

THE FINANCIAL EDGE

August 2017



The Dog Days of Summer

Personal comments by Mary

I am worried about my dog, Cotton. As I write this, she is recovering from her second stroke this year. She is losing her balance and leaning to one side. It looked like she made a full recovery from the last stroke, but she was hit again. For now I do what I can for her and pray that she gets better.

For the last 30 years, I have adopted rescued dogs. Over the last 10 years, I have adopted "old" rescued dogs. The old ones have a harder time finding homes. As a result, I lose a dog every two to three years and it rips my heart out each time. I lost two in one year, one to cancer and to heart failure. The most tragic one was Tig, an American Eskimo we adopted. While we were out for a walk, a dog got us by surprise and attacked her. He recovered from the bites, but a staph infection made it to the heart. He was with us about 6 months.

But I keep doing it. Instead of thinking about the pain I think of the joy that we can bring to the dog. They can live their last years in a safe environment, no kids or other animals to deal with, being well fed, full fenced in backyard and overall living the life of luxury.

I treat life the same way. I can look at the pain, suffering, the unfairness, the violence, and the anger or I can see the joy, the smiles and the acts of kindness all around me. I choose not to watch the news. I do read the newspaper, where I can pick and choose what I pay attention to. I choose who I work with by having my own business. I am careful with my choices.

I know that I will lose Cotton. Her days are numbered. As my husband reminds me, "it is not if we die, it is when we die."

Maybe I wear rose-colored glasses, but I like the life that I have created. I hope you like yours as well.

Mary Guldán-Lindström



"Improving the lives of small business owners" FOCUS CPA Inc

clients testimonial

Recently we had a client send this note with the final check:

"Thank you for all you've done over these years. It's been a pleasure to work with you and an even greater pleasure to know you. I'll miss you."

Maribeth

Your referrals are appreciated and will be treated with utmost care!

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The Book Review

Title: The Perfect Day Formula

Author: Craig Ballantyne

Topic: Personal Development, Time Management

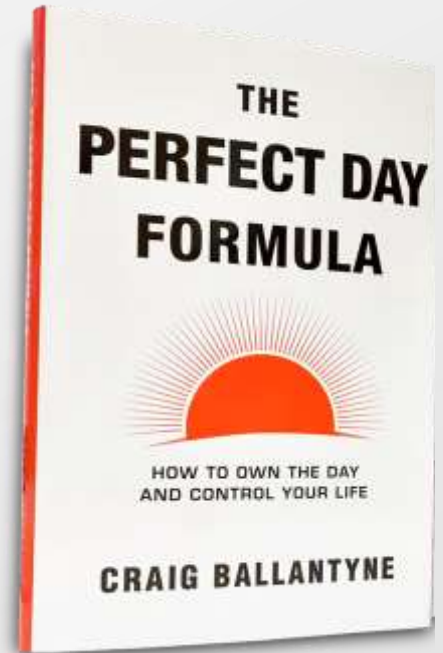
Easy to Read: \$\$\$\$ (5 out of 5 dollars)

Applicable to Small Business: \$\$\$\$ (5 out of 5 dollars)

Summary: Craig provides a step-by-step process to build the life you want. His Formula consists of control, conquer and concentrate. Part I. Create rules to get the most out of your day. Part II. Add the five pillars; planning & preparation, accountability, power of people, incentive and deadlines. Part III. Focus on what counts.

My recommendation: This short book Reinforces that we each have control of our life - if we take it. By knowing yourself, using discipline and creating rules we live our perfect day.

Pages: 158 | Published: 2015



Summer Vacations

When I was a single mom summer vacations were kept fairly simple. Usually we headed "up north" and stayed at my parent's cottage. The cottage was actually a nice comfortable home in the middle of the woods. One year I decided to take the boys camping. They were about 5 years old and had never gone camping. Everyone should try camping once in their lifetime.

Now I don't do well without running water and electricity, nor wildlife, so I pitched the tent 10 feet from my parent's backdoor. I had a neon yellow pup tent with just enough room for all three of us to lie down. At dark, we crawled into the tent and settled in.

As we were falling asleep, there was a loud snort and a stomp. I froze and held my breath determining whether I should be

scared or not. I heard a few more snorts - but no more movement so I decided it was safe. I settled back down and finally fell asleep, only to be waken up when the sun rose to a family of very noisy wild turkeys that were strolling by. Later that day I asked if the boys heard anything that night. John heard it but thought he had dreamed it.

When I asked my dad about the noise - he brought me to the window and pointed to where I pitched the tent. It was right smack in front of the deer feeder. The deer did not appreciate where I placed the tent and was trying to chase us out.

Moral of the story - When you go camping watch where you place your tent and don't be surprised to wake up with turkeys.

Mary Guldán Lindstrom



How do I get employees to act like owners? 10 Rules to Open Book Management

By Mary Guldán-Lindstrom, CPA

Most business owners would love to have their employees think and act like a business owner. However, exactly what behavior are they looking for? As owner of Focus CPA, I would like each employee to come to work with high positive energy, ready to deliver the best results to help the business grow and produce a profit. To do that the following items are essential;

- Everyone has a clear perspective on how the company provides value to customers.
- They know specifically how they contribute to that value.
- We can count on them to do what they say they will do and act with integrity. They are honest, trustworthy and consistently reliable. They live the same values that the business lives.
- They are enthusiastic and are not just trading time or talent for compensation.
- They develop trusting relationships with others - employees, customers and vendors.
- They take responsibility for results.

If this is what we want what can a business owner do to inspire those behaviors?

To start I looked for examples of businesses that have made progress in this area. One example is Zingerman's. In 1992, they started as a deli in Ann Arbor, MI. As of 2012, they were producing over \$40 million in sales. Based on an article written by Ari Weinzweig, co-founder of Zingerman's, they do this with "open-book" management. Everyone sees the numbers and everyone has a major role in delivering positive financial results. The business starts with three basic principles:

- (1) know and teach the rules, (2) keep score and (3) share the success.

Let's start with their 10 rules.

- 1. BEGIN WITH A PLAN.** Resources are limited. It is imperative that everyone knows the vision and the plan.
- 2. PROFIT IS VITAL.** All know and understand that SALES-EXPENSES=PROFIT. Profit is essential for the financial health of the business. Profit is used for many things; for growth to purchase additional equipment, buildings, loan payments, federal and state income taxes, return on owner's investment and savings for more opportunities.
- 3. CASH IS KING.** Everyone understands that profit is different from cash flow. RECEIPTS - WITHDRAWALS = NET CASH FLOW. Receipts are more than just sales and withdrawals are more than just expenses.
- 4. BUILDING VALUE IS ESSENTIAL.** A healthy business has a strong business value. Keeping

- profits in the business strengthen the value. Making long-term decisions instead of just short term can make a difference in the financial health of the business.
- 5. MEASUREMENTS.** They use DOR others call it a dashboard, scoreboard, or key productivity indicators. Identify, create expectations and measure 5 to 25 behaviors, non-financial items, which will lead to success. From these items, all can determine whether they are doing a good job or not. They live the philosophy "you get what you inspect - not expect".
- 6. ITS GOTTA TIE OUT.** We all work together. One department affects the other. Sales influence staffing, inventory impacts sales, cash flow impacts growth and so on.

Continued on Page 4



Choosing a movie? Film plots, Badly explained

👉 **The Shining:** A family's first Airbnb experience goes very wrong.

👉 **The Lord of the Rings:** Group spends nine hours returning jewelry.

👉 **Titanic:** Everyone tries the ice-bucket challenge.

👉 **Beauty and the Beast:** Stockholm syndrome works.

👉 **The Chronicles of Narnia:** Kid comes out of the closet.

From the twitter feed #ExplainAFilmPlotBadly

YOU'RE IN FOR A TREAT...



Would you like a free Kringle from Uncle Mike's Bake Shoppe?

Just encourage a small business owner to set up a **FREE DISCOVERY MEETING** with Mary at Focus CPA Inc. and we will send you a gift card for a free mouthwatering , award winning Kringle of your choice.

We are accepting new clients! A referral is the best compliment that we can receive.

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10 Rules to Open Book Management (cont'd)

- 7. A DOLLAR TODAY IS WORTH MORE THAN A DOLLAR TOMORROW.** Understanding the impact of receivables, inventory and borrowing money.
- 8. 80/20 PRINCIPLE.** When reviewing financial information they focus 80% of their time on future financial information and 20% on the past. For many businesses, 80% of profit comes from 20% of their business. The

point is to keep focus on what you can change.

9. SPEAK THE SAME LANGUAGE. This is where the accountants talk so everyone can understand them. Define gross margin, net profit, sale, receipts, cost of goods sold and overhead for starters.

10. SUCCESS STARTS HERE. Everyone takes responsibility.

These 10 rules have worked at Zingerman's. By keeping score and sharing their success, they continue the success cycle. It helps to start with great employees, however you can create an environment to develop, create and keep great employees.

To start I recommend that you create your vision and then using the above 10 rules put it into action. It does not have to be perfect - just start with a plan. For ideas go to Ari Weinzweig book "Building a Great Business" where he provides "a recipe for writing a vision of greatness" see page 151. He also shares Zingerman's vision for 2009 and 2020, page 305, right after their mission statement.

Wouldn't it be great if everyone that worked in business thought and acted like a business owner?

We can provide financial insight to help you clarify your vision. We have started a dictionary to clarify accounting terms into everyday layman language. We do revise financial statement reports to make better business decisions and can assist in designing specific measurements. All are customized for your culture, business and industry. **Contact Mary at 920-351-4842 or mary@focus-cpa.com to set up a "discovery meeting".**