.

Referral Drive. Keep an eye on your mailbox and/or inbox for the upcoming Michigan CFO New Client Referral Drive – complete with great prizes and bragging rights. This is a once-a-year (or less) event, so take advantage of this win-win opportunity!

We're Hiring! Do you know an exceptional CFO who is capable of both technical accounting AND relationship building/business development? If so, please feel free to get them in touch with us! We're looking to add 1-2 CFOs who are interested in developing a book of 4-6 clients each, with our assistance. Other independent "part-time CFOs" you may know of (but would never use, of course!) are welcome as well.



Newlyweds Erica Johnson & Barry Cagle – Congrats!



The Cash Flow Factory Workshop at Automation Alley

Take Control of Your Collection Process



Brian Bach

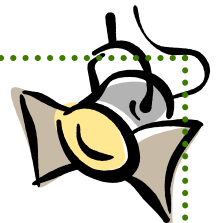
One of the most important points to establish with new, or even existing customers, is a **clear understanding and expectation of price and payment terms**. It is **critical** for a small business owner to be confident when discussing price and payment terms. If you don't demonstrate confidence in your sales and collections process, you find yourself selling **below market price** and not enforcing your payment terms. So it's imperative that **cost and payment terms** be included in the **sales discussion**.



The following suggestions will **improve the effectiveness** of your collections process:

- Run a **D&B report** on the customer's payment history and discuss any issues you see.
- Send a **confirmation** to the customer thanking them for their order and include the agreed upon terms.
- Include a **copy** of the **agreed upon terms** when you mail your invoice to the customer's **Accounts Payable** department.
- Speak to the Accounts Payable department in advance to see if they have any **special information** or **documents required** in order to pay in a timely manner. Do they need a **signed PO** or **Proof of Delivery**?
- When receiving a purchase order, make sure to **review the terms** and **resolve any discrepancies**.
- "The squeaky wheel gets the grease." **PROMPTLY** follow up by **telephone** when an invoice is beyond terms. Forget sending statements by e-mail or snail mail! If your payment terms are 30 days, **call at 32 days** if payment has not been received. Do not wait until 45 days to make the first call!
- When making collection calls, make sure you are polite and (when appropriate) include some humor. **Acknowledge** the difficulties a customer's staff faces in times of tight cash. Being a **genuine** caring person moves you up or keeps you higher on their payment list.
- Be open to asking for **partial** or **good faith payments** if the client cannot pay in full.
- Consider purchasing **Accounts Receivable insurance**. There is usually a percentage fee and a deductible associated with this coverage. You can now explain to your customers that once their account is past a certain limit (i.e. 60 days) you are **required** to turn it over to the insurance company, which will begin a collections process that may impact a company's credit rating. **Now you have some more leverage.**

While following the above suggestions does not guarantee results, you will have taken **solid steps** towards improving your chances of **receiving timely payments**.



Client Spotlight on...

Dan Englehart, President & Chief Operating Officer, Peter Basso Associates

Peter Basso Associates (www.pbanet.com) was founded in 1990. Today they have a staff of 85, providing comprehensive engineering services for the building and construction industry. Services are provided directly to building owners or as a partner with an architectural firm or contractor.

PBA provides solutions that are energy efficient and cost effective in the education, health care, corporate, and governmental markets. From a big picture PBA enhances learning environments, creates productive work environments, and even helps save lives.

In 2002, Peter Basso Associates became 100% employee-owned through an Employee Stock Ownership Plan (ESOP) allowing for a defined ownership transition and ownership culture.



Dan Englehart

How has PBA been able to survive for 21 years? What are the keys to longevity?

The commitment to quality work and personal attention to clients has never wavered since the inception of the firm. Although challenging at times, this foundation of the firm has been the cornerstone of our success.

What's the outlook in your industry during the next 12-24 months? What are you excited about?

The outlook is positive. Although funding for new construction remains tight, we have found many clients looking to improve their existing facility infrastructure or are interested in our retro commissioning services. Retro-commissioning is essentially a health check-up for the existing building's mechanical and electrical systems. The process enables these systems to operate at peak performance and thus save energy and operating cost. Additionally, we have seen the health care market pick up considerably.

What is the biggest challenge your organization is facing right now?

There are many current challenges. If there is one thing I've learned it's that you can't close your eyes. We are in an ever changing market. Competition is tougher, client's expectations are heightened, talent is harder to find, and receivables take longer to collect. I do know we have a terrific staff that is up for any challenge we face.

What's the most expensive lesson you've learned as the President/COO of PBA?

I would not say it's the most expensive, but most important. On occasion, step up and make a decision that's not going to be consensus driven. Being 100% ESOP, the firm is very consensus driven, and it's our culture. Many times a decision will not be the popular one but having the courage to stand behind your convictions is needed for the betterment of the firm.

Best book you've read in the past 12 months & why?

Coach Wooden's Pyramid of Success. An inspirational book, written by the UCLA basketball coach, shows how he used faith as a cornerstone in his life. The book has challenged me to evaluate where I stand on fundamental principles and gives guidance to improve in these areas.

Is it true that Engineers are bigger nerds than Accountants? Why is that?

Engineers nerds?... I believe the last pocket protector I saw was on an accountant. Although cleverly hidden by a suit coat, it was still there.

What keeps you busy outside of work?

With my daughter away at school in North Carolina I have found more time to hone my golf and woodworking skills. Both of these allow a form of creativity outside the office. I had my first hole in one last month (Oakhurst Country Club, #8, 180 yards). And I'm already designing the next furniture project for the upcoming winter.

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