



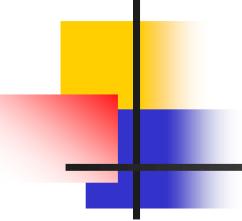
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GOTHIC ART SEMINAR

1200-1600





***CANADA'S MOST
BORING
ACCOUNTANT
CONTEST***

**PARTICIPANTS'
PREPARATION COURSE**





PRACTICAL TIPS FOR CONTROLLERS AND CFOS

www.practicalpd.com

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VP, Finance & CFO & Secretary
SureWx Inc.

spriddle@bell.net

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PRACTICAL
PD

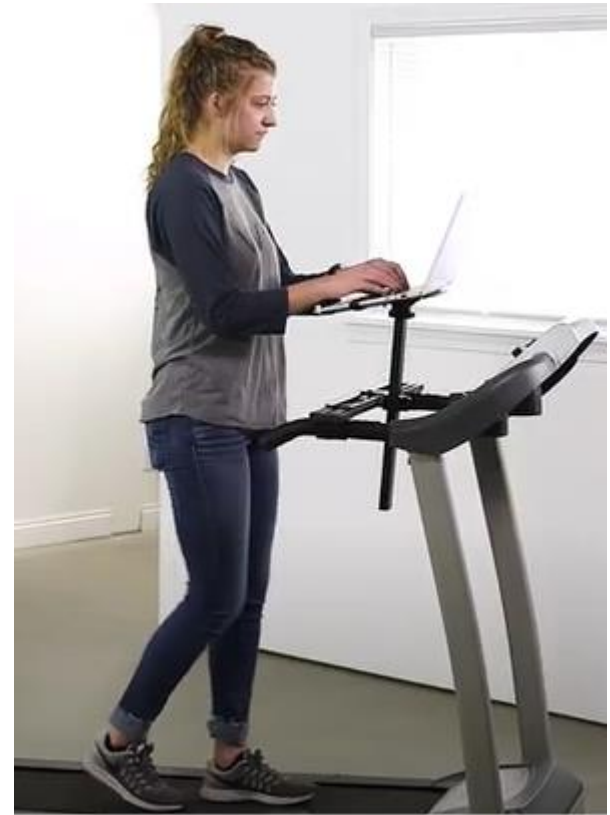


Introduction

- Another boring session to get PD hours?
- The bad news and the good news
- Not advertised as a reference book
- Many blanks for key points to engage you, fill them in to keep involved
- **If you email me, I will send you completed slides after spriddle@bell.net**
- I want you to see me



Watch this any way you want



Do not watch while driving please!





Where am I?

- Halifax, Nova Scotia, visiting family, my home is in Ottawa



Introduce yourself

- Name
- Position
- Organization
- Salary



Since I mentioned hockey...





Type "yes" if...

- As a teenager,, you were dreaming of becoming.....an accountant



What were you dreaming of at 16? Type in the chat...

k : a hairdresser

: pilot

rke : a doctor

: architect

: A cop

eth : Interior Decorator

: golfer

: nhl

binson : musician

ssa : A background dancer on the show "Solid Gold"

pi : engineer

Race car driver

: I can't remember :0

Dupont : FBI agent

: guitar rock star

I was dreaming of becoming

- A sailor in the navy



- Although deep down, my biggest dream was to be a Dad!



Type “glad” if...

- You are glad after all that you became an accountant



Type “real” if...

- You are a real accountant... at home



Type “real” if...

- You are a real accountant... at home

DR	Snack expense	\$1.85	
	CR Cash		\$1.85



Type “real” if...

- You are a real accountant... at home

DR	Snack expense	\$1.85	
	CR Cash		\$1.85

DR	Groceries	\$72.03	
	CR Cash		\$72.03



Type “real” if...

- You are a real accountant... at home
- And the books balance...



Type “no more” if...

- You have stopped stealing from your employer...



Type "yes" if...

- Your employer is overseen by a functioning board



Type “DR” if...

- You know who invented double entry accounting

No googling!



Past guesses

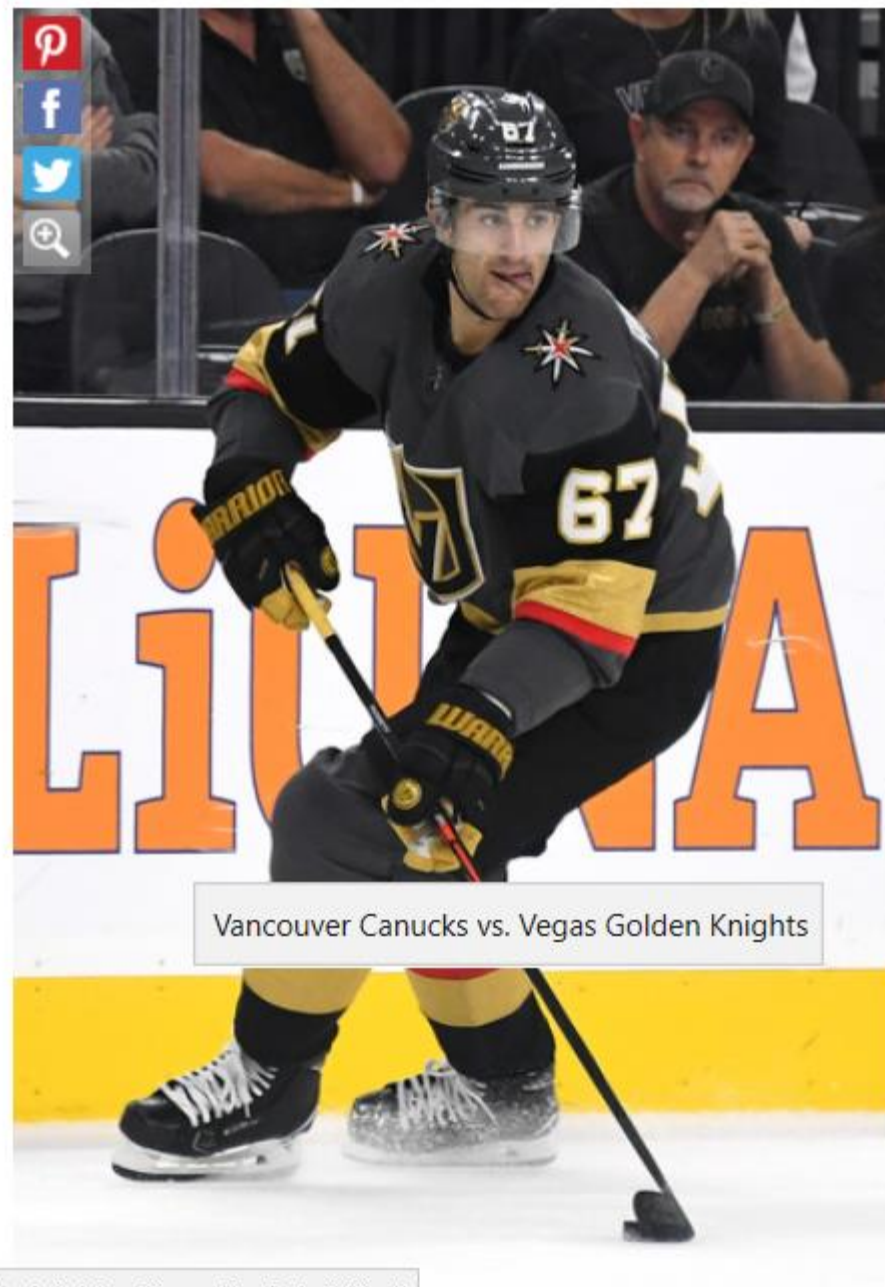
From Marc: the Romans

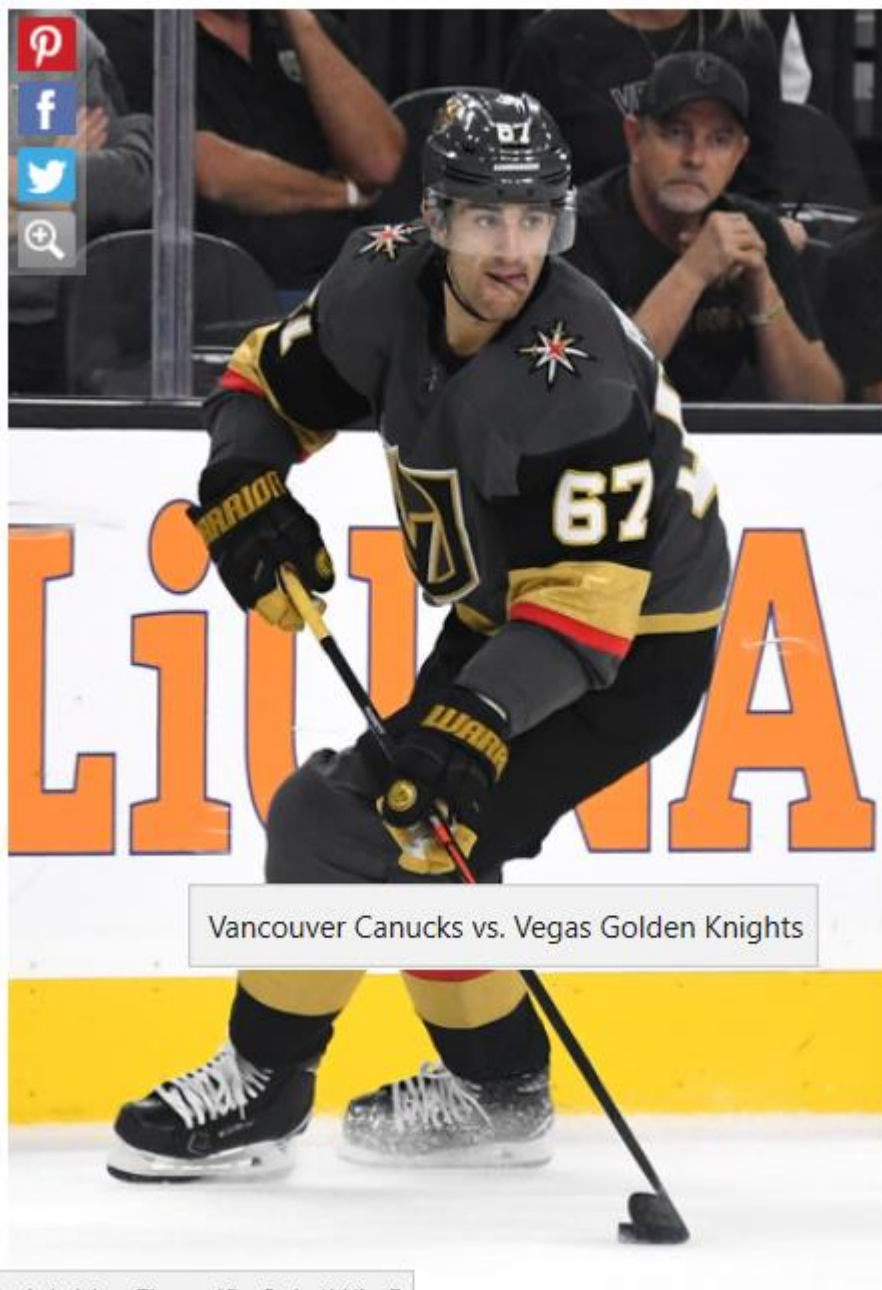
From Daniel: A dog

From Vincent: Copericus

From fscuc: The Romans invented bookkkeeping

From Juan: a woman

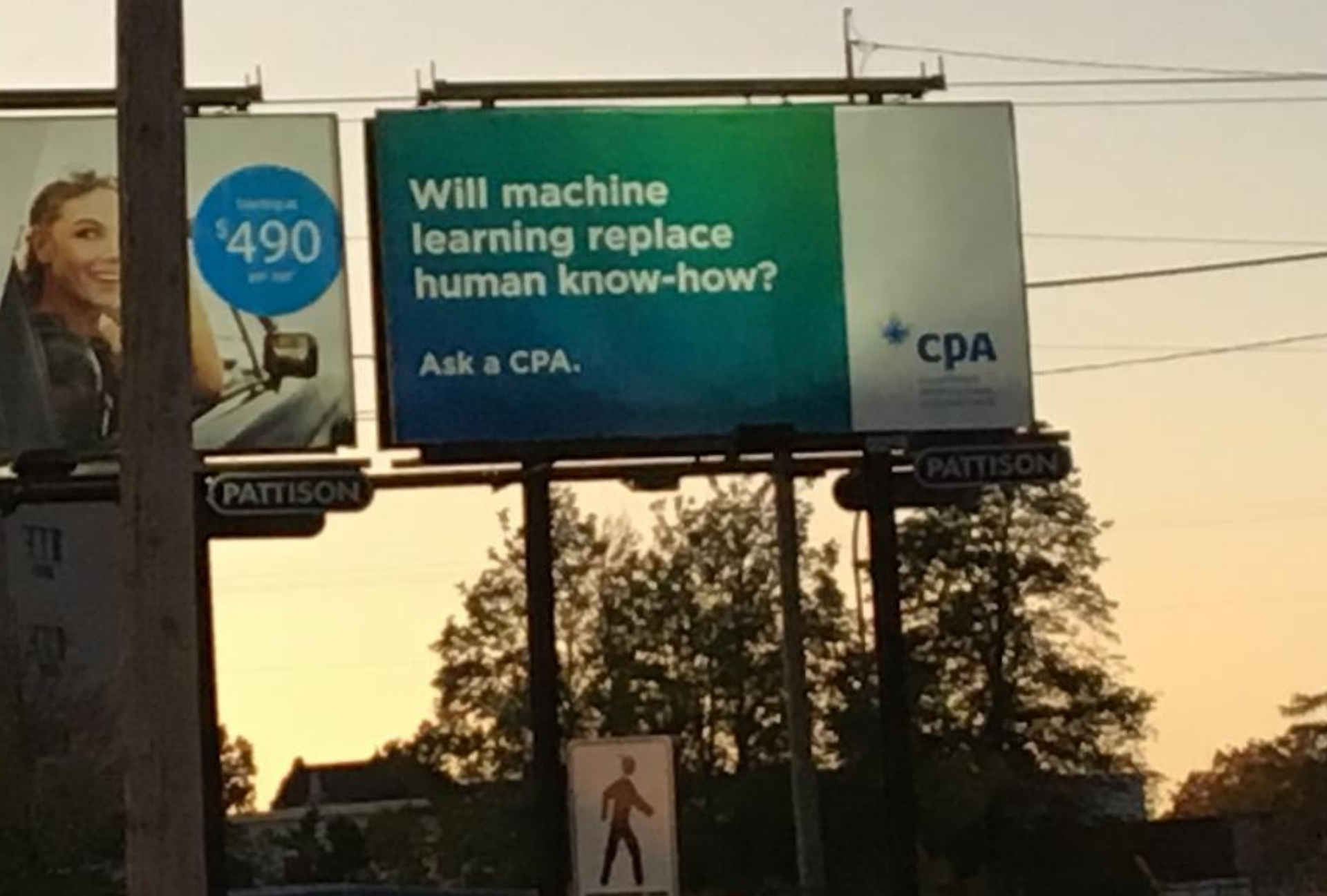






Type “yup” if...

- You know whether machine learning will replace human know how





Type “Justin” if...

- If in the last Federal election, you voted for....



Introduction - me

- I am a best-selling author
- But you may hate me...



Concordia CA program case

Sample simulation – 2011 2

Simulation (300 minutes)

Mike and June ~~Eosh~~ are fitness enthusiasts, with an entrepreneurial bent. They founded a Canadian wilderness tour business in 2001. The business grew slowly and was financed by its earnings. It sold for \$1.2 million in 2010, and they have enjoyed some world travel in the months following the sale. Prior to starting that venture, June was an aerobics instructor and personal trainer and Mike was a systems analyst in a large company. Both are 58 years old and they have one married adult daughter. They live in the city of Alderton, in Eastern Canada. Alderton has a population of 89,100 and the age demographics are close to the Canadian average.

It is now July 13, 2011. You, CA, work for sole practitioner Mark Jalin, that is for Mark Jalin Professional Corporation. The couple have approached you, CA, about their next business venture. Neither you or Mark were involved in advising them with respect to their previous business.

QUESTION 4 (25 marks) (60 minutes)

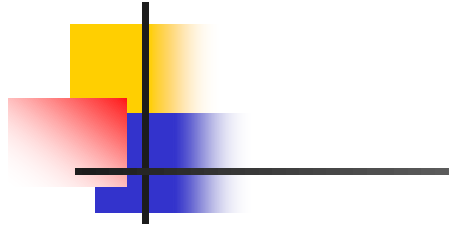
Ellen Weissman, a successful businesswoman, operates a medium sized retail business. She owns no real estate beyond her principal residence and what she requires for her business.

MANY UFE QUESTIONS – YOU MAY HAVE WRITTEN SOME...

Simulation (240 minutes)

Care Corporation (CC) is a company that operates a business offering nurses and other aids to help seniors continue to live at home. It also offers at home, medical diagnostic services and owns three buildings from which it derives rental income. All of the businesses operate in the city of St. Andrew.

CC was founded in 1978 by Albion C. Glace, a 24 year old western Canadian entrepreneur. The company grew out of Glace's personal experience caring for his aged grandparents, with his parents. The company has been reasonably successful over the years and ownership now includes outside investors, none of whom are particularly wealthy. These include Glace's nephew (10%) and third parties (28%). The company has an October 31 year end. Glace is the company's (active) chairman and CC's president is Suzan Charre. CC has had its financial statement reviewed by Barrie & Co (BC) Chartered Accountants for a number of years. BC also provides useful business advice, when required. The company's most recent interim financials are set out in Exhibit I and background information on the city, its province and the business are provided in Exhibit II.



Strategic Leadership Program

Board Report

Seniors' Care Inc.

At major airports world-wide

My company **SureWx Inc.**

(MBO late 2015)

Enhanced airline winter operations, primarily related to anti-icing:

- Less cancellations
- Less delays
- Environmental benefits
- Greater safety
- 33 airlines, 100,000 pilots use





My “unpaid CFO” job....

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SEARCH

NEW LUMBER & WOOD
PRODUCTS

RECLAIMED, VINTAGE
WOOD PRODUCTS

Welcome to The WoodSource

Welcome to The Wood Source, the Ottawa Valley's finest specialty lumber store and mill shop. Our organization consists of two divisions. Please click below for the division of your choice.

[FIND OUT MORE »](#)

Sign up for our Newsletter and other great information!

Email Address

SUBMIT



CUSTOMER
APPRECIATION DAYS

CUSTOMER APPRECIATION SALE
NOV. 19TH TO DEC. 31ST



Core 2 - Ottawa

Orientation Videos

- Homepage Tour
- Module Content Tour
- Submitting assignments and grades tour
- Oracle documents tour

Calendar

Upcoming events



Stephen
Priddle

Hi, I am your session leader for this module. I want you to be successful in this program, and want to help by teaching these sessions. I am married to a (retired) accountant and have four young adult children and one grandson. The oldest two children graduated in accounting, one of whom is a recent CPA, CA grad. In my spare time, I like spending time with family, the outdoors, playing sports including hockey, cycling and triathlons and I volunteer in the not for profit world. My formal bio is below.

Exam Preparation

- Core Module Exam Blueprint
- Core Exam Reference Schedule
- Exam Regulations
- Exam Regulations Video
- Module Exam FAQ
- Mock Exam - Case
- Task-Based Simulations

CPA Way Videos

- Introduction (5 minutes)
- Mindset (5 minutes)
- Assess the Situation (7 minutes)
- Analyze Major Issues (7 minutes)
- Conclude and Advise (7 minutes)
- Communicate in Writing (4 minutes)
- Ethical Behaviour (8 minutes)

Candidate Guidance

- Core 2 Survival Guide
- Core 2 Survival Guide Calendar
- Candidate Guide
- Administrative Changes
- Candidate Guide Addendum
- Candidate Dropbox Guide
- Peer Review Guide
- Approaching a Case Guide
- Debriefing a Case
- Harmonized Education Policies

Important

The following activity must be completed by the end of Week 1

[Academic Honesty Quiz](#)

News

Workshop Information including Time and Location

Posted Aug 12, 2016 12:11 PM

Workshop Information including Time and Location

This has been posted on the Discussion Board under the "Module Workshop Discussions" thread.

[Please read the post in its entirety.](#)

[Show All News Items](#)

Securexam

To download the Securexam software, go to this website: <https://cpacanada.securexam.com>

- Installation Instructions
- User Guide

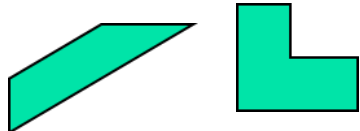


Seminar comments

- This unconventional seminar is never the same
- Big and small picture tips to help you
- From an entrepreneurial company perspective
 - all of us need this perspective



Key points

- Doesn't apply to your current job, but it may apply later in your career
- Apply by analogy if your organization/situation is different, I want to get you thinking
- My ideas: you research how to apply
- Will try to bend your thinking 
- You will get personal career tips
- E-mail me if questions later



How we learn

- Good judgement comes from experience
- Experience comes from bad judgement
- “Humans are hard-wired to learn from stories” (C. Hall)
- Will share stories from my career, war stories, heroes & villains
- Some of my experience is a bit extreme, I like riskier “wild west” co’s and I invest in some



Bad judgement

- Someone once said that:
- “ a wise person learns from his/her own mistakes, but the brilliant person learns from the mistakes of others.”
- It was Einstein
- We try to tell our kids to avoid our mistakes, “get your experience cheap from me..”

Feedback:

Spent two hours after the seminar writing down action plans.

- Create a work action list from the seminar
- Jokes? I might make fun of...
- I will sometimes exaggerate slightly to make a point and don't take everything I say seriously...
- Opinions expressed in this seminar, are strictly those of the presenter
- Expect the unexpected



Banking

- Immediately share _____, good or bad (They don't like _____) *TELL JANET*
- Invite bankers to special events, which make the company look good
- Suggest they come to your organization and present seminars on: _____
_____ to your employees
- Have them attend _____ (as an observer)??!!!



Course plan

- Ethics
- Outside the box thinking
- Finance role – some different angles
- Banking
- Improving financial reporting
- Reducing costs
- Lawyers & legal fees



Course plan

- Taking a new job
- Auditors & accountants
- Technology & conversion tips
- Board of Directors
- Mergers & acquisitions
- The fast close
- KPIs & weekly dashboard

Bench-marking – where does your finance group stand?

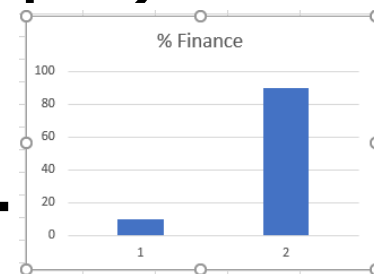
- First survey: finance heads/t
- Definition of finance heads
- Your prediction?
- Your org's %__, seminar %
- All seminars avg __% (large sample)
- City/province average ____%
- Use the data to your advantage..

Historic averages:

Calgary 6.99

Edmonton 5.38

Worldwide 6.10





Ethics - intro

- A story with a lesson
- He tarnished your reputation
- Did you lose money due to that fraud?
- (Enron's market cap went from \$70 billion to \$200 million)





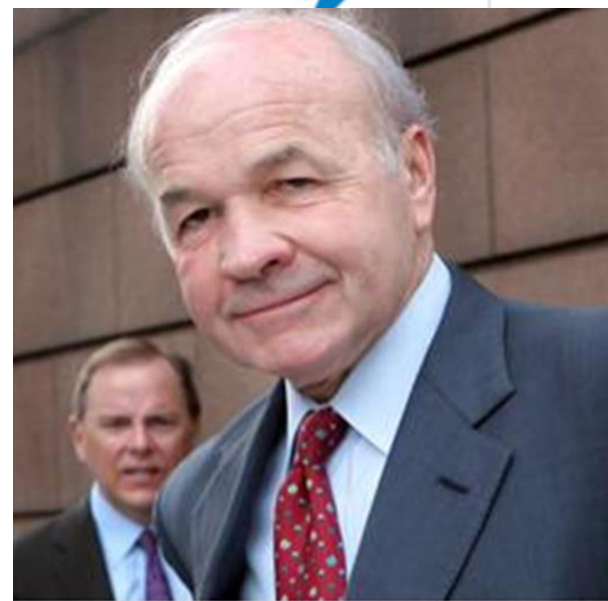
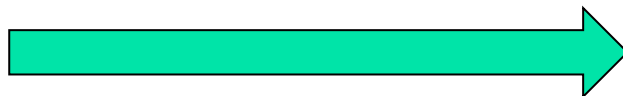
\$100



\$898



KENNY





The dead donkey raffle

There are no accounting issues, no trading issues, no reserve issues, no previously unknown problem issues. I think I can honestly say that the company is probably in the strongest and best shape that it has probably ever been in.

—Kenneth Lay answering an analyst's question on August 14, 2001.^[87]

**ENRON WAS BANKRUPT 109 DAYS LATER!
THE LARGEST IN US HISTORY!**



Ken Lay, Enron founder & CEO

- What happened to him, what is the lesson?

No googling!

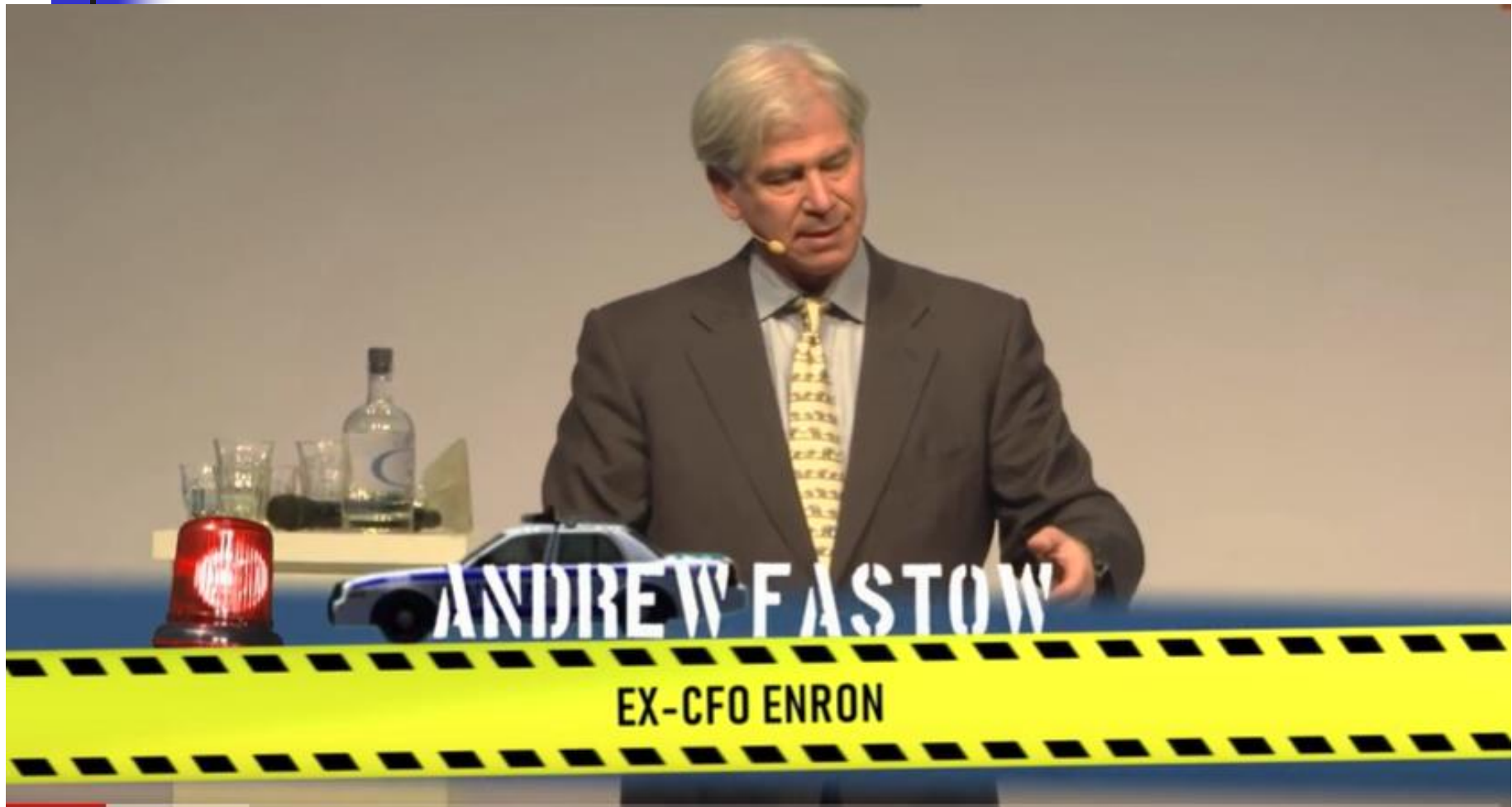
Ken Lay, Enron founder & CEO

- Arrested
- Charged
- Tried
- Convicted
- Dropped dead
- Lesson?

Ken Lay is not dead - in Paraguay



CPA Speaker - Netherlands



The only Canadian who went to jail

In a letter to a U.S. probation officer, a copy of which was filed in court, Mr. Delainey acknowledged that his rapid rise through the Enron ranks had become "intoxicating," and that by 2001 he participated in financial manipulations that he knew were wrong.

- Went
- I knew someone who knew him...
- When asked how he could have done all this, he said something like: "it seemed so respectable, board approved, nice suits, professional advisors...."



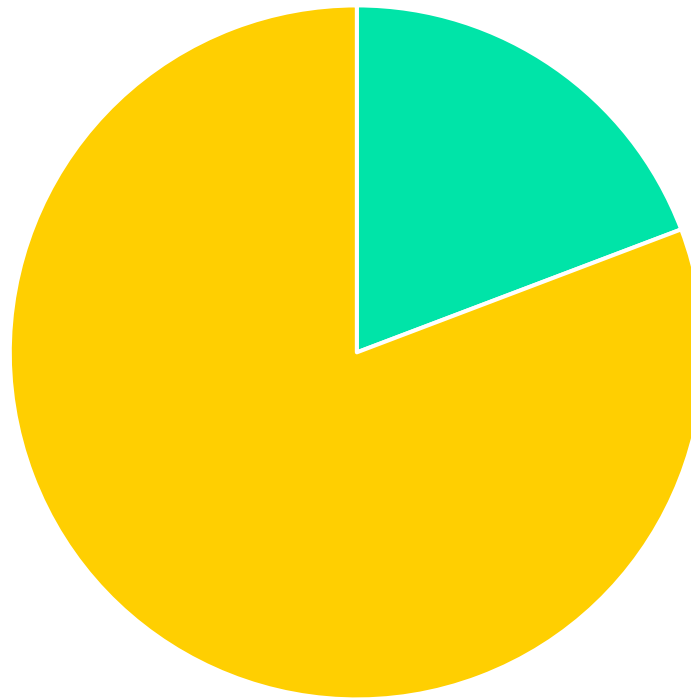
My Dad meets Ken Lay

- In Canada, shortly before he was arrested...
- Dad said he was...



Polling question

Have you ever had to quit a job or drop a client for ethical reasons?



■ Yes ■ No



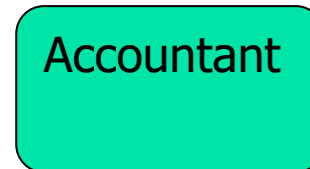
Ethics - intro

- But ethics is an issue for all of us...
- Have you ever resigned a position/client due to ethics? _____ in this class have
- Doesn't mean you haven't faced issues...
- Have you ever been disciplined by your professional body?

Ethics case #1



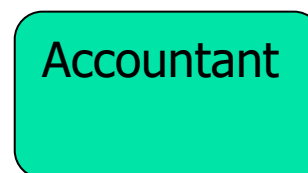
- Wealthy owner of a group of aviation companies
- Tells accountant to book _____, as fixed assets, make sure this fools the auditors
- Answer: _____

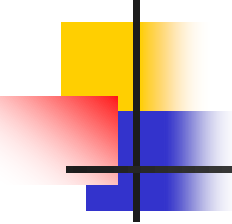


Ethics case #1



- Wealthy owner of a group of aviation companies
- Tells accountant to “book expenses = 7 x materiality, as fixed assets, make sure this fools the auditors”
- Answer: No!





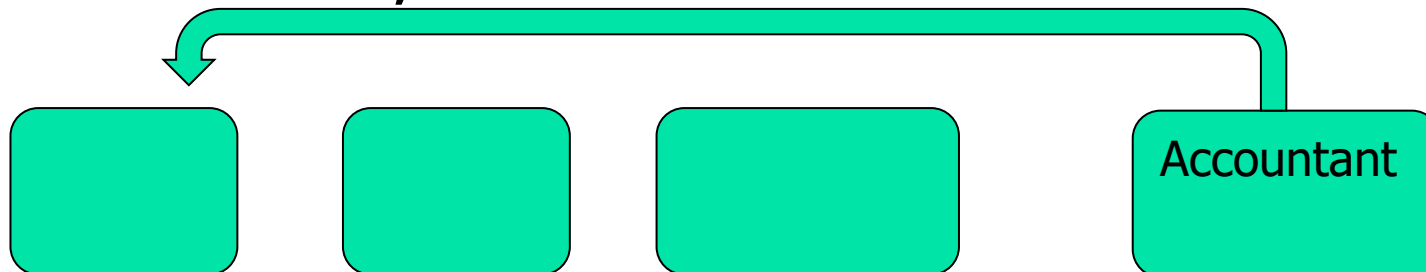
Ethics case #1- what would you do?

- Ask why?
- See if you can achieve his objective, ethically
- Ask him if he wants to go to jail?
- You can't do it!

Ethics case #1



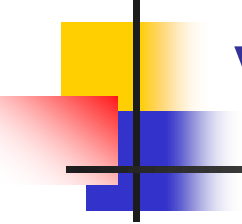
- Wealthy owner of a group of aviation companies
- Tells accountant to “book expenses = 7 x materiality, as fixed assets, make sure this fools the auditors”
- Now, what do I do?





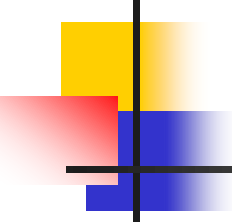
Breakout session – 5 min's

- Discuss what she should do now with your small group, she is now working for a different company in the group
- Type your best answer(s) in the chat...



Ethics case #1- what would you do?

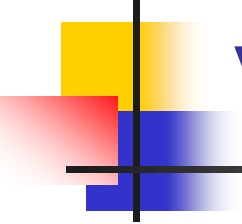
- I will give you some options....



Ethics case #1- what would you do?

- You don't know if the fraud took place and you don't work for that company
- Corporate/CPA confidentiality probably mean you can't tell anyone (rule 208.1, Quebec 48)
- Do you want to work for this owner - what other frauds have taken place/will take place – find a new job

Ethics case #1- what would you do?



- Consider talking to the other accountant
- Could someone who doesn't have a confidentiality obligation "blow the whistle"?



Another thought

- Perhaps when the first request was made, she should have said:
- "I refuse to do it, or move to the other company...hand me my severance"
- Or, "I have been demoted so....I see this as constructive dismissal, I want a severance package"...



Someone said

- She should go back to work at the accounting firm...



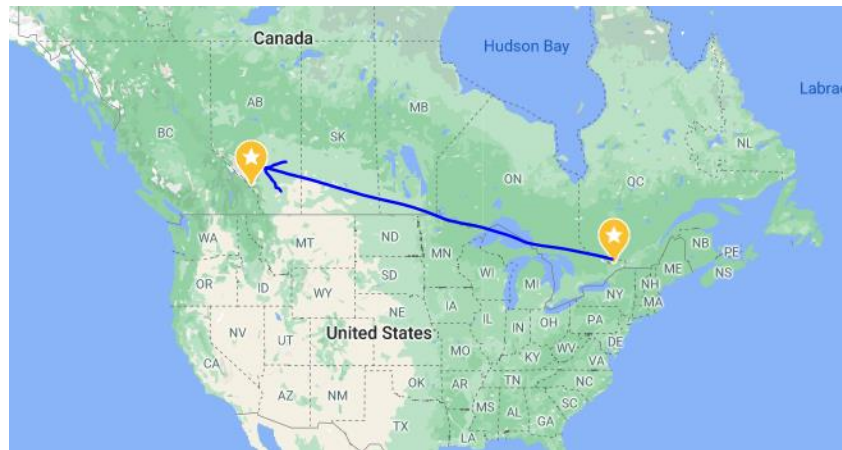
Ethics - ideas



- Taking a new job and then finding out the boss/the co. is crooked is not good
- Tips:
 1. Research the org/people first
 2. Make your ethical approach known in the interview avoid crooked employers, bosses
- May limit your possible jobs, but ...
- Suppose the leadership changes?

Examples

- The car dealer
- The move out west with the family to take a new job...





Your options

- Go to jail
- Lose your CPA
- Quit and then you have some awkward issues
- Keep working there and maybe you never get caught, but your conscience bothers you....
- None of these are good options



Research

- Google
- Your connections....
- www.ratemyemployer.com
- www.glassdoor.com
- Former employees
- A personal example, questioning two Presidents

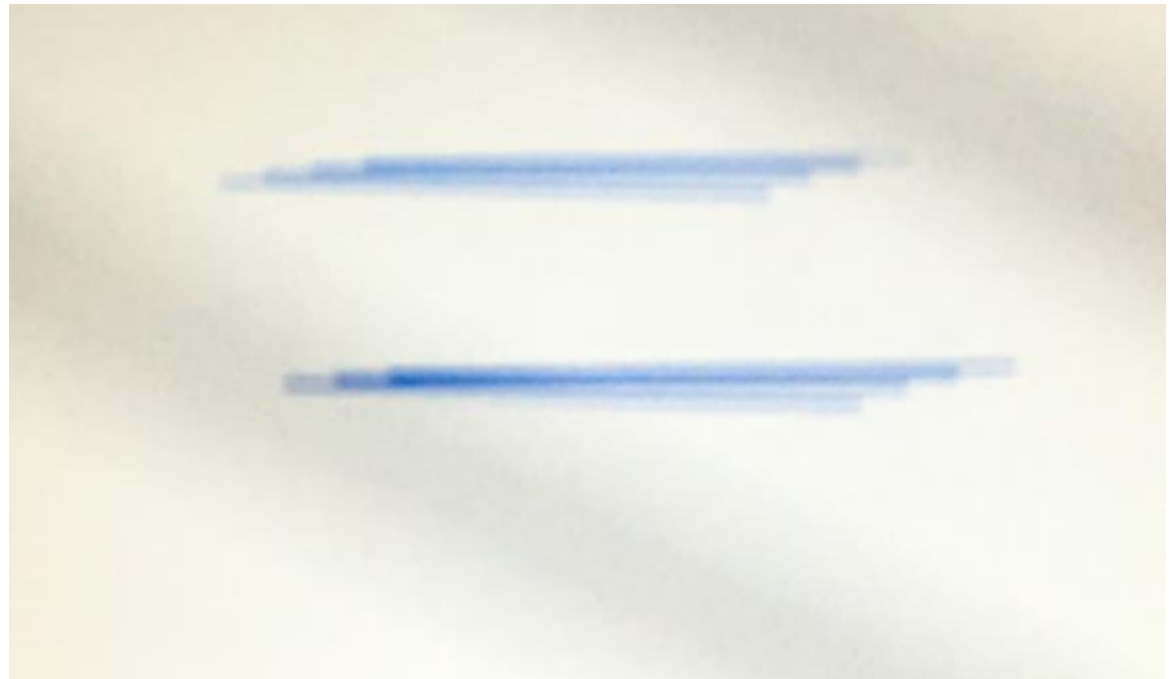


In the interview

- What do you say?
- You bring in ethics, without hitting them over the head with it....
- Sometimes they will bring up ethics...



Are you willing to...





Interview line – public company

- You will get rich, we will backdate your stock options

The Criminal Implications Of Backdating Stock Options



More than one hundred companies have been implicated in the recent federal inquiry into stock options backdating.¹In July and August 2006, criminal charges were filed against executives from



Interview question



Interview for CFO job of US public company

What is important to you?

Ethics



Interview for CFO job of US public company

That could be a problem...

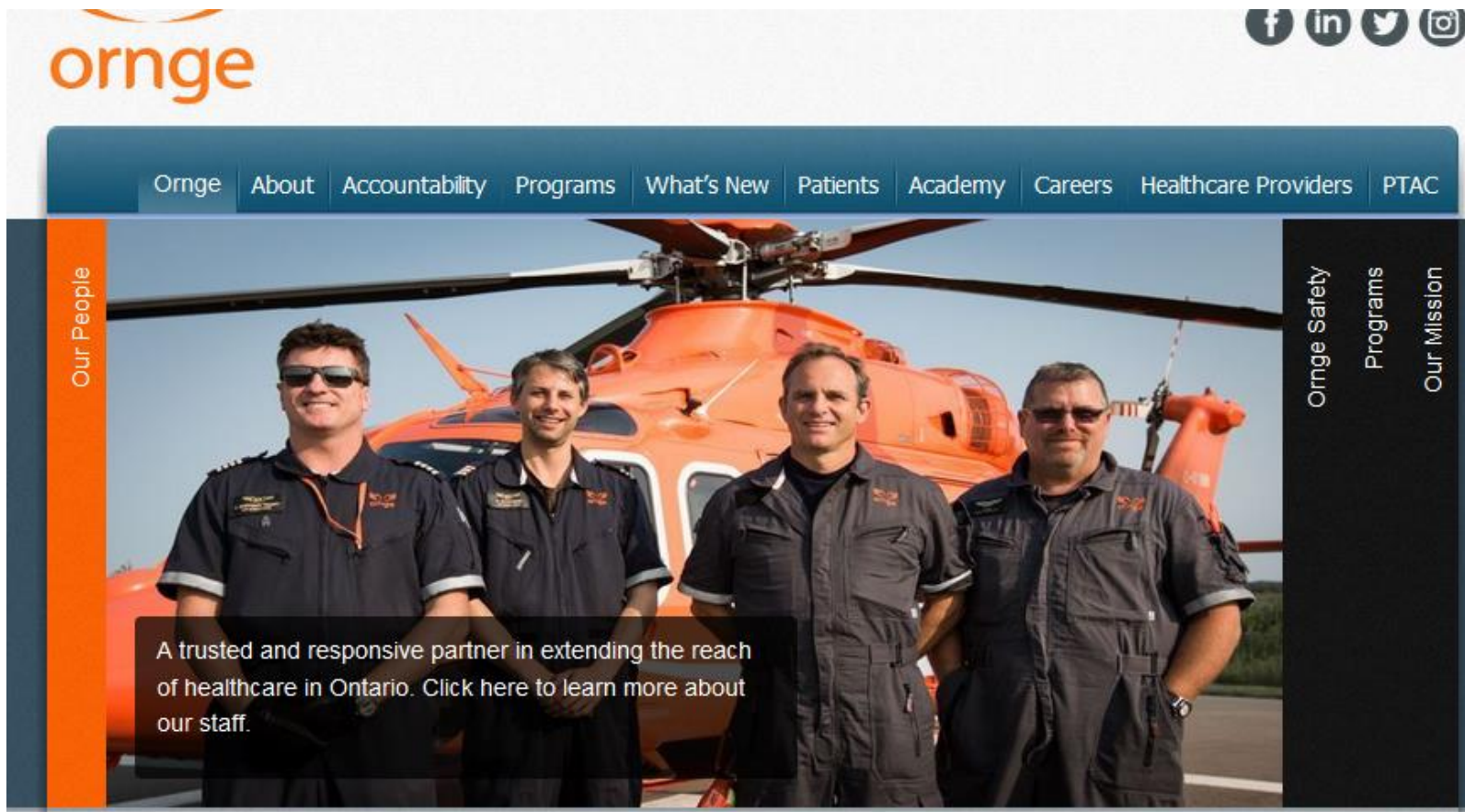




A job interview – a man I know

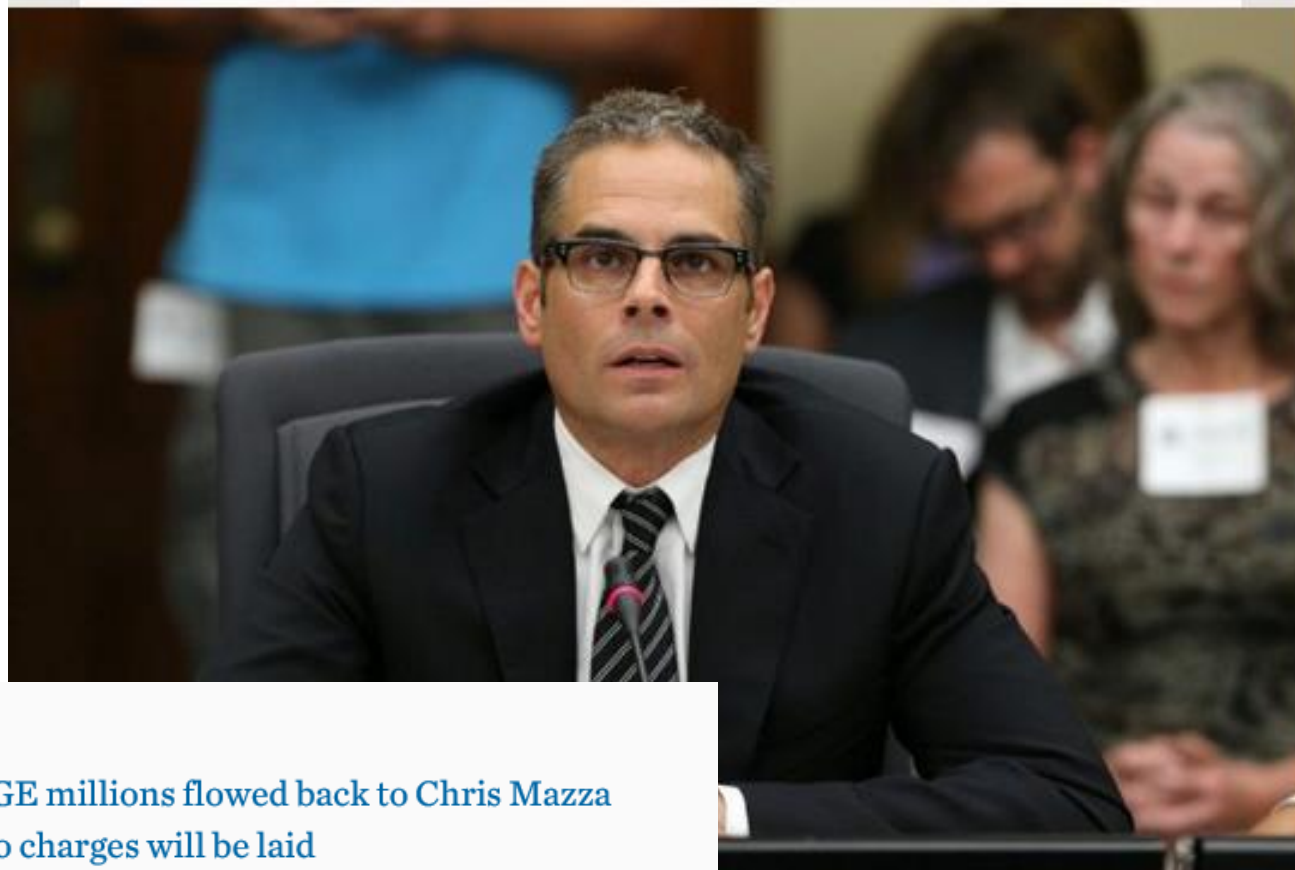
- They couldn't give clear answers about the organization's activities and everything was strange
- His "gut" told don't work there....
- He told them "I think you will have to hire someone else, I am not the right guy for the job"
- The organization was**Air Ornge**

The organization – before the scandal blew up



Ornge scandal: Ex-CEO Chris Mazza should be in jail, not ER, says MPP

Chris Mazza was fired as head of ORNGE, Ontario's air ambulance service after he set up spinoff companies being probed by police



ent as the head of the province's air ambulance service. (RENE

Read more:

[OPP says ORNGE millions flowed back to Chris Mazza company but no charges will be laid](#)

[ORNGE founder Chris Mazza used air ambulance expertise for own business interests](#)



Scandal

- "The multi-year criminal investigation into criminal fraud related allegations involving Ornge Air Ambulance Service continues," said Truax"
- "Mazza was receiving \$1.4 million a year while remaining off the "sunshine list" of public employees earning over \$100,000. That salary made him the highest publicly paid official in the province."
- "Revelations that Chris Mazza collected \$9.3 million before being axedsparked another firestorm Monday for the Ontario government"
- "Air ambulance costs increased 20% while transporting 6% fewer patients"



Scandal

- “Certain of these companies were owned by Ornge's president”
- “Interest-free loans and cash advances from Ornge to Mazza”
- “The hotel bill at one resort, the Copacabana Hotel in Rio de Janeiro, Brazil, was \$6,000”
- “ORNGE Global GP Inc. and ORNGE Global Holdings LP were placed in bankruptcy under the oversight of a trustee”



Too strong

- After three ethically challenging employers in a row
- CEO of the next employer told me after I hired him, that I came on so strong on ethics in the interview, that they almost didn't hire me
- They thought I would say don't bid on any complex engineering projects, unless we have done one successfully before



My ethics research failure

- I later found out there was a best-selling business book partly about him
- I found it in the public library, after I quit the job for ethical reasons
- If I had read the book before the interview, I would have never taken the job, ethics were obviously not his strong point!



Ex-CEO of mine in book

- “He became the CEO’s hatchet man...”
- “More than the CEO himself, the person people feared at ___ was -”
- “- comes across as the true villain in the company”
- “- stabbed her in the back... - was a loyal henchman”
- “- reached millionaire status by the time he was twenty-five”



From recent customer quotes from the Internet about him and the company I used to worked for

- Ethics – “he settled their lawsuit against him out of court after he was caught **illegally** using ____”
- “A **narcissistic man** ...he's paranoid and basically off his rocker in our very humble opinion...”
- “critics have created a website called companynames**sucks.com**”



This old CEO

- We will “meet” him again in this session....



Question

- Could some of the ethics situations you faced have been avoided by more advance research and interview discussions?

Ethics - pressure

- Make doing the right thing easier, by maintaining strong personal finances & reduces temptation!



- In a situation, think about being in at the disciplinary hearing or in the

- Can you talk to the board if the CEO misleading them? Yes (private co)

- (Don't treat your Board like mushrooms!)

- You refuse to do it - what are the legal implications ?





Note

- Some CPA bodies offer financial support of CPAs that have financial difficulty due to an ethical stand, and/or fee deferral/waiver etc.

Keep them in the dark, feed
them manure



Ethics - comments



- “A person without ethics is a wild beast loosed upon the world”
- If you don't have integrity in one area, you don't have integrity
- My belief and experience:
- Integrity = success (in the long run)
- Note: I don't believe money = success

Proverb: He who walks in integrity,
walks securely....

Residential construction & renovation

- What is the big ethics issue?





Sidelight

- I am annoyed about something I recently discovered
- A guy paid me to teach him about ethics in this course!
- Then he was arrested for defrauding two of his employers, after he attended this seminar
- He was sentenced to four years in prison

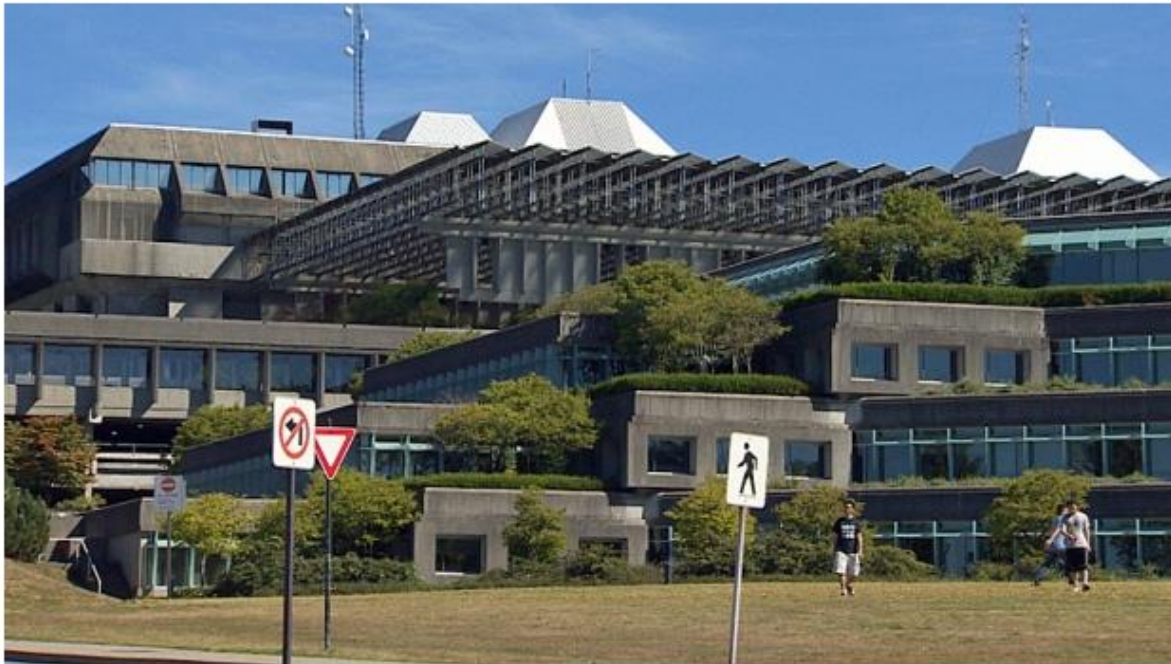


This guy attended this seminar!

Former SFU accountant sentenced 4 years for \$800K fraud

Siamak Saidi admitted to defrauding both SFU Faculty of Science and Cultus Lake Park Board

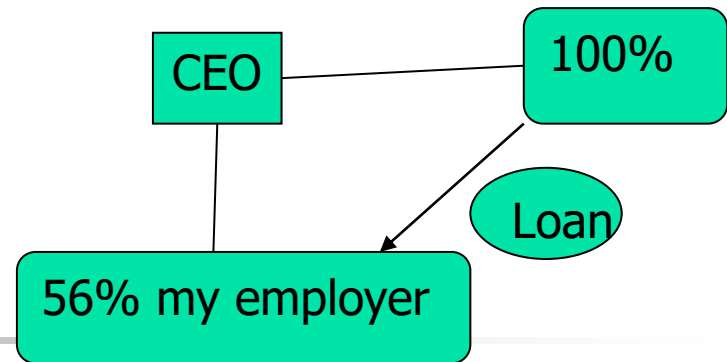
CBC News | Posted: May 02, 2014 6:40 AM PT | Last Updated: May 03, 2014 10:11 AM PT



Siamak Saidi worked for SFU for less than two years, but in that time the chartered accountant was able to steal more than \$800,000 from the Faculty of Science.



Ethics case #2



- My company borrowed money from a company wholly-owned by my company's controlling shareholder & CEO: *The amount outstanding on this promissory note shall bear interest at a rate of nine per cent (9%) per annum.* (approved by the Board, including independent directors, about two years ago, interest is overdue)
- Instruction from the controlling shareholder & CEO: "Record interest on this loan, compounded daily at 9%, and pay it to my company"
- Question: Would you do what he asks? (ignore income tax)

What would you like for lunch?





What would you like?

- Email Yen Priddle ypriddle@bell.net
- Tell her what you want her to order from Uber Eats or SkipTheDishes or DoorDash
- I chose (establishment name), if you can get me -----
- Need your address and preferred time, and any special arrangements (knock on door of apartment etc...)



This course on-line, US CPAs

a) Yes

14.3%

b) No

28.6%

c) Not sure

23.8%

d) Needs more discussion

33.3%



Mini case

- Do this first: explain interest rates, 9% compounded daily is 9.4% per annum, this increases the loan rate, not consistent with agreement, rips off minority shareholders
- The ethical way to get around the problem: get the Board to approve the revised interest rate on the note



The boss/colleague who is tempted

- Sometimes you can reform them
- “This is why we can’t do this and these are all the implications of doing what you suggested”
- “You will never win in the end, going this way”, eventually, people will find out, the auditors will catch it”
- “Let’s always take the ethical “high road”

A story

- Owner won't pay court settled mandated royalty
- CFO keeps insisting it be paid
- The owner throws a pencil at the CFO!
- Owner finally says, "I hate you and love you because of your honesty, I will pay it!
- Deep down, they know it is best to be surrounded honest people





Note

- The problem is not being unable to recognize what is unethical, but recognizing it and not having enough “backbone” to say no!





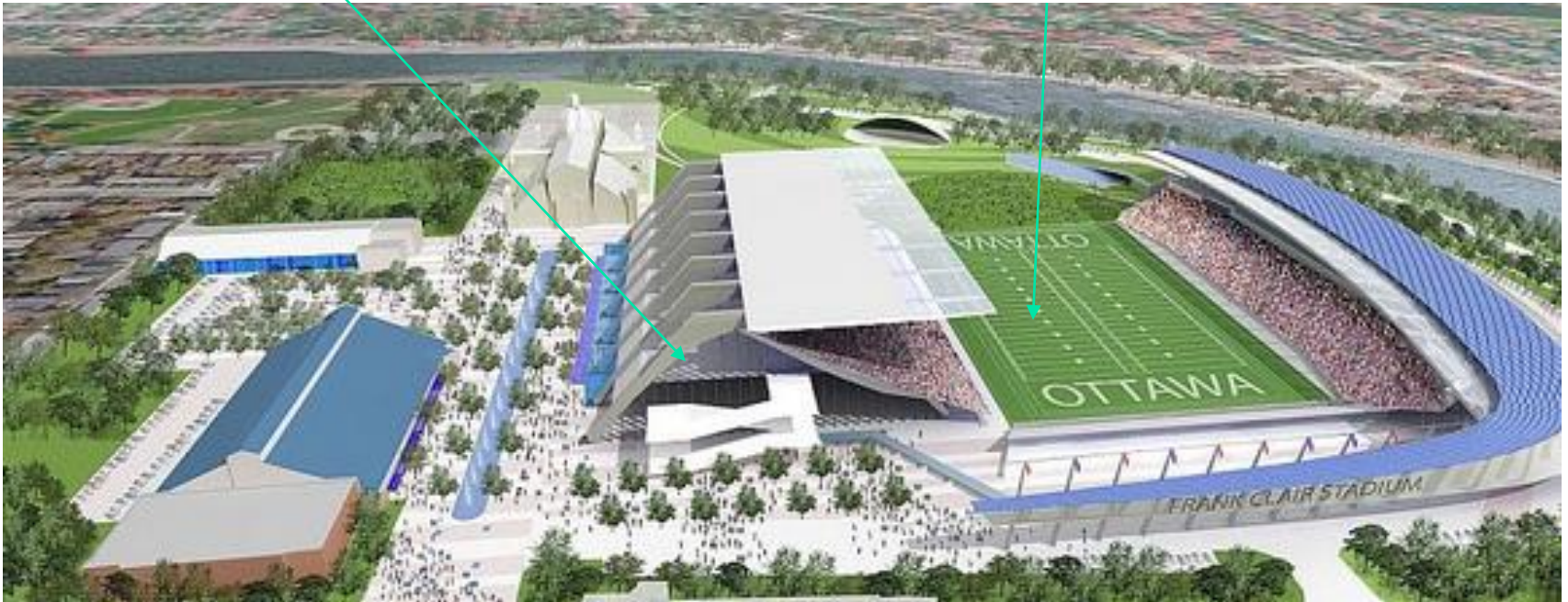
Personal

- I like hockey
- Many years ago, my brothers and I wanted to watch the Ottawa 67s, but we didn't want to pay
- I was the leader, because I was the oldest



Lansdowne Park

- Hockey rink, the Ottawa 67s play here
- Football field





Lesson

- I would never steal from a store, my parents taught me well, but I did try to steal from the Ottawa 67s, by not paying for a ticket
- Sometimes we rationalize things
- This was when I was **unethical**, I reformed shortly after, it is a long story...



Thought

- Who seemed to be the most unethical accountant you were around earlier in your career?
- Now google them
- When I did this....



One of my sisters

- Works in a different field, senior's and handicapped care
- Recently quit a job, an unethical senior's home, almost senior's abuse...
- I am proud of her



Ethics

- Always difficult, but easier if you are later in your career, rather than early
- Sometimes its lots of and lots of little ethical issues, not the really big one...
- Two board invitations with possible ethics issues....

Time at a crooked company

**DO SOMETHING
UNETHICAL**

- On-line attendee comment, San Francisco:

2018-07-27 9:22:18 AM from Richard Kent

Hide

Print

Answer

Delete

Q: CEO asked me if I would play ball. I was 26 years old. I immediately found another job. But after I left they shipped product to a warehouse. Board found out and called the SEC. I testified in front of the SEC for 10 hours. Not fun even when ethical.

A: Thank you for your response!

**CAN'T RECORD
REVENUE SHIPPING
TO YOUR OWN
WAREHOUSE**



Ethics

- Your chance to share on this... (no names)

Time to quit crooked company

CBCnews | Business

Home

Opinion

World

Canada

Politics

Business

Health

Entertainment

Technology & Science

Video

Business

Tax Season

CBC SecureDrop

Eron Mortgage found guilty of \$170-million fraud

CBC News | Posted: Nov 29, 1999 7:32 PM ET | Last Updated: Nov 10, 2000 11:48 PM ET

0 shares



Facebook



Twitter



Reddit

Eron Mortgage and its top officials have been found guilty of perpetrating one of the biggest swindles in Canadian history. The British Columbia Securities Commission estimates that 3,200 investors, most of them from B.C., lost \$170 million.

The commission found that Eron's former president, Brian Slobogian, and its vice-president, Frank Biller, lied to investors, misused investors' money, and failed to keep proper records. Many investors lost their life savings. Some also lost their homes.

Latest Business Headlines



■ Top earners saw average in



Recent e-mail to me

- *"I quit my job on January 13, because I had a professional obligation to quit as required by the CPA Code or Professional Conduct ..the course that I took with you this fall titled **Practical Tips For Controllers and CFO's** helped me make this very hard decision."*



Mandatory ethics PD hours

- You get 1.0 hours of ethics content, toward your mandatory verifiable ethics requirement, this section, plus a little more in the seminar

Quebec CPAs note

Note : **In the 2019-2020 program**, this session allows you to declare 1 hour in the field of professional ethics. To do so, you will need to do two entries in your file: 6 hours in an activity in the field covered by the course content in general, and 1 hour in an activity in the field of professional ethics.



Ethics courses

- The other day my wife said “I think politicians should have to take ethics PD hours....”
- I think they said also take a course on debt/financial management

The Feds are borrowing about \$1 billion per day!



Ethics

- Ethics and your PD hours
- Much more in my **Practical Tips for Controllers & CFOs – The Case Course**: principles and actual scenarios – how to deal with them, not just quit the job (9 cases discussed, 15 bonus cases) March 20, 2021

Content Evaluation:

	Yes	No	Somewhat
Depth Is the course material of sufficient depth/breadth to impart new information to you?	15	0	0
Expectations Did the course meet your expectations?	13	0	
Useful Will the materials be a useful reference source for you?	15	0	0
Value Will the course be of practical value to you?	15	0	0
Recommend Would you recommend this course to others?	13	0	1

Comments:

Appealing:

- One of the best PD courses – practical, good mix of case study, group work and class discussion
- I relay enjoy the cases which brings the tips together to real life scenarios, I learn best with cases
- This is a good course to be taken in conjunction with the Practical Tips course
- Tips are applied to real life which make it transferable to my own job and experience
- Applicability of cases to job and real life scenarios
- Case study worked
- Instructor willing to share
- Neg. bank agreements
- Foreign exchange
- Financial reporting to the Board – good tips
- Practical situations
- Knowledgeable instructor
- Good cases
- Practical
- Well run
- Financial reporting
- Controls

Improve:

- Foreign exchange too long
- More on reporting controls

Instructor Evaluations: Stephen Priddle

Presentation Style	94.7% (71/75)
Subject Knowledge	95.3% (71.3/75)
Handling Questions	94.7% (71/75)
Use of Examples	94.7% (71/75)
Overall Evaluation	90.7% (63.5/70)
OVERALL TOTAL	94.1% (348/370)



By the way

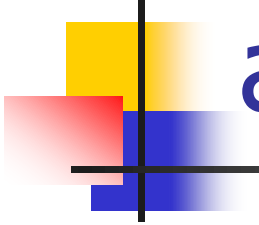
- Only about 3 years of my career have been ethically challenging....I just had a lot of stories on them in this part of the seminar



New CPA PD Rule 42-1

- \$48 fine for looking at work or personal emails during the session (doesn't apply during breaks!)

Let's talk about creativity for accountants





Are you a creative accountant?



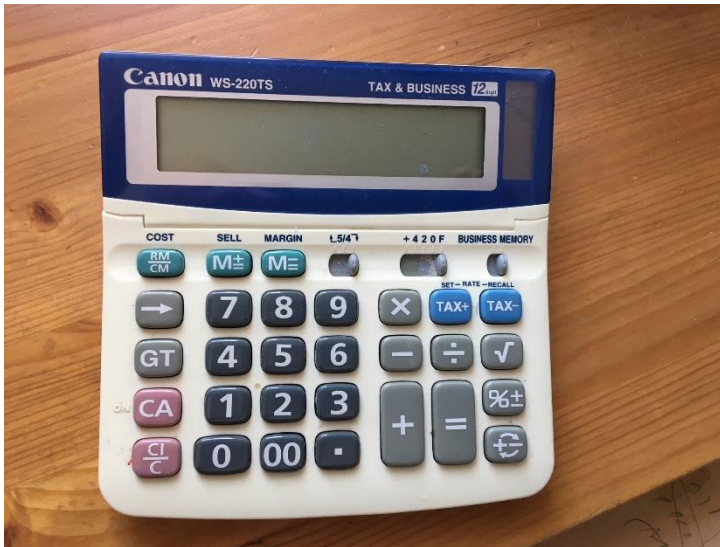


Note

- Recent McKinsey Global Survey:
- *"non-CFO executives described their CFOs as lacking an innovative approach"*
- Innovative = **creative....**

Legacy CMA advertisement


- “An accountant without creativity is just and expensive calculator”





Creative thinking tips



- For improved work problem-solving
 - You should develop outside the box or lateral thinking skills, many eg's today
 - Challenge your assumptions and come at problems from different angles
 - Generate better alternatives, that others don't consider – maybe even counter-intuitive (family example)
 - Lawsuit example
- 

Your 4 year old and 6 year old
are fighting, what do you do?



Your 4 year old and 6 year old are fighting, what do you do?



From Kristin : Give them a time out

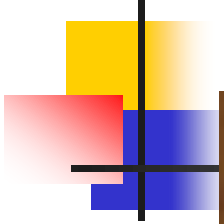
From Hratch: ill try to understand what they are fighting for

From Angela : no kids yet ;-)

From Marco Lessard : separate them and get them to better understand what's going

From heshma : divide and conquer

From ratha : comment on their fighting skill





A recent email from an attendee

- *This evening as I taped my 12 year old and 4 year old to help them get along as they are always picking on each other.*
- *What a great idea; they had to work together to set the table and the 12 year old had to be kind and actually take care of his little brother in order for him not to get hurt. Thanks for that 😊*



Another one

- *I had an epiphany when you were talking about purchasing a company when settling a law suit. Our company may have an opportunity to purchase a plaintiff that's been a thorn in our sides for the past 8 years and the lawyers are getting wealthy....*



Creative thinking tips



- The more ideas you generate, the greater the chance that you will hit a good one!
- Great solutions are often elegantly simple
- However, don't forget the obvious! (Thinking too hard may mean you miss this)



Great minds
think
differently.

ALL NEW

Fidelity CanAm Opportunities Class


onlyatfidelity.com

Ask your
financial
advisor.

 **Fidelity**
Investments

Is your education hindering you?



- Did you learn to get outside the box through your formal education?
- Sometimes forget your education and your experience!
- Three tax examples _____  _____
- An engineer who solves engineering problems without _____

Is your education hindering you?



- Did you learn to get outside the box through your formal education?
- Sometimes forget your education and your experience!
- Three tax examples engineer gets great idea
- An engineer who solves engineering problems without _____

Is your education hindering you?

- Did you learn to get outside the box through your formal education?
- Sometimes forget your education and your experience!
- Three tax examples engineer gets great idea

Business-use-of-home expenses

Area or number of rooms of the work space

0

(A)

Total area or rooms in the home

(B)

Percentage - business use portion (A divided by B)

(C)

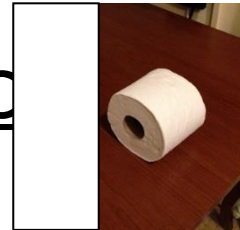
Include these expenses, and CCA for business-use-of-home expenses, on line 9896 "Other (specify)," of form T1163, T1164, T1273, or T1274.

Gross

Allowable

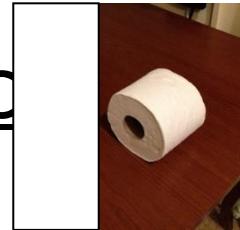
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Is your education hindering you?

- Did you learn to get outside the box through your formal education?
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- Three tax examples engineer gets great idea, office in the home, 100 year loan
- An engineer who solves engineering problems without _____



Is your education hindering you?



- Did you learn to get outside the box through your formal education?
- Sometimes forget your education and your experience!
- Three tax examples engineer gets good idea, office in the home, 100 year loan
- An engineer who solves engineering problems without engineers

Winter problem – Kingston, Ontario

- How to get cars/people from Wolfe Island to Kingston, in winter, cost effectively (ferry in summer), the ice freezes hard





Start brain-storming....

- Prize for my favourite answer

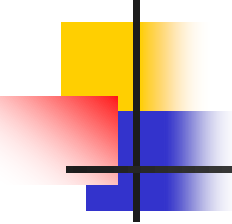
Engineer - intuitive

- A ferry that will break the ice..



Or an ice-breaker ahead goes ahead of the ferry..





Remember, come at the problem from different angles....

- High
- Medium
- Low
- Avoid the problem
- And?

Other surface options



Get down



Canadian heritage



Look up



Zany ideas



Teleportage





Get around the problem

Get around the problem



National Park



- Move the prisons where people work to the island
- Move the Island!



A bit too creative...



Bike?





Interesting...





Even more different angles

- Warm the river (then it won't freeze)
- Increase the flow of the water
- This is getting closer!

Winter problem – Kingston, Ontario



- You forgot to ask me a key question:
- **Steve, what is the budget?!**
- **Answer: \$60,000**

Winter problem – Kingston, Ontario





I will demonstrate this



Helps your thinking



- Imagine an 84 year old high school dropout multi-millionaire businessperson – would they be more creative than you and I?
- Think about what would creative former colleagues do in relation to the problem you are facing



Possibilities

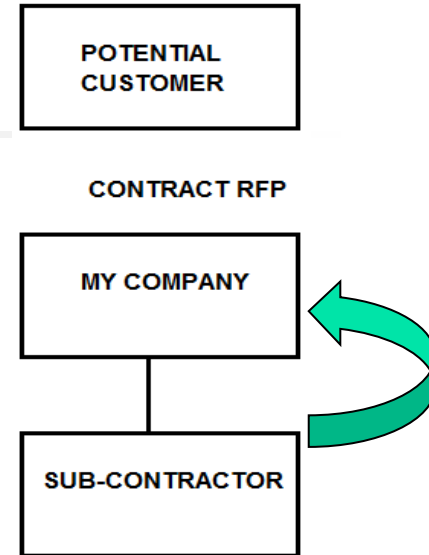
Remove the problem:

- Change what we submit somehow
- Ask them to change the RFP
- Ask a lawyer for advice
- Bribe them!

Come at the problem from a different angle

Contracting example

- There are clauses in a Request For Proposal (RFP) that are hard to deal with (legal clauses)
- We must win the contract, how can we overcome this?
- By getting the sub-contractor to be the prime





Not these solutions

- Annoying single squares...
- Leaves
- Bidets
- Recycling
- Less fiber in diets....





Cost-saving example

- Question all costs
- A company has found a way to save trees cut down to produce toilet paper with an outside the box, simple idea, what is it?
- There is no need for the cardboard inner roll





Or these solutions

- Thinner, smaller or narrower squares
- Using both sides
- Special wiping techniques
- Rough toilet paper
- Wet toilet paper
- Last's year Income Tax Act



One disadvantage...





The advantage of this illustration

- You will remember it for the rest of your life... every time you....



Can you creatively eliminate something that is redundant?

- In manufacturing, in processes, in systems, in administration, in accounting, in.....?

A test for you

- A man buys mangos for \$20 per dozen, and sells them for \$15 per dozen and becomes a millionaire, how is this possible?





Prize

- For correct, or most funny/creative answer



Possible answers

- He dries them
- He plants the seeds
- He gets financing as well
- Makes a product from leaves
- He cuts them in half
- It is because of foreign exchange
- He gets volume rebates
- He doesn't pay his suppliers
- He got a government grant
- It must be fraud or AA is his accountants
- He won a lottery
- He got an inheritance/he has other sources of income
- He invests the money and gets interest



Possible answers

- He makes mango juice
- Sells the crates for extra money
- It's a bakers dozen
- He makes mango pickles or donuts
- It is the delivery charges
- It is restocking charges
- He sold the farm
- Makes a product from the seeds
- Speculating on mango futures
- It is mandatory gratuities included
- **You made an assumption, which meant you can't get the solution**
- **You focused on accounting type in the box solutions**
- **No it is a loss leader, he was a billionaire before**



The prize

- Mangos, obviously...



Outside the box inventions

- I have quite a few on my bike
- I am always inventing outside the box gadgets – sometimes I find they have already been invented
- One company I worked for, we had a part on our invention, just designed to mis-direct our competitors, and outside the box idea....

Sometimes creativity

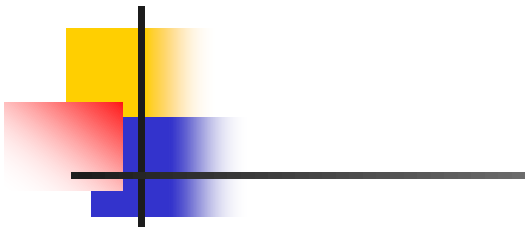
- Involves just asking a “dumb” question....





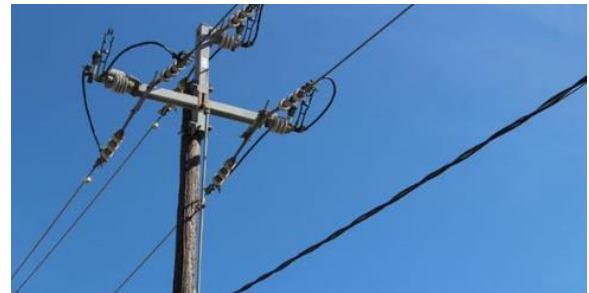
Creative hotel furniture tip

- The chairs are old and worn out but we are too cheap to buy new ones....



My brother's problem

- Their wood business pays \$40,000 more for electricity, than if they were on the other side of the road...
- What to do?
- Can't move the facility
- I suggested





Personal life example

- I must leave for the office (KPMG) in 5 minutes, 15 minute drive, I don't want to be late
- My only clean office clothes are wet, I have no drier
- What should I do? Use the microwave!



Different angles

Useless: Steve, you shouldn't have got yourself in this situation...you need to keep spare clothes at the office

- Solve the problem directly at home
- Solve the problem on the way to work
- Solve the problem at the office
- Get around the problem



Brain-storming

- **Solve the problem directly at home:** hair dryer, the stove, wear wife's clothes, wear roommate's clothes, steal from the neighbour's laundry line, iron them
- **Solve the problem on the way to work:** drive naked with clothes out the window, turn up the heat, open the windows, open sunroof, car wash drier, bike to work
- **Solve the problem at the office:** tell a funny story why wet, get under the hand drier in the toilet
- **Get around the problem:** Go buy new clothes, tell your colleague or assistant to buy new clothes go to work late, call in sick, wear dirty clothes, work at home, get someone to do my work





Zoom Group Chat

From Anonymous to [Everyone](#):

This instructor is completely crazy!



In action, recently...



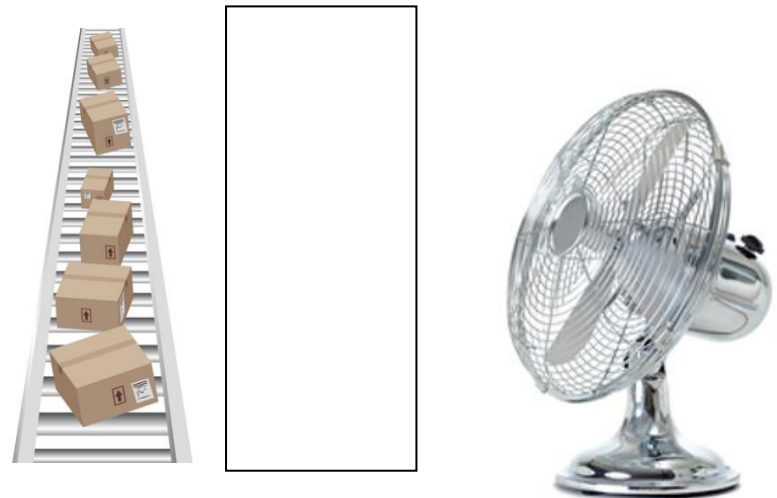
A recent question

- Steve, How many minutes and at what setting?



Problem

- A soap production process sometimes produces empty boxes, which need to be rejected, for refilling
- Solution: A fan beside the line



Explanation



- If there is anything on the windshield of your vehicle left outdoors, they are de-icing the aircraft at the airport (freezing rain, ice, frost, snow)
- It is illegal and dangerous to fly with contamination on the wings

Current aircraft de-icing method – spray hot glycol

- Expensive, poisonous, can't be done while loading the plane, slow, delays flights, bad for environment, gets in the ground water & rivers & lakes





Note

- **Aircraft de-icing:** clean the wings, unregulated
- **Aircraft anti-icing:** there is active freezing precipitation, apply coloured glycol to surfaces, shears off on take-off, pilots often call it de-icing, but strictly speaking it is different, regulations govern its use



The creative alternative

- Cheap
- Non-toxic
- No environmental impact
- Reduced need for recovery infrastructure

I Airport deicing fluid runoff to be reduced with \$19 million treatment system

Posted Mar 28, 2013



A Gerald R. Ford International Airport worker sprays deicing fluid onto a passenger jet. Some residents have been concerned that deicing fluid causes a smelly biofilm to build in a nearby creek that eventually empties into the nearby Thornapple River.



The creative alternative

- Can be done while loading the aircraft
- Revolutionary for the industry, a game-changer
- Patented



What is it?

- It is not a microwave!
- (They tried an infrared oven, but gave up)

What is it?

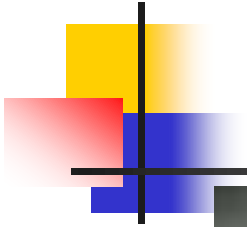
- It is not a microwave!
- (They tried an infrared oven, but gave up)





What is it?

- Hint
- How does one melt ice/snow/frost?
- Heat
- How does one deliver the heat?





Steam and blow dry!



- (doesn't anti-ice the aircraft)



My job as CFO of the company

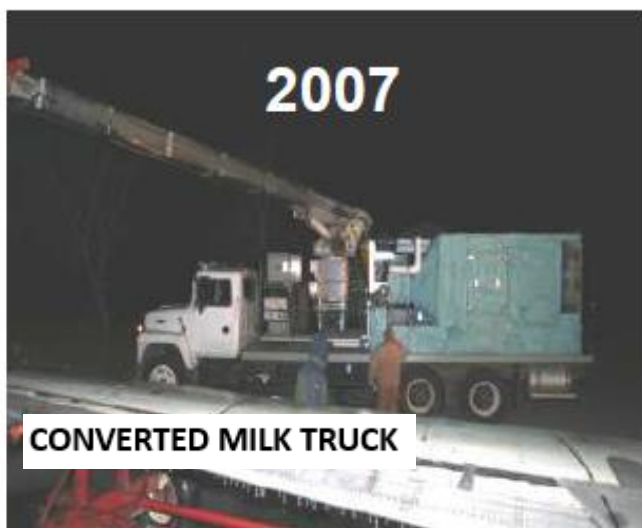
- Raise the money to take this idea to market:
- R&D, proof of concept, prototypes, trials to commercial orders
- Various kinds of fund-raising including doing Dragon's Den type presentations



FIRST DEMONSTRATION



PROOF OF CONCEPT



OPERATIONAL VALIDATION TESTING



COMMERCIAL PROTOTYPE TESTING

In action – operational flight



Toronto Island Airport





Testing Montreal airport – no active precipitation

Comparison of Pushback to Wheels-Up Time

GATE 50	SIDE-BY-SIDE AIRCRAFT	GATE 51
AC 1850	FLIGHT NUMBER	AC 1806
273	FIN NUMBER	209
A320	AIRCRAFT TYPE	A320
6h30	SCHEDULED DEPARTURE TIME	6h30
CHINOOK	DE-FROSTING APPROACH	CDF
6h33	PUSHBACK TIME	6h28
06R	DEPARTURE RUNWAY	06R
6h44	WHEELS-UP TIME	6h59
11	TOTAL TIME (MINUTES)	31



Note

- If there is active freezing precipitation, steam the wings to clean them and then apply the regulated anti-icing fluid, still lots of savings....



Active precipitation case

Comparison of Snow Results

FEBRUARY 24, 2010

217	FIN NUMBER	207
A320	AIRCRAFT TYPE	A320
CHINOOK	PRE-DEICING APPROACH	N/A
CDF	DEICING APPROACH	CDF
884	GLYCOL EMPLOYED (L)	2293
6	TOTAL DEICING TIME	10

Glycol reduction = **1409 litres (61%)**

**That's different, let me
take a photo! (Ottawa
airport)**



Clean cold comfort

An Ottawa startup believes its 'tempered steam' de-icing system could save the air industry \$800 million a year. But first it must thaw the wallets of stingy investors



Chinook is hoping to land a deal soon with Air Canada that could potentially reduce airport delays and the environmental consequences of using heated glycol to remove ice and snow from planes.



PATENTS & PATENT APPLICATIONS

Delivery Systems for Optimizing Heat Transfer to a Contaminated Surface

- Systems and methods of delivering gaseous heat carriers, and more particularly to a delivery head system for optimizing heat transfer from a gaseous heat carrier to a surface These systems and methods of deicing and drying involve the application of different combinations of heated dry air and specified compositions of heated moisture-laden air to a surface for a period of time
- Systems and methods of delivering a gaseous heat carrier to the surface of an aircraft engine
- Delivery heads specifically designed to engage with an aircraft engine
- Retraction-deployment systems in order to facilitate the storage and transport of the delivery head's inflatable chamber

Pending Patent Applications:

Canadian Patent Application based on International Patent Application No. PCT/CA08/00928 filed October 21, 2009

U.S. Patent Application No. 12/599,092 filed November 6, 2009

European Patent Application No. 08757091.7 filed October 26, 2009

Aircraft de-icing solution

- It is steam
- How come no one thought of it before?

The answer:

- How come it took so long for wheels on suitcases to be used?

Point: An obvious solution, may be very powerful

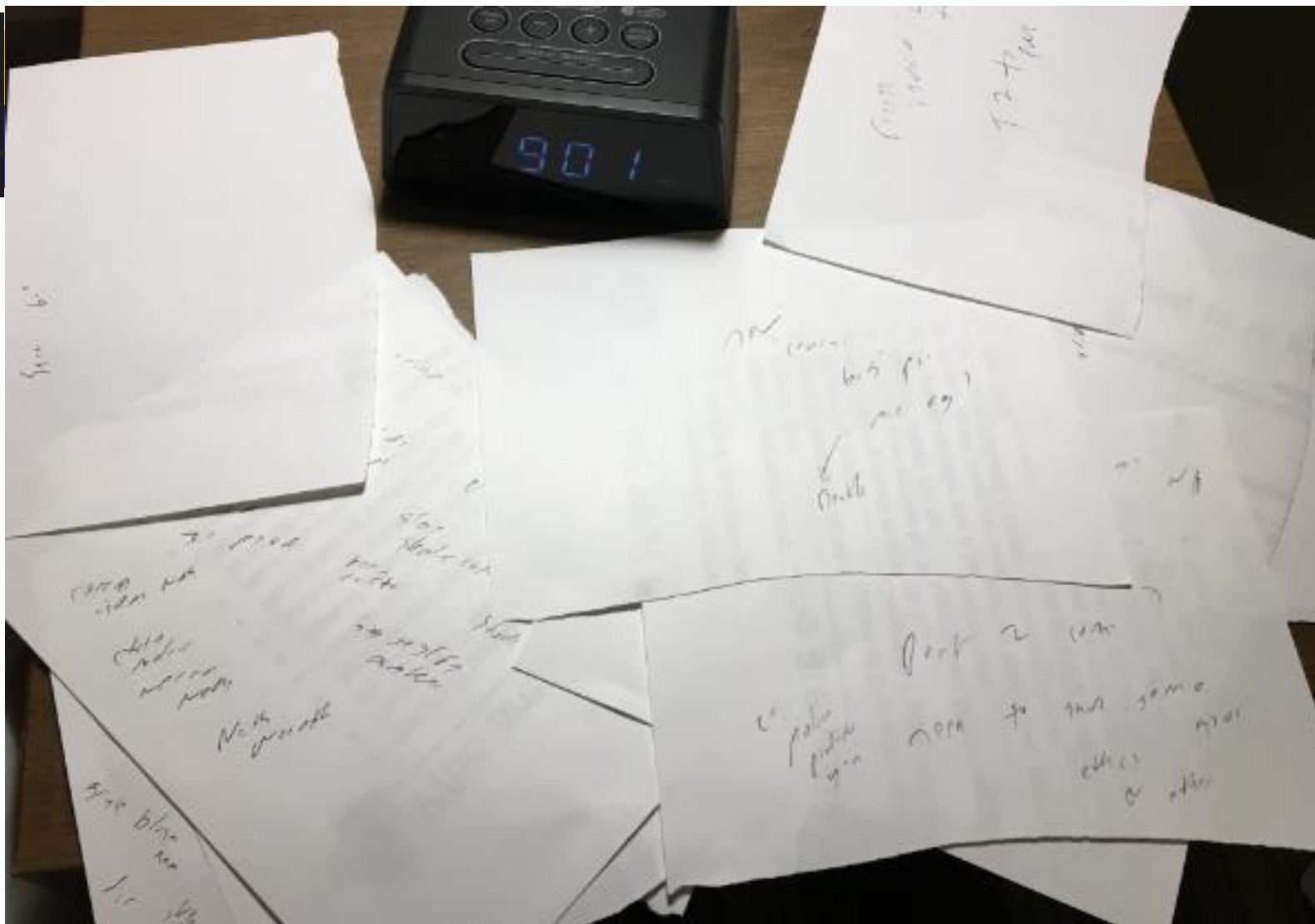




Applying this at work



- Every time you come to a problem., ask yourself if you are thinking outside the box, challenging your assumptions...
- Tip: find your most creative situation and time
- Some people are more outside the box than others, but you can improve this ability





Thinking tips



- Are managers paid to be creative?
- Does your culture reward creative thinking?
Or scare people from coming up with
creative ideas, which sometimes involves
risk?



Note

- Send me an email if you get a good outside the box idea inspired at least in part from this, one day...
- All my courses have outside the box tips

Sometimes I miss the obvious!





Finance and leadership

1. No company can be really successful without an aggressive/optimistic CEO (or owner-manager)
 2. But someone must balance the aggressive/optimistic CEO and he/she must listen, for the co. to be successful- it may have to be finance
- **Balance** means: identify & minimize risks, stress-test options, shoot down the bad ideas, keep them out of jail, etc
 - (The board also has a role in balancing)
 - (Public practice: Balance over-optimistic client)
 - Four quick case studies



Four case studies

1. Enron
2. Canada's fastest growing start up
3. Another former employer
4. A CEO who would listen most of the time....

The problem, about 2006, the long farm lane way



The kids waiting for the school bus freeze when it is late



A partial solution



The CEO's idea

Company software: Location tracking
& arrival time prediction

Transmitted to website



Parent subscriber





My response

- Ingenious idea, I would not have thought of it
- I know it will work technically
- Serious problems:
 - Installation on school buses - cost
 - Getting into customers' hands – selling it



CEO about in about 2007

Before
Fitbits
etc

- “I have come up with a new electronic product which will make a lot of money - one of our Board members thinks it’s a great idea”
- “When I exercise, I need to count my repetitions and enter them into my laptop, but it is a pain to count and enter them”
- “My simple pin on the shirt device will count the rep’s and enter them on the laptop via wireless interphase”

The plan





CEO

- “Steve, we must get the company’s name out across the city”
- “An excellent way would be to put a giant company sticker on the door or every employee’s vehicle, for free advertising...”





Role (continued)

- We are not telling them don't take risks
- But, don't be too negative
- Provide solutions, don't just identify problems
- Someone said 10% of CEOs are sociopaths

a personality disorder manifesting itself in extreme antisocial attitudes and behavior and a lack of conscience
- "Steve, are you attracted to them?"



Interesting

- My Dad has spent much of his career balancing politicians
- There is even a video of the deputy PM, saying what a good job he did at this



Also

- My Dad has known many of Canada's Ministers of Finance, and he told me once: "just about the most important thing a Finance Minister can do is say no"
- I wrote to Bill Morneau and told him this, he resigned shortly after....



We also need to be the

- “Bad cop” of the organization
- Who is going to be that if it is not finance?
- Scenario: Customer has overdue A/R
- We should not ship
- Sales person tells the customer
- I love you, I would give you what you ask,
I would ship today, **but finance won't**
let me!



CFO/Controller - Role

- Give us a one line summary of the CFO/Controller role, I learned a good one
- The CFO/Controller must ensure the CEO:



CFO/Controller - Role

A few I have heard: ensure the CEO:

- Looks good at board meetings, gets reappointed
- Has useful information for decision-making
- Knows how to make money
- Is awarded his/her bonus
- Gets to the bottom line of the decision



CFO/Controller - Role

- Keeps the bank & shareholders happy
- Does everything at the right time
- Ensure the sales function is under control



CFO/Controller - Role

- Tell the CEO what they need to know, not what they want to know
- Does everything the CEO doesn't want to do
- Has enough \$ to spend
- Protects him/her from him/herself

CFO/Controller - Role

My favourite one:

- Ensure the CEO sleeps at night
- Make sure there are no surprises
- The “oops” illustrations:



-
-
- Also lots of value-added things you need to do, many discussed today



The Oops illustration

- Oops, the bank called our loan
- Oops, we have to restate the financials
- Oops, CRA has re-assessed us \$6.3 million
- Oops, we broke the laws about...
- Oops, huge foreign exchange hit, unanticipated, unhedged
- Oops, someone stole \$2 million, weak internal controls...
- Oops, we ran out of cash!



A general tip

- Control what happens in business, put it in writing first, don't wait for the other party to do it, slant it in your favour
- Banking examples new clause proposed, didn't wait for bank, or even write the offer
- Employment offer example I write them
- With your boss advance prepare emails to deal with situations that come up
- Even write for CRA! (example in my Negotiation course...)



Example 1

From: Stephen Priddle

Sent: July 23, 2020 11:19 PM

To: CEO

Subject: Solution

Francis,

I have noted that Phil and Jacqui are headed on a collision course with respect to -----.

I have drafted emails that you could send to each of them, that I believe will solve the problem completely, see below....



Example 2

From: You

Sent: July 20, 2020 7:33 PM

To: boss@|

Subject: Looming issue

Chris,

I have noted that _____ and _____ from source _____

I think this has the ability to cause problems for you and our department.

However, I have thought of a solution:

If you send something like the email below which **I have drafted for you** to ____ and _____, it would circumvent _____ and enable you to _____



Banking

- Obviously we need a banker joke...




The 1-3-1 model

- They give customers **1%** on their money on deposit
- They lend money at **3%**
- They go golfing at **1** PM every day

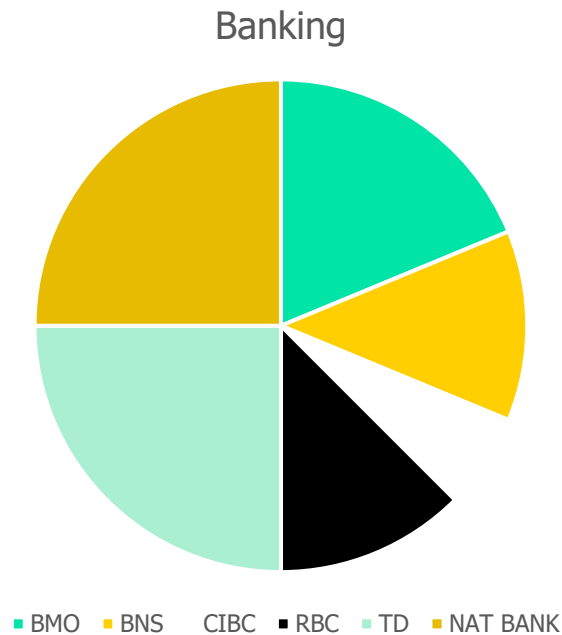




Banks

- Understand banking: the 1-3-1 model
 - I am not big on borrowing, but....
 - Remember “Banks are never there when you really need them”   
 - Guess which bank has the biggest market share among attendees? _____
 - Consider the non big five banks and niche foreign banks
 - Facts on one of the banks

Recent live banking survey



- Usually RBC has the biggest share



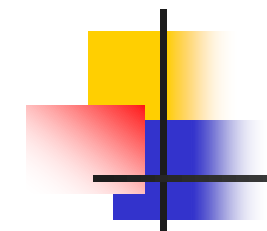
One big five Canadian bank

- My experience with the bank
- Few bank with them
- Lots of complaints about them
- The former senior loan officer
- The CFIB survey



Non-consumer loans

- \$201B
- \$178B
- \$168B
- \$154B
- \$ 98 B



» thestar.com «

Business

to repay \$73 million after overcharging clients for 14 years


The Ontario Securities Commission alleged that short-comings in systems and controls at the  dealers resulted in some customers being overcharged.




Most crooked Enron bank!

shares slip on \$2.4B US Enron lawsuit settlement

CBC News · Posted: Aug 02, 2005 4:29 PM ET | Last Updated: December 1, 2005

Shares of  slid on Wednesday, a day after the bank agreed to pay \$2.4 billion US to settle an Enron lawsuit.

In afternoon trading, shares of  were off 7.9 per cent or \$6.30 at \$74.34. The stock opened the day at \$74.

The settlement, about \$2.9 billion Canadian, is more than the company's \$2.2 billion profit in 2004.

The lead plaintiff in the class-action suit said Tuesday's settlement is the single-biggest payment by a financial institution.

The University of California said Citigroup paid \$2 billion US and JPMorgan Chase \$2.2 billion US.



Finally

- The CA Magazine survey
- But I can't tell you the name of it...

Non-consumer loans

- \$201B



- \$178B



- \$168B



- \$154B



- \$ 98 B



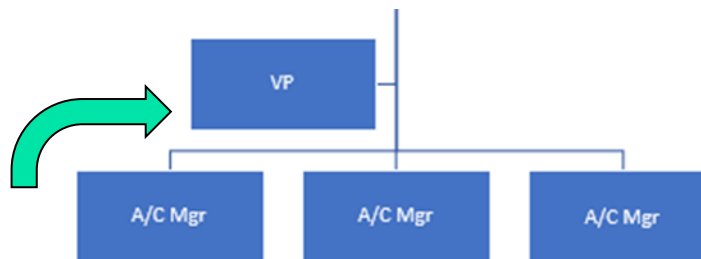
Relationships

- If borrowing, the key is a good _____, who understands and believes in your business
- Suppose you don't like yours? _____
- Get to know their _____

Relationships



- If borrowing, the key is a good account manager, who understands and believes in your business
- Suppose you don't like yours? Ask for a new one (but you may make enemy...)
- Get to know their boss, likely a VP





Banking

- Seven ways to get your banker on side
 - When applying for loans, don't be over-optimistic in the financial projections you provide or they will hang you with your own noose (covenants)
 - (You should develop credibility with banks)
 - Present your projections in ways that put the best foot forward
 - Include a management analysis of results with your monthly reports – even though not required





Normal presentation

Data Systems All Incorporated	
Projections - Income Statement	
Year ending Dec 31, 2021	
Service revenues	\$ 12,234,023
Direct operational costs	8,345,201
Marketing & sales costs	1,441,458
Research & development costs	464,251
General & administrative costs	1,042,510
Interest expense	59,422
Amortization expense	<u>89,442</u>
	<u>11,442,284</u>
Net income before taxes	791,739
Income taxes	170,224
Net income after taxes	<u><u>\$ 621,515</u></u>



Alternate presentation

Data Systems All Incorporated	
Projections - Income Statement	
Year ending Dec 31, 2021	
Service revenues	\$ 12,234,023
Direct operational costs	8,345,201
Marketing & sales costs	1,441,458
Research & development costs	464,251
General & administrative costs	1,042,510
Interest expense	59,422
Amortization expense	<u>89,442</u>
	<u>11,442,284</u>
Net income before shareholder remuneration & taxes	1,736,739
Shareholder remuneration	<u>945,000</u>
Net income before taxes	<u><u>\$ 791,739</u></u>



Another idea

Bigdig Inc.	
Projections - Income Statement	
Year ending Dec 31, 2021	(millions)
Sales	\$ 66,451
Cost of goods sold	<u>41,997</u>
	<u>24,454</u>
Committed costs (note 1)	6,582
Employee costs	8,465
Discretionary spending (note 2)	3,415
Amortization expense	<u>648</u>
	<u>19,110</u>
Net income before taxes	<u><u>\$ 5,344</u></u>



Ideas

- Present shareholder remuneration, discretionary spending, and non-recurring items separately in historic P&Ls presented
- Estimated market values of assets in brackets
- Securable versus non-securable assets separately noted
- Disclose the company's order book (backlog) in a note



What everybody does

Chris Halw

Account Manager

Grand Bank of Canada

Dear Chris,

June 23, 2020

You will find attached our:

1. May 31, 2020 financial statements
2. May 31, 2020 covenant calculations and compliance certificate
3. May 31, 2020 margining calculations for the line of credit

Yours sincerely,

Customer, CPA



What I do

Chris Halw

Account Manager

Grand Bank of Canada

Dear Chris,

June 23, 2020

You will find attached our:

1. May 31, 2020 financial statements
2. May 31, 2020 covenant calculations and compliance certificate
3. May 31, 2020 margining calculations for the line of credit
4. **Management's discussion of May 2020 results and Outlook for the rest of the year**

Yours sincerely,

Customer, CPA



Banking

- Immediately share new important business developments, good or bad (They don't like surprises, they are constantly checking on you)
- Invite bankers to special events, which make the company look good
- Suggest they come to your organization and present seminars on: personal banking and investments to your employees
- Have them attend _____ (as an observer)??!!!

Banking

Even press releases in advance (NDA needed)

- Immediately share new important business developments, good or bad (They don't like surprises, they are constantly checking on you)



Invite bankers to special events, which make the company look good

From LinkedIn of a banker I know

that they come to your organization and

present seminars on: personal banking and

ments to your employees

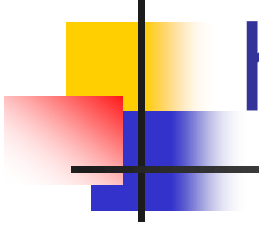
them attend Board meetings (as a
observer)??!!!



Board Of Directors - Observer
Creative Layer
Jan 2018 – Present · 2 yrs 9 mos
Ottawa, Canada Area



Banks – maximizing what you have





Did you know this?



- Your line of credit may have a bubble, that is the ability of the bank to lend you more than the stated amount, but this is not in the financing agreement
- I called my Big Five bank once, and was told my \$2M line of credit, had a 10% bubble, if:
 - a) the covenants were on side; and
 - b) the account manager signed off
- You should call your bank after the course to find out!



Time for a little prize..

A typical mid-market credit facility - review



- \$2M credit line, with monthly margin calc
- 75% of good A/R $\$1\text{M} \times 75\% = \750K
- 50% of inventory, $\$500\text{K} \times 50\% = \250K
- Less: Statutory prior claims \$300K
- You can borrow: \$700K



Maximizing margin

- If you need to maximize the margin calculation:
 1. Report margin calc early if higher than prior month, at the end of the month if lower
 2. Ensure you minimize statutory deductions
 3. Clean the subledger, before calculating

More margining tips in the **Case Course**



Margining receivables & inventory

- You reported this on May 10, so this is your current margin base, after reporting:

	<u>30-Apr-20</u>
Marginable A/R	854,204
Marginable inventory	<u>500,142</u>
	<u>1,354,346</u>

- At the end of May, it is:

	<u>31-May-20</u>
Marginable A/R	904,252
Marginable inventory	<u>654,722</u>
	<u>1,558,974</u>

- You submit it at 7 AM June 1!

Margining receivables & inventory

- You reported this on May 10, so this is your currently margin base:

	<u>30-Apr-20</u>
Marginable A/R	854,204
Marginable inventory	<u>500,142</u>
	<u>1,354,346</u>

- At the end of May, it is:

	<u>31-May-20</u>
Marginable A/R	704,252
Marginable inventory	<u>454,722</u>
	<u>1,158,974</u>

- You submit as late as possible, June 30

I taught this in one seminar, and a CPA said

Your approach is unethical...
what I do to increase my margin is include on my list receivables that have already been collected...





The seminar the guy offers

■ **Crooked Tips for Controllers & CFOs**

- How to cheat your bank, employees, suppliers, customers, shareholders and CRA
- How to find crooked accountants to work for you and manage them when they can't be trusted
- Valuable tips that have been tested in the business world, I've done time for some of them
- Every tip in the seminar breaks a law, guaranteed, but I will teach you how not to get caught

Margining receivables & inventory

- Suppose in mid-May, you got a large order from a customer, so it is:

Marginable A/R	912,444
Marginable inventory	<u>582,422</u>
	<u>1,494,866</u>

- Then you call the bank and ask permission for margining immediately, before May 31
- Also, try to get a seasonal increase in margin calculations, I have heard of 66 2/3% on inventory, instead of 50%



Banks - negotiating

- Ask about the loan approval steps and local limits so you can position the co better
- Use multiple banks, consider a beauty contest or ask why your bank can't match other bank's deals
- A corporate guarantee alternative in some situations – a comfort letter

Another financing option



D₂O

- You can lease almost anything these days
- There may be all kinds of bad lease deals being entered into in your organization that you are not aware of (by IT, purchasing and ?)
- But, you need to assess the implicit cost of the lease and the tax, accounting and qualitative implications/factors

Is it a capital or an operating dog lease?





Conclusions

- Do you have any other bank-related tips or questions?
- Bankers have agreed with all my points, a lot related to good communication



Practical Tips for Controllers & CFOs – The Case Course

Negotiating an actual bank offer to finance:

- Security, interest rates, guarantees, covenants, margining, fees and costs, bank outs and veto rights, financial reporting & more
- 40 plus tips on all kinds of points
- **Foreign exchange management** is also covered in this course
- March 30, 2021



You just heard quite a few negotiation tips

- There are many more in my half day seminar:
- **Practical Financial Negotiation Tips**
- Financial negotiation tips in many different areas, presented in a compelling way, with lots of examples
- Not a tactical negotiating seminar
- Showing financial and business creativity in negotiating
- Also, includes negotiating your salary...



Question

- How did COVID-19 impact your business?



This topic is now covered in detail in my 2 hour course on the topic

- **Practical Tips to Get Through a Cash Crisis**
- I think some of you have taken it
- Over 1,500 signed up for it in a few weeks
- Was available as a video course CPA Alberta, withdrawn
- Available on my website if you want



Comments on course

- It was greatest presentation I have ever attended through webinar
- I feel you gave a good cheat sheet to any of the participants to help their companies survive through the current Cash Crisis
- Good to have practical tips, real life examples – not just for during a pandemic but other times of crisis as well
- Your seminar was a great review of tools and things available to a company in this difficult cash flow time
- Well presented, like the questions and instant feedback
- It was very informative and thought provoking
- **I was a 30 year Banker, leading corporate lending teams for a big 6 Bank, and found the information very on point and would be useful for people having to deal with their Bank in this environment**
- For myself personally the accounts payable ranking really stood out - it was helpful to see it laid out the way that you did it
- I'm gathering my virtual learning kids around to watch this. Better than any other entertainment
- **It was a good session, slides had good content, you have a personable delivery, this is good stuff (Licensed Insolvency Trustee)**



Financial reporting tips

- Bad financial reports = vomit from the system
- You want better reports for your users for decision-making
- Not just #s, always provide insightful narrative analysis with decision -oriented comments
- Give the data, the target, the interpretation, the prediction, the action (data should be actionable)
- The hierarchy: the data → information → knowledge → wisdom



The former venture capitalist – the “vomit” line guy

- From 1996 to 2008 Andrew Waitman was the Managing Partner of Celtic Ventures. Under his stewardship, one Fund produced one of the world's top 10 best venture fund returns ever



Financial reporting improvements

- Do they look at your current reports?
- Find out if they do, how?
- Ask them what they'd like, if they could dream! (send them to the whiteboard)
- Some may say, "I have no ideas"
- Some may say, help me



Example – data

- **Division revenues were \$44.33M in the month, pre-tax income \$1.02M, attached are the financials**



Example – data and wisdom

- **Division revenues were \$44.33M in the month, pre-tax income \$1.02M** attached are the financials. *This is the lowest sales since April 2009, and fell \$847K short of budget and I forecast a \$1.69M shortfall for the entire fiscal year. The primary reason was the failure to get a contract with Zd Inc. I have noted a pattern in the last six months, that if J200 don't sell, neither do K120s, see analysis below. I believe this means management must make a decision on whether to build another batch of K120s, due to this fact and the price increase for the debolator component, which was just announced, which reduces the standard product margin from 37% to 21%.*



Slipped into a cost report to see if it was read

- \$22,321.13 Panama offshore company
October 11-13
- and another one
\$22,321.13 Las Vegas Trip (Smith)
October 11-13



Or

Net income before taxes	\$4,431,232
-------------------------	-------------

- Becomes

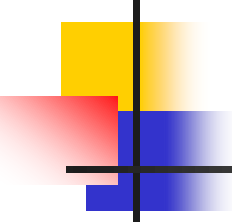
Net income before taxes	-\$44,312,320,000
-------------------------	-------------------

- (Make sure they don't forward the report!)

Example

- VP, Operations is sent to the “whiteboard”





I think 99% of financial reporting done by accountants is by

- Legal entity
- Department/division/fund
- Job/project
- Geography
- Product/service line
- What about some other ways of reporting? (internal only)



Report profitability differently

- The traditional ways to roll up profit
- Report profitability differently, egs
- By customer By truck By engineering skill By sales channel By market selling to By mine pit By shift By product
- By source of lead By sports apparel brand
- By salesperson By hour (retail) By colour
- By seminar By postal code By season By customer gender By animal (pet food)!
- Any ideas from you? _____



Note

- This reporting could be straight from a revised G/L or extractions from the G/L with manipulations...

Report profitability differently

- A multi-column internal income statement
- Maybe just the top 10

	Cally Corp Quarter ended June 30, 2018 Profit by customer											
	Revo Corp	Numcell Inc	Walkdo LLP	Power Valley	Seadooper	Luxem Corp	Arkman Inc.	Stule Corp	YLL Inc.	Gando Corp	All other	Total
Revenue	\$5,312,323	\$ 4,850,151	\$4,428,188	\$ 4,042,935	\$3,691,200	\$ 3,370,066	\$3,076,870	\$2,809,182	\$2,564,783	\$2,341,647	\$3,451,582	\$ 39,938,928
Cost of sales	2,762,408	2,522,078	2,302,658	2,102,326	1,919,424	1,752,434	1,599,972	1,460,775	1,333,687	1,217,657	1,794,823	20,768,242
Shipping	33,149	30,265	27,632	25,228	23,033	21,029	19,200	17,529	16,004	14,612	21,538	249,219
Warranty	212,493	500	177,128		147,648	33	123,075			93,666	138,063	1,597,557
Giveaways	26,562	24,251	22,141	20,000	18,456	16,850	440,000	14,046	12,824	11,708	103,547	199,695
Direct sales travel	84,997	77,602	70,851	64,687	59,059	53,921	49,230	44,947	41,037	37,466	55,225	639,023
Site visits (tech)	212,493	194,006	531,383	161,717	22,147	134,803	123,075	112,367	102,591	44	2,209	25,561
Rep commissions	106,246	97,003	88,564	80,859	73,824	67,401	61,537	56,184	51,296	46,833	69,032	798,779
Commissions	265,616	40,322	221,409	202,147	184,560	168,503	153,843	140,459	128,239	117,082	172,579	1,996,946
Discounts	175,307	160,055	146,130	48,542	121,810	111,212	101,537	92,703	84,638	77,274	113,902	1,317,985
	3,879,271	3,146,083	3,587,895	2,705,506	2,569,961	2,326,187	2,671,469	1,939,010	1,770,316	1,616,343	2,470,919	27,593,006
Customer profit	\$1,433,052	\$ 1,704,068	\$ 840,293	\$1,337,429	\$1,121,239	\$ 1,043,879	\$ 405,401	\$ 870,172	\$ 794,467	\$ 725,305	\$ 980,663	\$ 12,345,921
	27.0%	35.1%	19.0%	33.1%	30.4%	31.0%	13.2%	31.0%	31.0%	31.0%	28.4%	30.9%



Break out discussion (5 min's)

- Briefly share your businesses with each other
- Brainstorm potential other ways of reporting results
- Spokesperson type some ideas in the Chat



New reporting and accuracy

- You have a good idea for reporting profit by something new, but you know it won't be totally accurate, some estimates/allocations are needed, etc.
- Do you give up on the idea, or go ahead, making users aware of the limitations.....I would say try it
- At least roll up revenues if you can't roll up full results



Financial reporting wisdom

- Consider different cost roll ups, e.g.
- Separate warranty categories Cost of getting sales Cost of errors

Don't just explain the past

- Predict the future
 - The future is more important to the owner/CEO than the past...
 - Accountants should not just look backwards
- Spend more time on forward-looking activities, although it is more risky
- Consider what you do, is it forward or backward looking, forward is more valuable





High level – private businesses

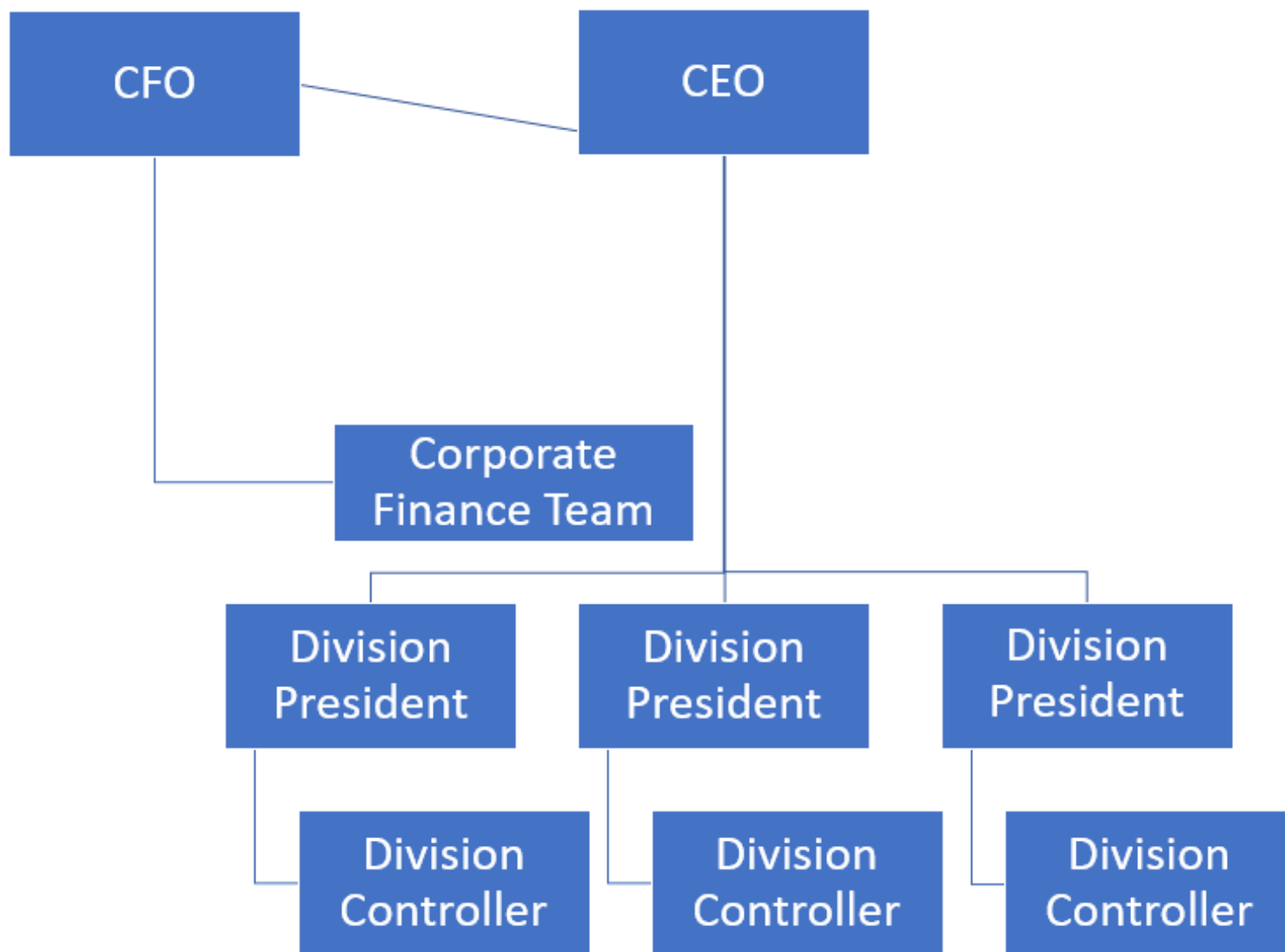
- Consider an 8-10 key number summary of your organization situation and results for the Board/owner that tell the big picture
- Not just numbers from the G/L!
- Report say quarterly, actual against target

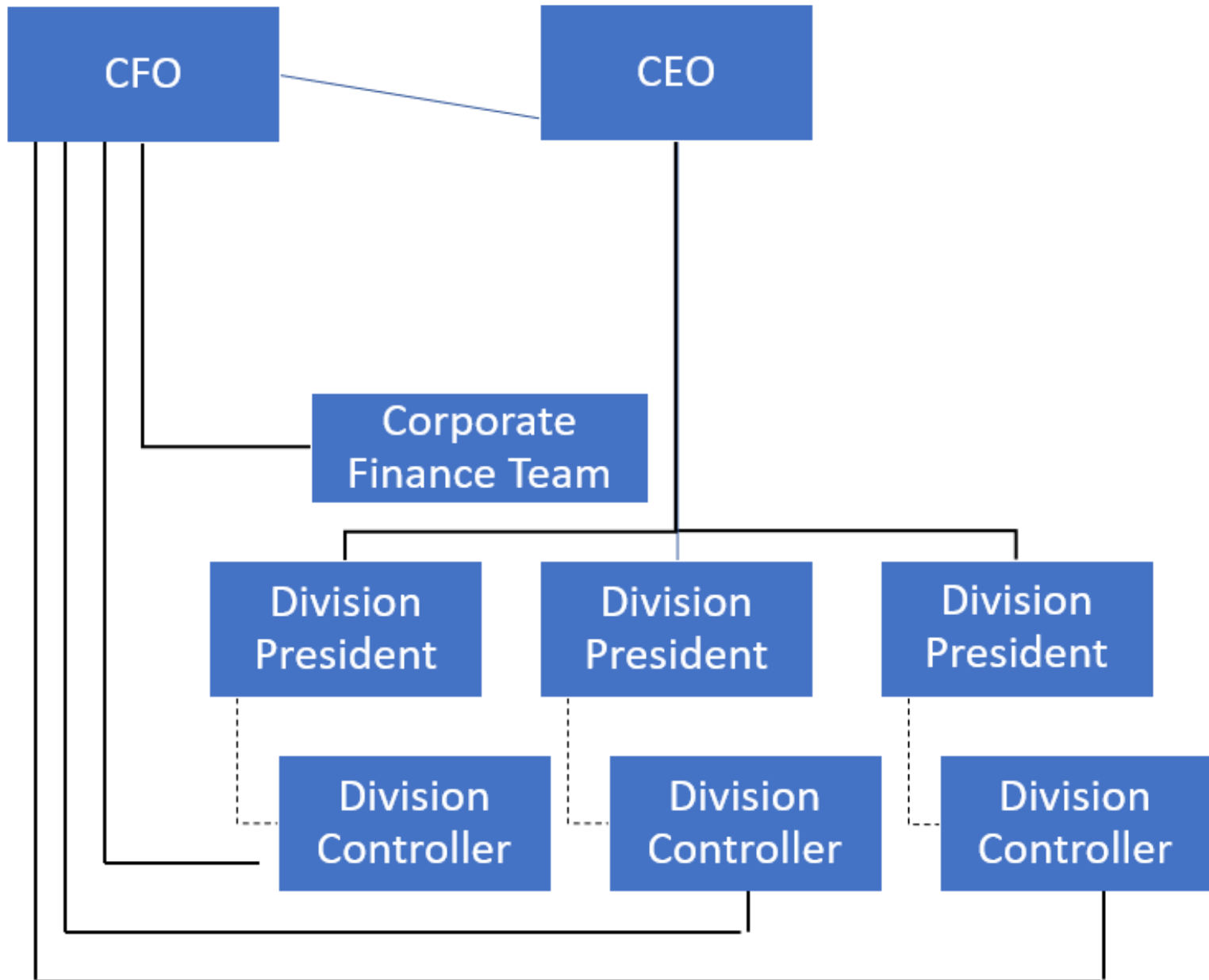




Financial reporting - other

- Don't forget early adoption of new accounting standards, if there are advantages
- Who should divisional finance staff report to?
- Direct to head office, so finance is one team working together, not direct to divisional operating heads (dotted line to them)







Financial reporting

- Improved internal reporting is covered with an in-depth case in **the Case Course**, 40 more tips
- I presented this case at the International Management Accountant's 91st Annual Conference in Baltimore and it was well received



Risparmio sui costi - generale

- Devi essere un _____
- Un famoso autore ha scritto: "Un cinico conosce il costo di tutto tranne il ____ di niente"
- Buone idee per risparmiare sui costi ti faranno sembrare buono e potrebbero coprire il tuo _____

I am cheap
but try to be
generous to others!

Cost-saving - general

- You need to be a cheap-skate
- A famous author wrote: " A cynic knows the cost of everything but the value of nothing"
- Good cost saving ideas will make you look good and help justify your annual salary increase



Property cost reduction ideas

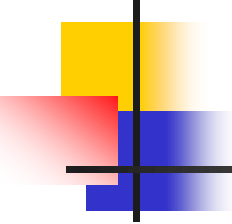
- Sub-let any extra space
- Exit lease by negotiating an exit clause or assigning the lease
- Watch for inadmissible costs in op cost charges (net lease)
- Find a building with an environmental issue
- Reduce your property taxes by appealing
- Switch to VoiceOverInternetProtocol (VoIP) phones





Cost-saving

- Consider out-sourcing, everything is on the table (except your core competence)
- Maybe you need to in-source
- Should you send processing work offshore?
- In class % _
- Some conclusions 75% didn't really work, 25% works OK after a while when if managed carefully
- Don't send your problems offshore!



Then we out-source everything else

- Design of the product
- Manufacturing of the product
- Warehousing
- Shipping
- IT
- Facilities
- HR, software development
- Marketing



Then we out-source everything else

- Tech support
- Service
- R&D
- Website
- Payroll
- Oh yes, and finance



Typically 75%

- It didn't work
- Customers and suppliers were unhappy
- There were serious communications issues
- They could find the unreconciled items, but don't understand our business, so they couldn't help much
- High error rate
- We had to re-shore back to Canada!



A CPA told me

- “They forced me to outsource my accounts payable”
- “I had to let go of James and the entire team, and it was moved offshore”
- “In honour of James, who was let to go, we....”



JAMES



And

- The offshoring was a disaster...



Major international corp

- Email to us from Operations Dept about moving payables offshore:
- *"despite being in place for a second year, the "new" outsourced SAP system has yet to deliver the promised "efficiencies" as many billing problems remain to be sorted. They expect another 12 to 18 months before everything is ironed out."*
- My translation: "The offshore payments project has been a catastrophe. We are hoping that after 36-40 months, it might start working OK"



SAP system

What does SAP stand for?

Officially: **S**ystems, **A**pplications **P**roducts

Unofficially:

- **S**atan's **A**ccounting **P**ackage
- **S**uicide **A**ssistance **P**ackage
- **S**end **A**nother **P**ayment
- **S**top **A**ll **P**roduction
- **S**low **A**nd **P**ainful
- **S**ystems **A**gainst **P**eople



The systems survey at my in-class seminars...

- Nature of business/organization Heavy
- Ownership if applicable (public, family etc.): Sub of Foreign
- Approximate headcount: 50
- Position title: Controller
- Years of experience as an accountant
- Accounting system Terrible
- Most pressing issues at work Time
- Have you ever worked for an organization with off-shore tasks? Yes No
- Do you consider you a boring accountant?



The 25%

- After a while, when managed carefully, and kept very simple and routine, it worked well and saved us money



Questions

- Is offshoring wrong? I don't think so
(strategic procurement?)
- Is higher level analysis going offshore,
if AI doesn't do the work? Maybe
- Is your senior job going offshore? I
think not
- (Canada is the cheap location for
Bermuda remote CFOs!)



Clerks and junior staff

- Check what your clerks do by doing it (you or a subordinate) or sitting beside them
- Why: Bond with them, tell them why they do things, fix problems, check if they are doing all required procedures, are they doing redundant stuff, can the work be automated? do they have the tools they need? do they work a full day?
- And just for me I make so many errors, the clerks enjoy it and feel better....



There are lots of gov't programs that may help

- Key is job creation/maintenance or the environment
- How they usually work
- Problems if your plans change
- Other small print restrictions



There are lots of gov't programs that may help

- Think about politics before applying
- If it is large, the Minister will be involved...



Cost reduction via SRED

- SRED = *Scientific Research Experimental Development*
- Cash refundable/or tax credits for experimental development/ technological advancement/new or improved materials, devices, products, or processes, or improve existing ones
- Don't assume you don't qualify because you are not in high tech!
- Any industry, 1,400 technical word max, no pre-approval, no budget cap, stop any time





The write up

- *We found a new way to glue wood chips together*
- Or
- *Biochemical research and experimentation into advanced bonding methods of wood particulates under divers conditions*



SRED

- You are interested, where do you start?
- You may be able to finance it
- E-mail me for bonus tips
- Also good tips on getting timesheets done, and getting scientists to write the reports are in my **Practical Work Solutions from Case Discussions** course



Cost-saving

- Buy major items when? Quarter end of public co's having a bad quarter
- Find a university prof who would be intrigued to solve your technical problem cheaply
- Your tips:
- _____
- _____



Prize

- Just for fun, the first person to type “I am awake” in the chat, wins another alertness prize
- Delicious dried apricots

Prize

- Just for fun, the first person to type “I am awake” in the chat, wins another alertness prize
- Delicious dried apricots

```
gela : i am awake  
chony : i am awake  
istin : i am awake  
Anthony : awake  
co Lessard : alert  
cha : I am awake  
Éphanie Bartolomeu : awake  
P-1 : I am awake  
abana : i am awake  
n Ball : I am awake
```





Possibilities

- Pay them based on % of \$ generated (savings, refunds)
- Suppose: 3 week review of GST/HST/QST/PST at a 20% fee and they find \$20? \$200,000 Conclusion: both good
- Therefore a win-win, unless you get fired or they disrupt you too much versus the return!



Cost-saving consultants

- Squeeze the area first, don't leave any low-hanging fruit
- Some areas they may be able to help you: customs duty, freight, fuel tax, Worker's Comp, employee benefits, telecom, purchasing, utilities/energy costs, bank fees, logistics, mass-mailing, lean manufacturing, duplicate payments, sw maintenance, contract review, landlord operating costs, printing/copying, foreign VAT, cleaning, sales taxes, EHT (Ontario), SR&ED
- Others you can think of?



Contractual tips



1. Contract must clearly measure the savings
 2. Consultant must be required to explain how the savings are achieved (to educate you)
 3. Time limit the period of the review
 4. Get them to tell you about exposures (tax)
 5. Bargain down the % they want to charge (ask for a cap or even switch to hourly)
 5. Time limit the payback period, if any
 6. Protect co. from sleazy consultants and have the final say on tax filings
- Finally: hire them if they are good!



Ten Practical Topics For Financial Leaders

This half day seminar covers additional cost-saving areas:

- Insurance & risk management
- Travel
- Payroll and benefits
- Plus: my best leadership tips, dealing with sales, the top ten trouble spots for financial leaders with solutions and quantitative finance performance measurement
- Video or webinar June 11, 2021

Exercise time

- Everyone do 50 pushups
- Choose between body and finger pushups...





Lawyers and legal fees

Objectives:

1. Reduce legal fees from outside lawyers
2. Get legal work done faster, whether inside or outside lawyers
3. Improve quality of the work, whether inside or outside lawyers



Lawyers and legal fees

Objectives:

1. Reduce legal fees from outside lawyers
2. Get legal work done faster, whether inside or outside lawyers
3. Improve quality of the work, whether inside or outside lawyers





Polling question

- Do you think lawyers are less ethical than accountants...
- About 90% say yes in my survey



Proof

- CPA Quebec, 45,000 members and students, **14 disciplinary notices**, Jan 1-May 22, 2020 .031%
- Law Society of Upper Canada, about 50,000 members, **181 disciplinary notices**, Jan 1-May 22, 2020 .362%
- 11.6 more times conduct/ethical issues!



Lawyers and legal fees

- Without an internal lawyer, legal questions tend to come to finance
- Lawyers usually prefer the risk-free approach, examples
- The weak ones only think legal implications, not business objectives
- You need a lawyer with a business perspective, who can measure risk (then we make a business decision on risk)

How do you know these are lawyers?



Guess what is on the label of this brush? (you can win it)





Warning: This side up

**Adult supervision
required**

**This product contains chemicals known to the
State of California to cause cancer**

**WARNING:
Not for use in toilets**

Made in China

Not for kitchen use

**DO NOT FLUSH DOWN
THE TOILET**

**Warning: Clean before
using**

BATTERIES NOT INCLUDED

Warning: Slippery when wet

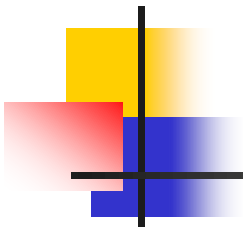
Not for cleaning your back end

Not edible



NOT FOR ORAL USE







Joke

- Who has the worst job, the toothbrush, the toilet paper or the toilet brush?

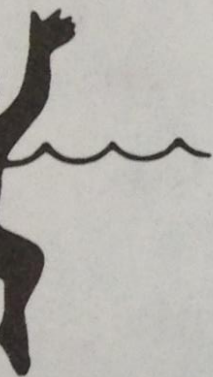




Not the funniest one..

- For adult use only
- Pregnant women should consult a doctor before using
- May contain nuts
- Don't over fill
- Use of life jackets is compulsory

WARNING



OWNING

all times.
ent access
use.

NO DIVING / JUMPING!

Shallow water - You can
be permanently injured.

Drowning Risk:
Keep unsupervised children from
stalling fencing or
pool. State or local
approved barriers.
setting up pool.

Do not leave toys in
and similar items n
Position furniture (f
and so that childre
pool.

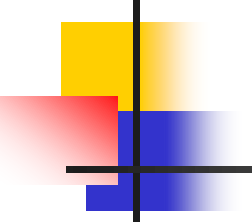
After using pool, rem

Diving Risk:

Do not dive into th
in a broken neck,

Electrocution Ri

Keep all electrical



Because of the risks, I realize
I need to add an exclusion
clause to this course relative
to something I said earlier...



The exemption clause



- By seeing this slide, participants in this seminar waive all rights of action against the seminar leader and the sponsoring organization for **microwave oven** failure to dry clothes sufficiently in time sensitive situations, and all liability related to the use of **microwave ovens** for the drying of clothes, including fire, explosion, damage to clothes, homes and indirect and consequential damages, loss of life, income or property.



Note

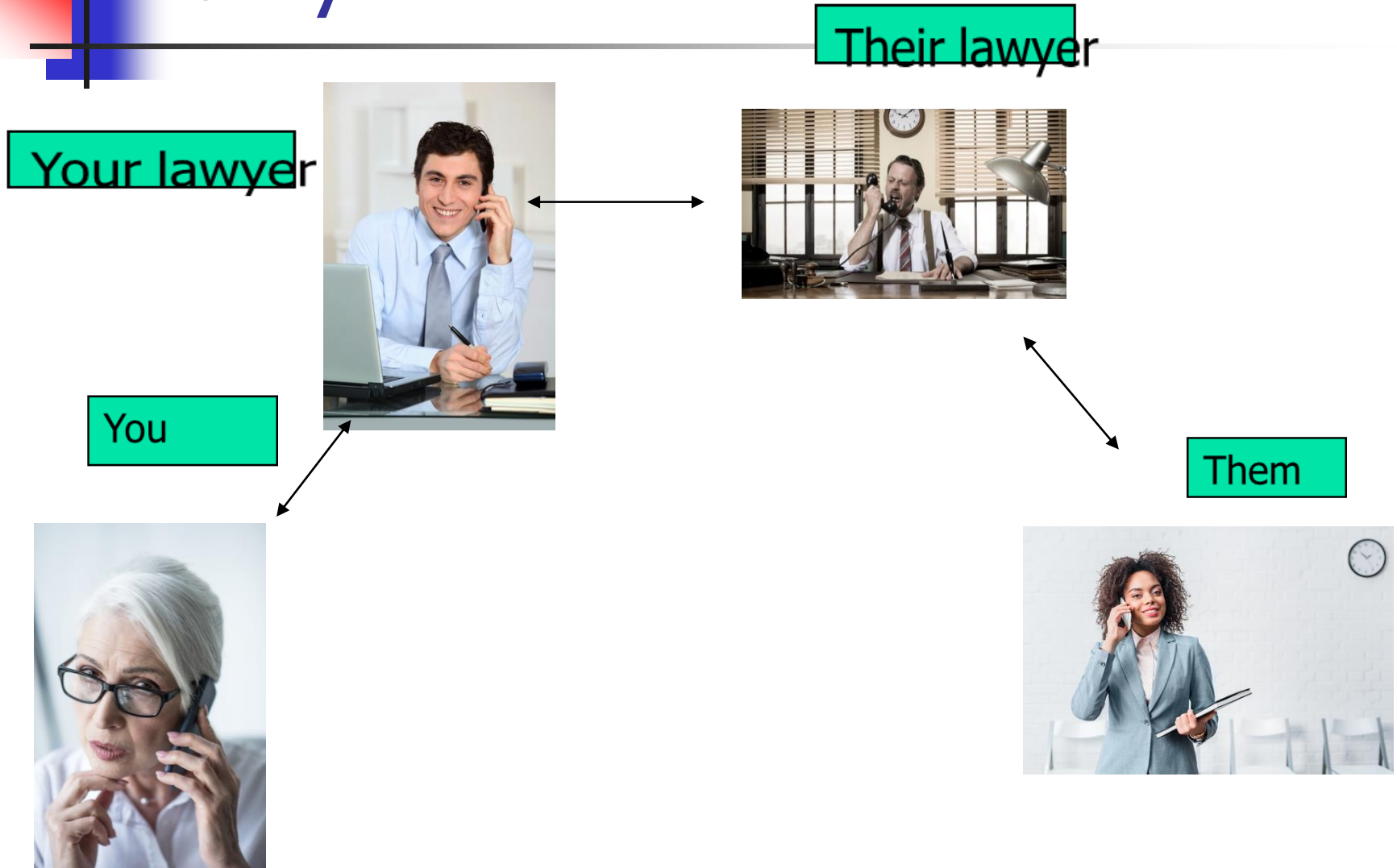
- I am using unusual examples to show that lawyers are extremely risk averse
- The problem is people do crazy things, lawyers sometimes make wild claims, and courts side with the plaintiff
- I am more concerned with their extreme positions on business deals and unwillingness to measure risk, than **warning labels**

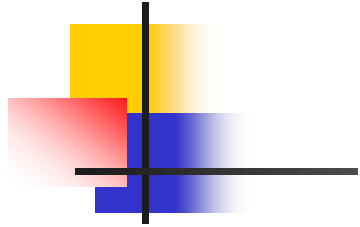
Communicating through lawyers

- Lawyers shouldn't be running your business! This is the tail wagging the dog! CEO/owner/you run the business
- Take charge in many situations and communicate directly, but not all..
- Exceptions: wrong words causes problems/reduce emotion
- You decide how many lawyers come to the meeting/sit in on the call



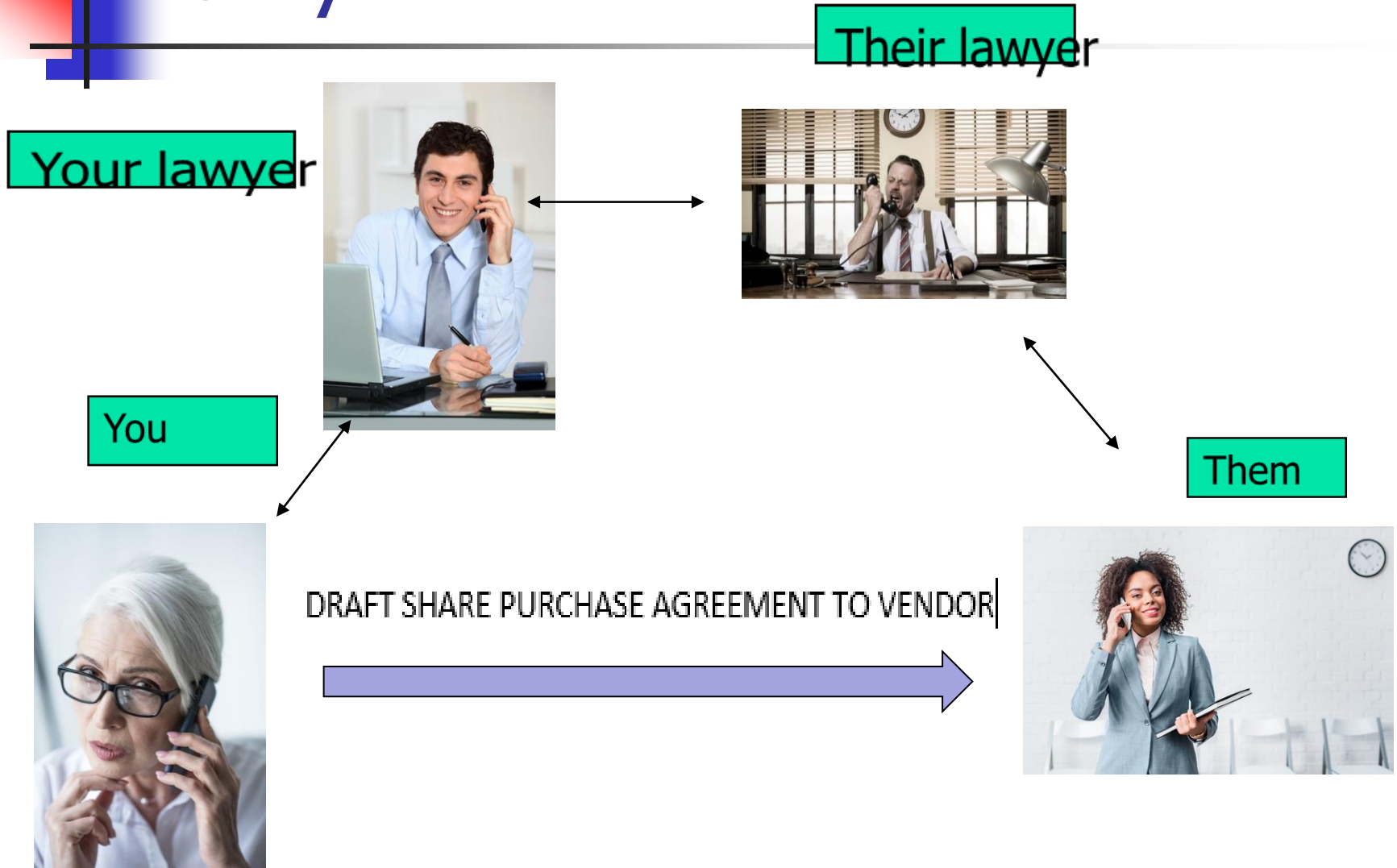
Communicating through lawyers





“What you do you mean, tell your lawyer to call my lawyer - you are my lawyer!”

Communicating through lawyers





Examples of not communicating through lawyers

- The company purchase
- The debt settlement



Lawyers - more

- Don't let them draft contracts, you do
- Use templates, where to get:
- findlegalforms.com
- lawdepot.ca & other sites
- Real contracts: contracts.onecle.com
- Contract clauses: lawinsider.com
- Draft in English, the lawyer can translate into legalese, if you can't
- When should legal be involved in review?
Based on risk analysis, it is insurance

Business Contracts

Asset Purchase
Business Separation
Collaboration
Construction
Consulting
Distribution
Employment
Franchise
Indemnification
Joint Venture
Lease
License
LLC
Loan
Management
Manufacturing/Supply
Merger
Non-Competition
Offer Letter
Partnership
Promissory Note
Sales
Services
Severance
Shareholder
Stock Purchase



Challenge

- Sadly, I have been so tainted by lawyers, that I can speak/write legalese!
- Someone give me a random sentence about anything in the world
- And I will translate into “legalese” instantly!



Past example

From MarcAnthony : I am so hungry, I could eat a horse!

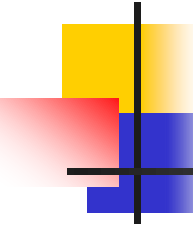
From heshma : haha

From Angela : that's impressive

From MarcAnthony : well done



I am afraid I have to bill you
for that work...



INVOICE

Stephen Priddle, CPA, CA, CMA
UNLICENSED PARALEGAL
Ottawa, Ontario
K2E 7H3

BILL TO

INVOICE #
INVOICE DATE

101112

Aug 26. 2020

DESCRIPTION	AMOUNT
Document re-write using legal terminology	190.00
Subtotal	190.00
HST 13.0%	24.70
TOTAL	\$ 214.70



Writer's block tips

- Stuck, everyone can talk
- Write what comes to mind fast and insert (come back reminders) if you don't know what to write and keep moving

On pig we will have completed the project. I believe it will provide us a critical understanding of the pig process, and the cost will be less than pig. The project manager will be Frances or pig, depending on who is selected by the CEO.



More lawyer jokes

- Do you have a clean one?

: What's the difference between a lawyer and a sturgeon?
One is a bottom-feeder and another is a fish.



Sometimes

- You need to question lawyers, don't assume they are right or they have even read the document
- You may need to re-write what the lawyer drafted
- Often their version is: too threatening, too long, not comprehensible, will cause problems with the other party
- Example shorten MBO share subscription agreement (a lawyer could not bring themselves to make anything short and one page!)



More ways to reduce legals

- Summarize dates/facts/documents/opinions so they don't
- Get fee estimates/budgets
- Get a detailed bill so you can audit it
- Ask for a regular docket (WIP) to monitor spending
- Don't pay fees for their mistakes!
- Request a junior lawyer for some work



Which is the better approach?

- Call to lawyer to discuss problem with client for 3 hours, then a week of document gathering for the lawyer; or



Or..

▲ From: Stephen Priddle
Sent: July 23, 2020 11:00 AM
To: Leo Lawyer
Subject: Solution

Leo,

I will be calling you in 20 minutes to discuss the attached PDF file that contains full information about our dispute with BZ Limited.

1. The Customer agreement
2. The 2019 April 14 amendment
3. The standard warranty agreement
4. The customers 2 complaint emails
5. Our 3 response emails
6. Our technician's report
7. The independent technician's report
8. The letter from their lawyer
9. Our draft response for your review
10. Summary of our service manager's opinion
11. A chronology by time and date of all events and documents

My best strategic minutes tip is
in my **Practical Work Solutions**
from **Case Discussions** course



Secretary work

- Who is looking after your minute book?
- Bring it in-house now!
- There are many things you can do:
- Take the minutes yourself
- Report changes in directors
- You can run the share/options
- /warrants ledger & prepare share cer
(private co)
- Others things you can do (move
incorporation)



Final thoughts

- Another useful website: www.canlii.org
- Pay your lawyer with shares
- Use arbitration/mediation instead of litigation
- Always be careful, you don't want to assume away some huge legal risk
- I actually don't hate lawyers!
- Smart contract review for accountants covered in the **Case Course**



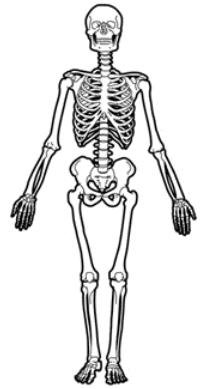


Reflection

- This seminar has big and small tips to save you cash and to help you at work
- There are some tips that could lean to business direction changing tips
- More bigger picture/strategic tips are in my **Practical Work Smarts for All** and **Practical Work Solutions from Case Discussions** 2 hour webinars



You have just been hired

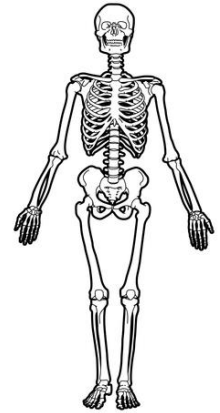


- My thesis:
 1. Every senior finance job that you might take may well have skeletons in the closet (business and personal)
 2. You have a few week's grace & then all the problems/blame are yours
 3. You need to find out all the things that could burn you later, during this period
- (Also good when you acquire a business)

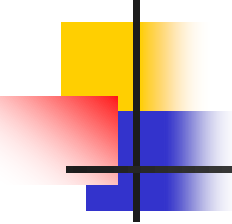




Skeletons



- Accounting skeletons
- Income and commodity tax skeletons
- System skeletons
- Inventory skeletons
- Financing skeletons
- Internal control skeletons
- HR skeletons
- Legal skeletons
- Payroll skeletons
- And more...



Skeletons are guaranteed if your predecessor...

- Got arrested and is in jail...
- Got fired
- Quit suddenly, to take a new job
- Was over their head in the position
- Was over 75
- Was incompetent
- Was unethical
- Got hit by a bus...
- Was the 4th person in the position in two years!
- Wasn't a CPA

Skeleton examples



- 650K preferred shares issued for \$2 per share and reported as \$1.3M shares in the BS, but are redeemable /retractable for \$10 per share (articles filed with the government!)(me)
- Purchase accounting not applied (Section 1582) – historic acquisition (me)
- Company files tax returns as CCPC for 20 years – they weren't
- Company overbilled government customer \$2M over many years, just found out
- Negative \$ and units in inventory (me)
- Percentage completion accounting all wrong, major revenue reversals needed
- All leases accounted for wrong (me)

1140 Inventory	31-Aug-16
1144 Finished goods	\$445,233
1146 Work in progress	(\$891,253)
1148 Raw materials	(\$453,144)
	(\$899,164)



More examples

- Deferred revenue had not changed for years
- Various skeletons in inactive subs of company (public co, me)
- All kinds of taxable benefits not T4ed
- Owner taking unrecorded dollars out of company
- Never filed US tax returns, should have
- Accountant had not depreciated assets



Why are they there?

- They didn't know what they were doing
- Hiding things from _____
- Meant to clean up, but left suddenly
- They weren't aware of the issue
- Deliberate or fraud



The new job

- Where should you focus your review, to reduce risks and learn fast?
- I want three tips from you:
- _____
- _____
- _____



The new job

- Where should you focus your review, to reduce risks and learn fast?
- I want three tips from you:
 - From Gabrielle : last tax return
 - From Nina Maisuradze : segregation of duty and controls
 - From Hratch.Gurunlian : audit report
 - From Angela : I spent a day with the accountant who handled the bank transactions and reconciliations and went through all their tasks to double check controls
 - From JAE PAN : cash ledger



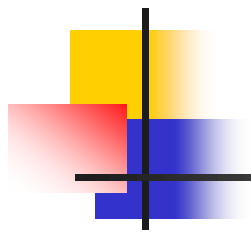
The new job

- Understand the corporate culture & strategy
- Find out the drives and motivations of the key players
- Consider performance versus industry
- Pull the credit reports (do it annually to fix them)
dun&bradstreet
- (Above, ideally done before taking the job!)
- Fully understand the operations side

The new job

- Do a SWOT analysis (Strengths, Weaknesses of the organization, Opportunities & Threats in the environment)
- Take your peers out for lunch (their right hand person), find out finance pain points
- Also talk to your predecessor
- Hold an immediate inventory count when you start





IF YOU **PRESS** THIS BUTTON
THE SESSION GETS CANCELLED



Special family business tips

- Find out who really pulls the strings
- It might not be who you think
- (Not the President but the founder who is not in the office, the spouse, etc)
- Ask about relatives on payroll (better to find out that Sally is the owner's niece or pet, early on...
- Check the shareholder accounts



The new job



Some others:

- Take the plant/remote office/warehouse/mine/lab etc tour
- Look at your team's past appraisals & grievance, & quickly assess their capabilities and find the weak links
- Review key contracts with financial institutions/customers/suppliers
- Read past audit letters and prior adjustments (booked and unbooked)
- Look at the budgets and forecasts



Nfopd tedds

- Study _____financials
- c2gbaddadfagsdg
- Ifkdfidodld,
- Dkd'ascld
- Afgadsfasdf
- Krkero03—cvl
- 9ake3l;234;234



The last slide

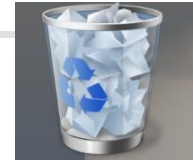
- You didn't have a stroke
- That slide was not "legalese"
- I was just checking if you are awake



The new job

- Study trended financials (5 years plus)
- Do systems and internal control walk-throughs **T2**
- Review past tax returns and planning & audits and assessments
- Read board and committee minutes
- Talk to board members, the lawyer, the audit partner, key advisors
- Do an insurance and filings review

The new job



Some different angles:

- Review predecessor's email account, trash cans and shredder
- Do a vacation analysis
- Conduct a parking lot review
- Open all the financial mail for a while
- Review manual journal entries



DR CR



A true story

CRIME & LAW

How a Small-Town City Employee Stole Nearly \$54M in Public Money

Nick Blumberg | November 7, 2019 3:01 pm

DIXON, ILLINOIS

All the Queen's Horses

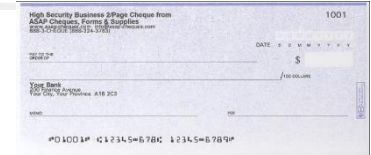
2017 · Documentary



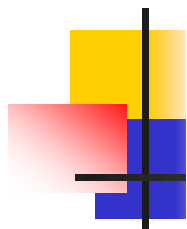
The new job


More different angles:

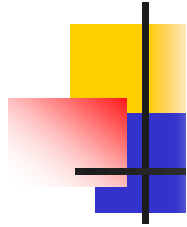
- Sign all/approval all checks/wires for a while
- Talk to some mouthy, opinionated, long serving, disgruntled employees, not just in finance, especially the receptionists
- Find the secret file!

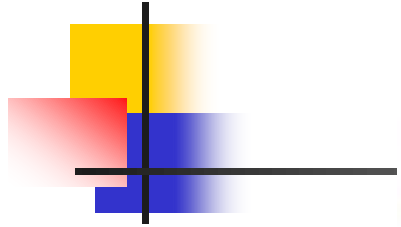


Bonus tip: talk to the cleaners....



- 
- *I promise to drop next year's price 15% if you order more than six units this year*







In 'cc'



DO NOT OPEN

Always check the....



Always check the....

- Overdue filings
- Clerk's "I don't know what do with this file"
- A rant about your new boss from your predecessor
- The suicide note written by the CFO





More secret files

- An off-book executive pension plan
- A bribe file
- A secret inventory location
- A fraudulent invoice file
- Secret file on black-listed former employees, suppliers, etc
- Unpaid bills of a company acquired
- A folder of cheques being held
- The lease bargain purchase option file, each made the operating leases, capital leases! (me)



Your new staff

- Find out all skeletons now from your team

Your first staff meeting – a skit

- Offer an amnesty
- Could be via anonymous note or rewarded
- Ask for a five year detailed G/L dump
- Be careful how you present this

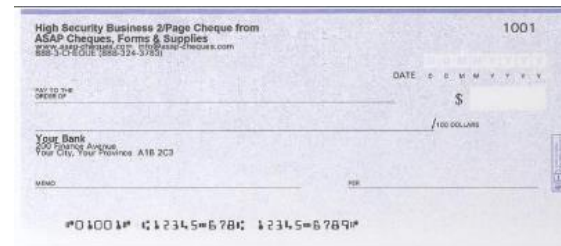


Ask for a five year detailed G/L dump

- (You don't need to do anything with it!)
- Who looks scared?
- It puts pressure on some people
- They will assume you are very detailed and plan to go back years
- Someone may confess something....
- Can the system produce it?

My first day at work story after staff meeting

- There is a knock at the door from a junior clerk
- She tells me that....





Note

- Sometimes the skeleton in the closet is toxic people dynamics in your team or elsewhere, impacting your job
- Maybe no one will tell you quickly, but it will be a big issue
- My best tip is the more people talk, the more likely you will find out...
- But you may not want to interrogate people

My I



tin



- One guarantee to find all financial reporting skeletons and ensure no future write downs, write-offs, reversals, restatement
- Nail/tear down/deep dive the balance sheet (trial balance level) when you start, what is there and not there
- Remember to deal with the process issue behind the symptom

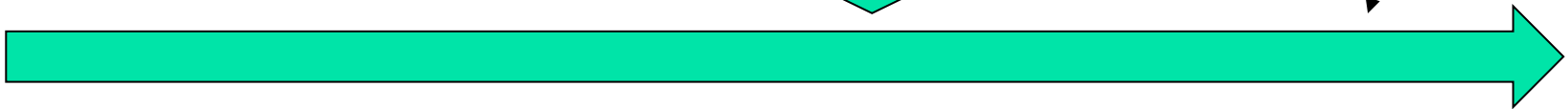


Timeline of my story

Aug 31
Audited financials

Oct 31 - major financing,
Change of control, deemed
tax year end, need
Audited financials

I am hired -
audit incomplete



Software Company Inc.
Statement of Loss & Deficit
Two months ended October 31

	Two months ended October 31 <u>2010</u>	Year ended August 31 <u>2010</u>
Software sales	\$ <u>(342,152)</u>	\$ <u>3,400,160</u>
Cost of sales	(42,458)	367,580
Gross profit	<u>(299,694)</u>	<u>3,032,580</u>
<u>Expenses</u>		
Marketing	247,586	648,722
Administration	287,452	1,121,415
Research & Development	278,522	897,725
Interest	3,026	34,563
Amortization of property, plant & equipment	12,452	64,852



Skeletons

- Examples from you? (current or past job, or as auditor)
- Some skeletons may be positive, good to find them
- Suppose you are not the CFO? _____
- _____



Skeletons

From Hratch : plugs to balance the consolidated balance sheet

From Angela : yes... system would automatically block some sales invoices (reason not known), so there were \$ revenues never claimed

From Hrathlian : owners personal home renovations on the expenses of the company

- Examples from you? (current or past job, or as auditor)
- Some skeletons may be positive, good to find them
- Suppose you are not the CFO? Most of this applies, discuss with boss in advance



More examples

- \$5M unsupported entries, not in the G/L
- Inexperienced accountant dividing foreign exchange, not multiplying
- Controller getting paid bonuses unfairly from each partner, who each sign cheques unbeknownst to the other
- Multi-million thin cap tax issue (me, public co)



More examples

- Bank loan not on books (me – auditor)
- Lawsuit from “back door” sales by sales person
- All senior finance people quit, clerks doing cash accounting for six months
- Dollars instead of units in inventory



More examples

- Entries made to closed and reported periods
- The balance sheet didn't balance
- \$50M fraud, SEC investigation (public)
- A mistress on the payroll



Some final comments

- Many senior non-finance jobs also have skeletons in the closet
- Did you miss any skeletons/secret files when you took your current job?
- Don't leave them in your closet!
- Prepare a takeover binder for your successor
- Also consider one for your new boss





Note

- What is the best way to become a better CPA?
- Experience
- How can you accelerate experience?
- Take my experiential courses, to learn tips it took me years to learn...

Bonus personal tip

- Companies sometimes abuse employees
- A way to get some leverage, visibility, rev...
- Only works for some private companies
- Try to get at least one share in the private the company you work for





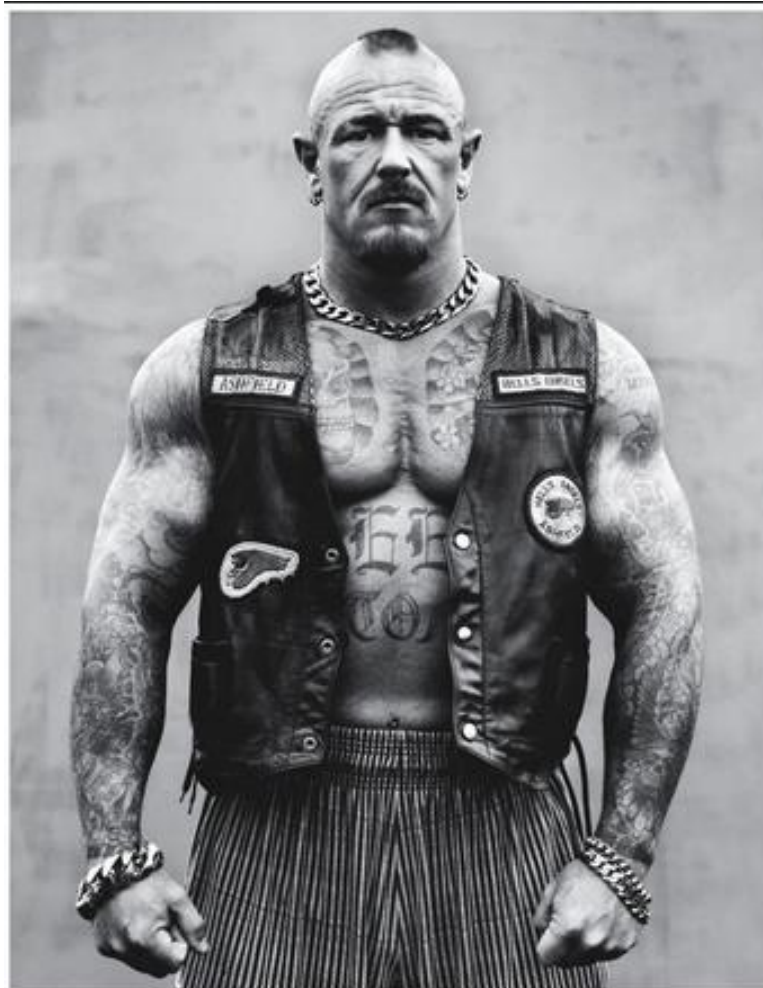
Why?

- Stop them from dropping the dropping the audit
- Approve new share classes ahead of you
- Get an invite to the AGM and vote, or send a proxy
- Get the financials every year
- Call a special shareholders' meeting if you want
- Ask to see the shareholders' ledger
- You have rights to examine certain records
- Receive dividends
- Have legal minority rights protection
- How did I learn this?
- How to get one? Ask or exercise a stock option



Send whoever you want to the
AGM as your proxy

Your proxy, your nephew Christopher



Shares for employees



- Having employees own shares is motivational
- What about liquidity?
- Set up an internal share exchange or offer share buybacks
- But don't give shares to employees unless you can claw them back if they leave, or at least they sign a POA that the company can vote them



SHARE EXCHANGE

For sale

	<u># shares</u>	<u>Price</u>	<u>Notes</u>
Rena B	7,000	\$ 1.85	need vacation \$
Sahib L	5,500	\$ 1.85	basement reno
Jock A	<u>4,500</u>	\$ 1.85	
	<u>17,000</u>		

For purchase

Agnes K	10,000	\$ 1.75	accumulating
Barry B	<u>6,000</u>	\$ 1.72	
	<u>16,000</u>		



Polling question

- Do you have share or options of your employer or could you see that you might be able to get some?



Stories

- The controversial shareholder's meeting
- I meet my crooked former CEO again at the company's AGM



Stories

- The controversial shareholder's meeting
- I meet my crooked former CEO again at the company's AGM, because I... once took about \$10,000 in salary as shares



Auditors and Accountants



AUDITOR



What color is my horse?

**What colour was it
last year?**



A man in a pink shirt and a hat is standing in a field of tall, golden-brown grass, facing away from the camera. He is talking to another man who is wearing a white shirt and blue jeans, also standing with his back to the camera. The man in the white shirt is holding a small, dark rectangular object. In the background, there are rolling green hills under a blue sky with scattered white clouds.

What color is my horse?



Tell me management's representations as to the colour, and I will audit those representations

A man in a pink shirt and a hat is standing in a field of tall, golden-brown grass, facing away from the camera. He is talking to another man who is wearing a white shirt and blue jeans, also standing with his back to the camera. The man in the white shirt is holding a dark rectangular object, possibly a book or a tablet. In the background, there are rolling green hills under a blue sky with scattered white clouds.

What color is my horse?

A black horse is captured in mid-gallop across a green field. The horse's mane and tail are flowing, and its legs are extended in a powerful stride. The background shows a clear blue sky with some light clouds.

**I don't know, you tell me, it's
your horse..**

A man and a woman are standing in a field of tall yellow grass, looking at a horse. The man is wearing a pink shirt and a hat, and the woman is wearing a white shirt and blue jeans. They are both looking towards the right side of the image. The background shows rolling hills under a blue sky with white clouds.

What color is my horse?



**I need to get documentation
for the horse's colour...**

A man in a pink shirt and a grey hat stands in a golden field, looking towards a horse. Another person in a white shirt and blue jeans stands next to him, holding a dark box. In the background, a dark horse is running in a field under a blue sky with clouds.

What color is my horse?

**Wash it first, and then I will
issue an opinion on the colour**

A man in a pink shirt and a hat is standing in a field of tall, golden-brown grass, facing away from the camera. He is talking to another man who is wearing a white shirt and blue jeans, also standing with his back to the camera. The man in the white shirt is holding a small, dark rectangular object. In the background, there are rolling green hills under a blue sky with scattered white clouds.

What color is my horse?

A black horse is captured in mid-gallop, running from left to right across a field of tall green grass. The horse's mane and tail are flowing, and its legs are extended in motion. The background shows a clear blue sky with some light clouds.

It's immaterial

A man in a pink shirt and a hat is standing in a field of tall, golden-brown grass, facing away from the camera. He is talking to another man who is wearing a white shirt and blue jeans, also standing with his back to the camera. The man in the white shirt is holding a dark rectangular object, possibly a book or a tablet. In the background, there are rolling green hills under a blue sky with scattered white clouds.

What color is my horse?

A dark brown horse is captured in mid-gallop across a grassy field. The horse's mane and tail are flowing, and its legs are extended in motion. The background shows a clear blue sky with some light clouds and a distant horizon line.

Brown,



What color is my horse?



Brown, on this side...

Auditors/accountants



Reduce fees and get more from them:

- Compare value between firms
- Use audit timing to your advantage
- Get freebies - push them to promote your business with referrals
- Draft tax opinions yourself and then get them blessed
- Have them review tax returns you prepare
- Control the f/s preparation process
- Do the audit yourself!
- Challenge their approach



From: Stephen Priddle

Sent: September 8, 2020 3:46 PM

To: Tax manager

Subject: Tax opinion

Daphne

Can we have a phone call to discuss my draft, rough tax opinion below

Stephen Priddle

Fact situation

39 year old employee (profession – engineer) will be posted to (country) for three years, with spouse and 3 children under 18. Spouse will not be working. Employee will rent out Canadian home and not close bank accounts, memberships, etc. The employee will return to Canada at least once a year. The employer will pay the rent for a residence in the other Canada

Draft Tax opinion

In my opinion bases on the above stated facts:

1. The employee will continue to be a resident of Canada for Canadian tax purposes, as a continuing state of relationship is kept with Canada due residence, bank accounts, memberships etc.
2. The employee will file his tax return under province?
3. The employee qualifies for the Overseas Employment Tax credit as|???
4. The Canadian tax treatment for the residence paid for by the foreign subsidiary will pay for
5. The impact of the Tax Treaty on this situation will be _____

Stephen Priddle CFO



MY FORMAT

Note 2 - Accounting principles

Property, plant & equipment is recorded at cost and presented in the financial statements net of accumulated amortization. Amortization has been provided over the estimated useful life of property, plant & equipment using the rates and methods set out below:

Furniture & equipment	5 years straight-line
Computers, office equipment	30% declining balance
Software	30% declining balance

MY FORMAT

Note 2 - Accounting principles

Property, plant & equipment is recorded at cost and presented in the financial statements net of accumulated amortization. Amortization has been provided over the estimated useful life of property, plant & equipment using the rates and methods set out below:

Furniture & equipment	5 years straight-line
Computers, office equipment	30% declining balance
Software	30% declining balance

MANDATORY FORMAT

Note 2 - Accounting principles

Property, plant & equipment is recorded at cost and presented in the financial statements net of accumulated amortization. Amortization has been provided over the estimated useful life of property, plant & equipment using the rates and methods set out below:

Furniture & equipment	5 years straight-line
Computers, office equipment	30% declining balance
Software	30% declining balance



Someone else's Big Four battle!

HIS FORMAT

Note 2 - Accounting principles

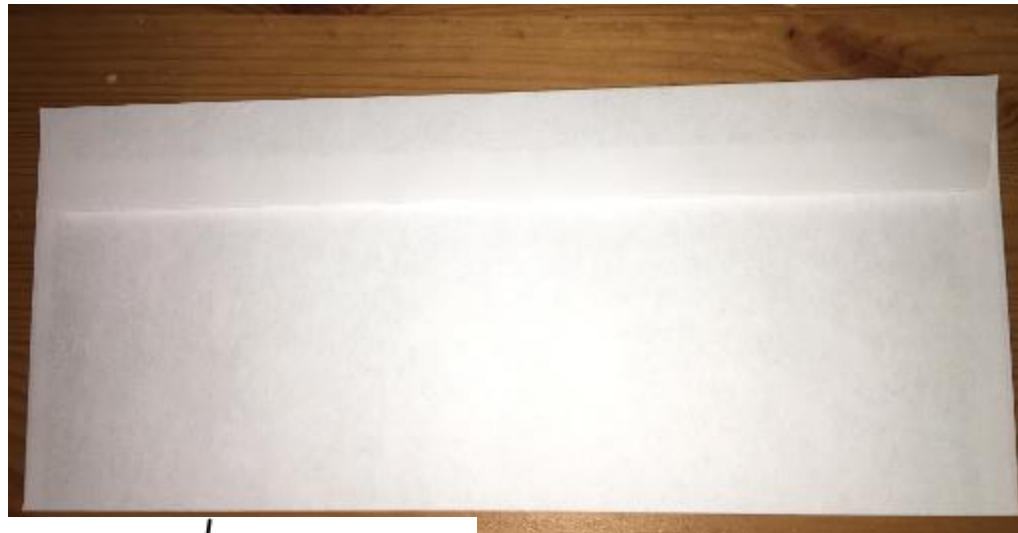
Property, plant & equipment is recorded at cost and presented in the financial statements net of accumulated amortization. Amortization has been provided over the estimated useful life of property, plant & equipment using the rates and methods set out below:

BIG 4 MANDATORY FORMAT

Note 2 - Accounting principles

Property, plant & equipment is recorded at cost and presented in the financial statements net of accumulated amortization. Amortization has been provided over the estimated useful life of property, plant & equipment using the rates and methods set out below:

Play jokes on auditors



O	X	O
O	O	X
X		

Find employees with
expensive clothes because this
means....





The special count

The retained earnings count!



- Do you have any to share?

Technology



Valuable advice:

- “Don’t throw technology at a problem if you don’t know what you are doing in the first place”
- Another way of saying it: “Don’t give the fool, the tool”



Applications

- Alert on competitor announcements
- Alert on suppliers
- Alert on overdue customers
- Alert on house you are thinking of buying
- Alert on your favourite _____
- Alert on your name

Some useful technology tips

- Record meetings on cell phone
- Get voicemail to email
- Use google alerts
- Leverage voice to text
- Get a portable mini scanner
- Use waybackmachine: web.archive.org



Doesn't work
so well in French

Courses and absorbing on the go

Narrator

Narrator is a screen reader

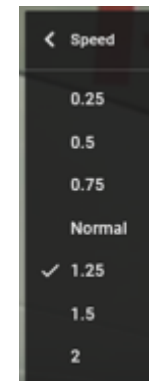
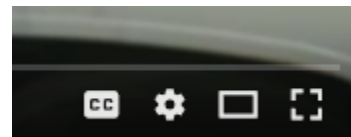


Practical PD offers popular seminars that have been attended by nearly 10,000 accountants, CFOs, and controllers. The tips and topics are geared toward controllers, CFOs, accounting managers, as well as clients. The tips and topics are geared toward controllers, CFOs, accounting managers, as well as clients. The tips and topics are geared toward controllers, CFOs, accounting managers, as well as clients.

Select all

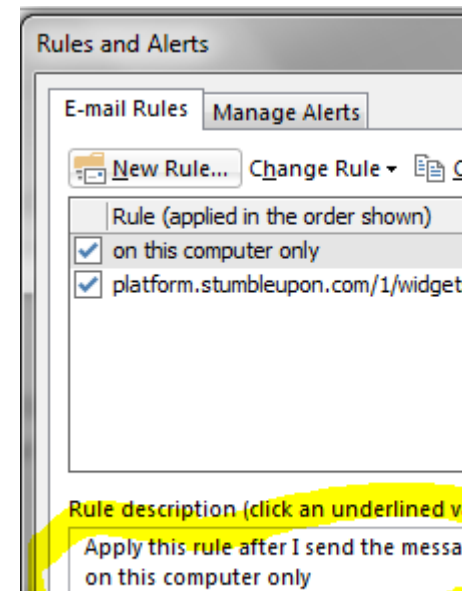
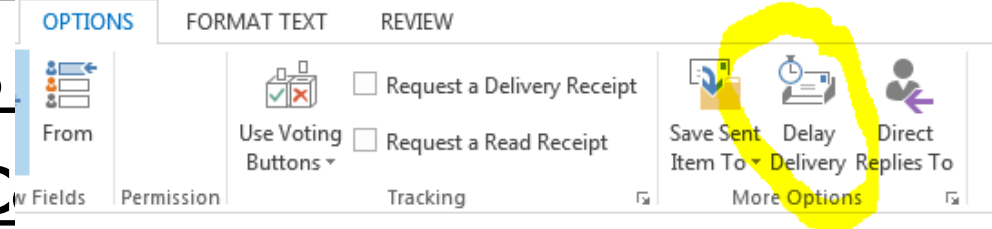
Print

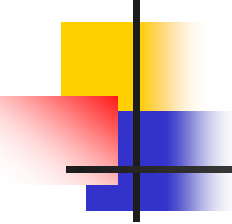
Read aloud



Some useful technology tips

- Use email delay delivery
- Delay all emails
- Get a wireless c
- Use mouse with other hand
- Get a vertical mouse





Prize time, the first person to
type "vertical mouse" in the
chat wins one!



Past winners...

I'm really enjoying it, and it's causing quite the stir in the office.

By the way - I really love my vertical mouse! It's a game changer 😊 Thanks again for that!

*Kind regards,
Julie*

Are your right
or left-handed?

I had never seen a vertical mouse before today. When you mentioned that it is more ergonomically correct, to test, I rotated my right hand while holding the mouse and realized that I had a bit of discomfort that immediately went away.

you were the one who sent me a new ergonomic mouse. A big thank you! I use it all the time.

Some like the ergonomic split keyboard....



Bonus tip

- Use a standing desk, gives choice
- May help your back
- Burns some calories and n posture
- Keeps you awake
- May help you think better
- Employer must provide one for all office workers in Denmark! (up and down choice)



Even more exercise



Cost?



Portable Height
Adjustable Sit- ...
\$89.99
PrimeCables.ca
Free delivery



PrimeCables
Manual Sit to ...
\$169.99
PrimeCables.ca
Free delivery



Sit Standing Desk
Height Adjustable
\$149.99
PrimeCables.ca
Free delivery



Sit-Stand Dual-
Motor Height ...
\$289.99
PrimeCables.ca
Free delivery



Height Adjustable
Gas-Lift Sit-Stand
\$169.99
PrimeCables.ca
Free delivery



Electric Sit to
Stand Adjustable
\$169.99
PrimeCables.ca
Free delivery



Height Adjustable
Desk for Children
\$59.99
PrimeCables.ca
Free delivery



Sit Standing
Height Adjustable
\$239.99
PrimeCables.ca
Free delivery



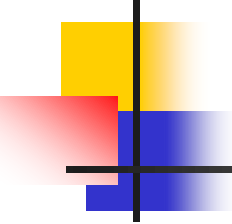
Studio Designs
Adapta Standing
\$216.99
Wayfair.ca
Free delivery



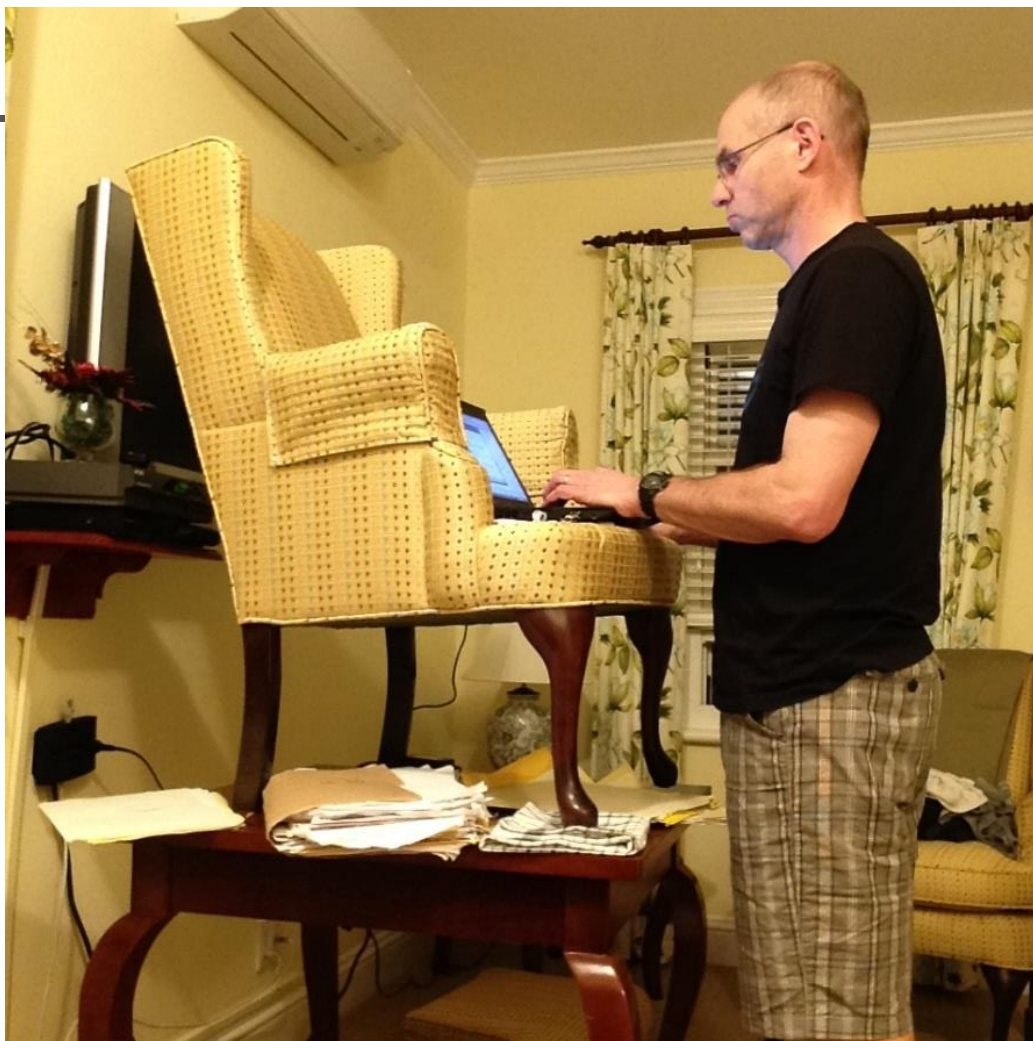
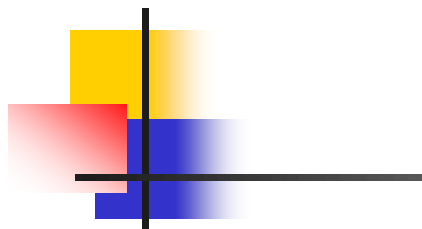
Note: I paid
for this myself



What do you do when travelling?

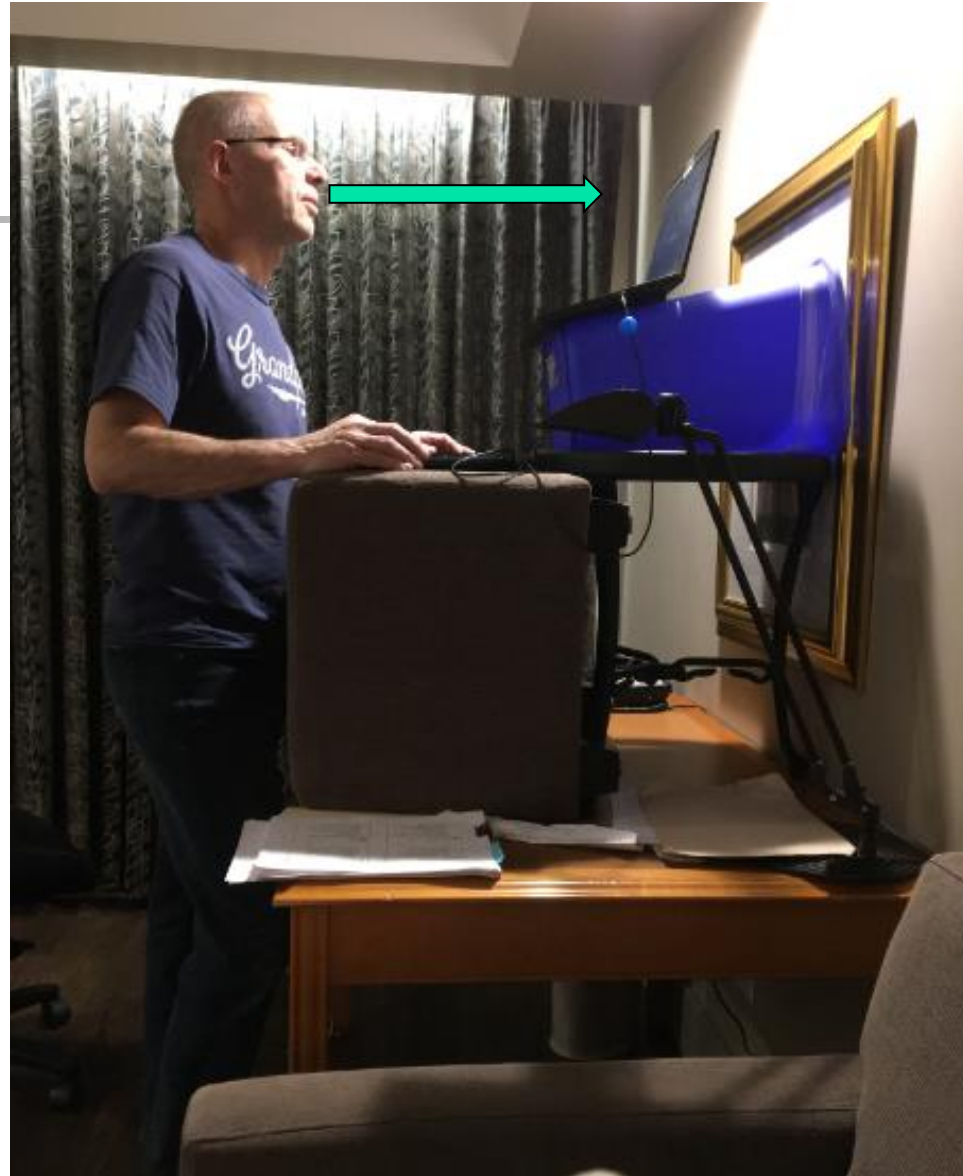


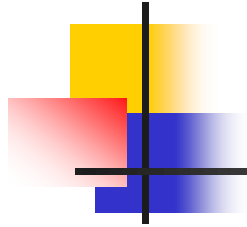
You have to get outside the
box and build one with
whatever is available!





This hotel!

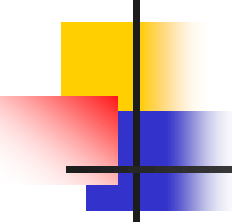






Conversions

- Converting to a new system – the data transfer issue
- A short case study
- Not the textbook method, but it works!
- Enter the closing numbers from the old system in the new system, no historic data carry forward



This company apparently used this approach....

- \$39B revenues, \$5.6B profit
- \$1.1 trillion assets under manage
- 35,000 employees



Conversions

- How to look at the historic numbers?
- Look in the old system
- The only things you should import are names, & addresses of suppliers, customers
- Cut cheques for opening A/P in old system
- (This is high level, there are some complications and there is a lot more to a conversion project than this)



In a typical session

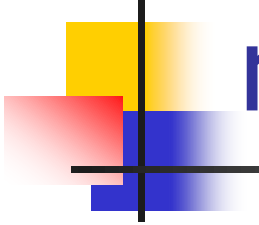
- 80% of the class have never heard of this veteran tip
- 20% of this class know it and can confirm it works....



Board of Directors

- Get them on-side prior to the meeting on your critical proposal
- Do you give the board direct access to senior employees?
- An advisory board for a family owned CO.
- Send ALL the material out in advance, as long as they will read it...!

This was in the news
recently...





Michelle Douglas said WE Charity's board of directors "always understood that speakers were not paid" to appear at WE Day events and that she would have been "surprised" to learn members of Prime Minister Justin Trudeau's family had been paid thousands of dollars to speak at such events. 1:09

She also said she left because the board of directors was being denied access to WE Charity's chief financial officer. Meetings with the CFO were set and then cancelled, she said, making it impossible for the board to determine if the job cuts were financially justified.

So she resigned...



News and Announcements

Announcing the Acquisition of Valydate

April 17, 2017 – Today we would like to announce the acquisition of Valydate™ Inc., an Ottawa-based provider of schematic validation solutions. The Valydate VERA technology provides enterprise design teams proven schematic review analysis technology, helping designers identify errors before committing to a PCB design.

Mentor brings a broader and deeper engineering infrastructure, enabling expanded product development on VERA. While we provide deeper integration with Mentor's Xpedition Enterprise flow, we will preserve integrations with all other design flows (as exhibited by previous acquisitions of HyperLynx and Valor technology).



A Siemens Business

Michael Alam, Valydate BSD Canada

Siemens completes \$4.5 billion purchase of Mentor Graphics



INSIDE SILICON FOREST

About Mike Rogoway
Email Mike Rogoway
Follow @rogoway

MOST READ

Jive's buyer responds to employee anxiety



M&A



M&A – watchouts

- Acquisitions for the wrong reasons
- Poor due diligence – skeletons missed
- Difficulty financing or paying too much
- Don't underestimate culture issues
- Don't be afraid to recommend no!

Did I say "merger?"
I meant "acquisition."



Search



Particularly public companies

S&P Global

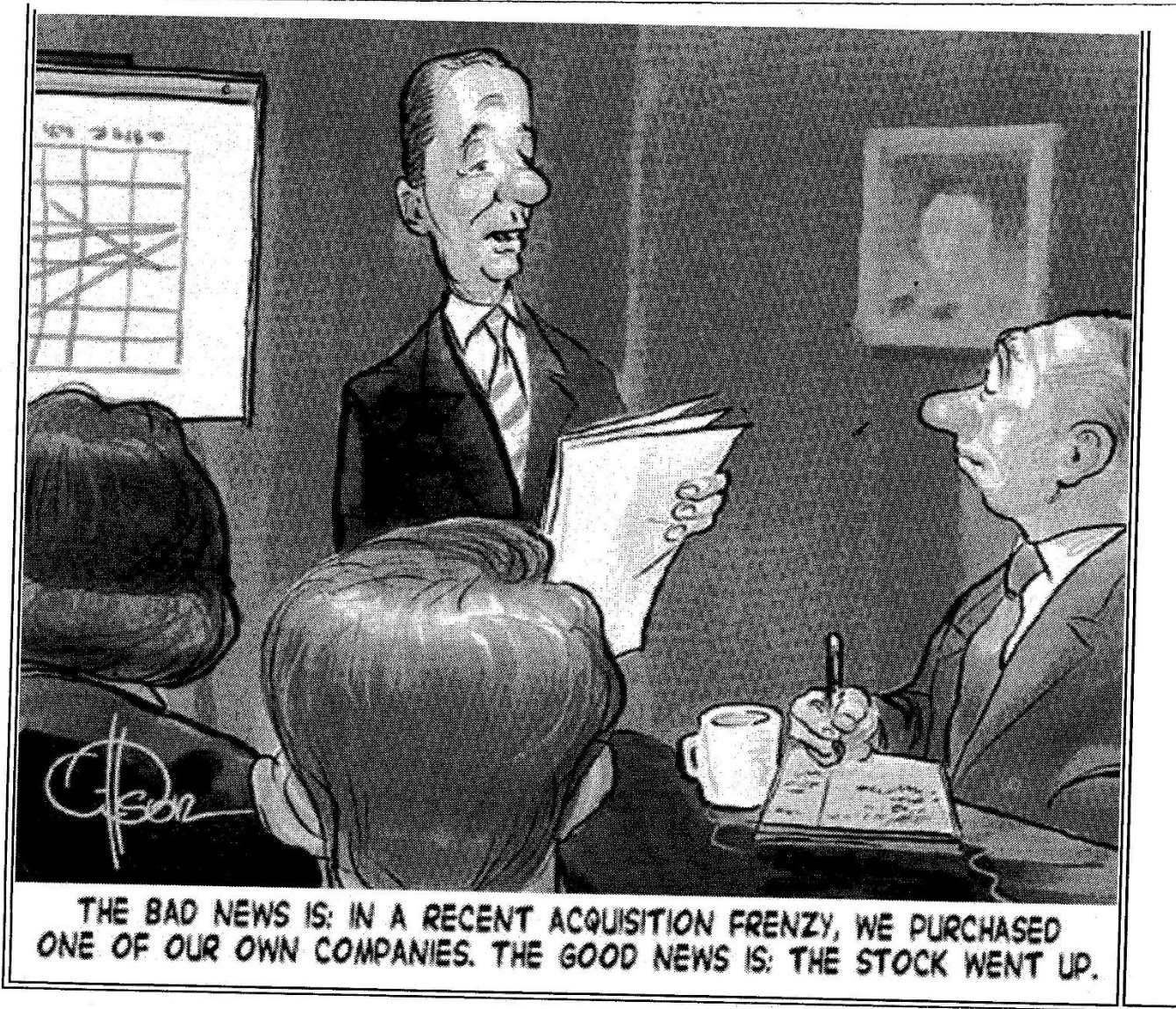
**“
Post-M&A
acquirer
returns have
underperformed
peers in
general
”**



We buy a company in the UK

Consideration

- Cash
- Note payable (must be backed up by a letter of credit)
- Shares of our company (with share price adjustment clause, if shares go down in value at set date, more shares must be issued..)



g.

t,

mber

.1M

g Nov

e



M&A – remember this

- Use a working capital adjustment clause, e.g.
- Cash purchase price agreed on in late Sept, based on Aug 31 year end f/s \$50M, when working cap \$6.1M
- Deal to close Nov 30, with cheque in December
 - Working cap at closing date of Nov 30, \$4.1M
 - Hand over a cheque for \$48M
- Ethics & creativity issue: acquirer preparing Nov 30 f/s
- Example, a Nov 30 accrual for 11/12 of the \$75K Christmas party!



Someone wants to buy you

- Reminder for acquiree: ask for a bust-fee if a company wants to buy you
- Typically 1-5% of deal value



M&A – an alternative

- Acquisitions are rare and there is a way to get many of the benefits of an acquisition, without the costs and difficulties:
- Partner instead of acquire
- Not legally a partnership



Many different forms

- Joint venture
- Marketing for each other
- Use of complementary skills
- And many other possibilities



Examples

- Our software will be in your suite
- We will only buy X from you, you will be our supply partner, we will help you do it cheaper, but we will benefit from the savings, etc
- Music company, partnering with electric piano company
- Partner to enter a certain foreign market

Financial reporting – the close



- Is financial information real-time?
- Month end close speed
- Why close fast? Make key decisions from fresh information and get it out of the way quickly so you can do real work
- Do you have a fixed closing deadline imposed on you?
- Our survey is a win-win for you all
- If you are slower than avg tell your boss this proves you need a new system, more staff
- If you are faster than avg ask for a bonus



The close survey

Historic averages:

Calgary 14.28
Edmonton 13.87

Worldwide 13.14

- A monthly close means avg month, reports issued to users
- Working days you take to close ____
- Class average ____
- Overall average ____days
- City average ____
- Remember to tell your boss
- The fastest & slowest closes
- How long does it take your wife to close?



Attendees post their salaries....

```
nnifer Benedict : 300,000  
abanova : 300000  
eanor : 310000.00  
iu : 120000.  
offrey : $180k  
e Ann : 300000  
drew Ling : 120K  
nie : 550000
```



Shortening the close

- It's always a trade-off, what do you lose by shortening the close by X days?
- Don't abuse your staff!
- Some of these tips may help you with other cycles
- Another course on this topic: accrue



Shortening the close

- It's always a trade-off, what do you lose by shortening the close by X days?
- Don't abuse your staff!
- Some of these tips may help you with other cycles
- Another course on this topic: accrue-accrue-accrue



Some ways to close faster

- Fix it next month
- Drop head office resources into the divisions to help
- Flash report revenue/margin as soon as available
- Electronic task schedule visible to all
- Make a faster close promise to a key stakeholder
- Give a day off to staff if you hit the target



Key indicator reporting

- The old way of reporting
- A new idea
- It was well received
- Manage the company from one page
- a kind of dashboard
- You could call it the vital signs or KPIs or the metrics



FINANCIAL STATEMENTS - SUMMARY				
	2004	2005	2006	2007
Assets				
Current assets	1,234,567	1,345,678	1,456,789	1,567,890
Non-current assets	2,345,678	2,456,789	2,567,890	2,678,901
Liabilities				
Current liabilities	3,456,789	3,567,890	3,678,901	3,789,012
Non-current liabilities	4,567,890	4,678,901	4,789,012	4,890,123
Equity				
Share capital	5,678,901	5,789,012	5,890,123	5,901,234
Reserves	6,789,012	6,890,123	6,901,234	7,012,345



From this to this



FIDUS KEY WEEKLY METRICS					
	Weekly ending			Full Canadian \$M	
	24-Sep	27-Sep	28-Sep	28-Sep	28-Sep
Cash					
Cash balance	85,483	158,483	55,856	117,268	92,283
Accounts	288,823	288,822	288,822	288,822	288,822
Revenue					
New bookings	38,888	128,922	116,658	118,147	27,681
Revenue earned - no revenue	45,887	36,738	28,383	186,788	33,374
Revenue earned - work log	54,483	52,551	56,333	61,233	48,658
Billing	192,258	127,824	48,755	6,328	29,536
Bookings	171,625	175,152	188,238	153,283	158,313
Collection	65,233	37,121	152,435	-	38,458
Gross bill revenue	36,648	153,282	332,354	234,581	487,873
YTD revenue	1,542,416	1,288,623	1,146,281	1,117,838	1,818,421
YTD revenue ahead projects	148,277	424,417	316,233	285,333	261,233
"In the bag" revenue	1,413,741	1,375,741	1,254,813	1,271,487	1,161,248
Don't Plan in the bag	77.1X	75.8X	68.4X	63.3X	63.3X
Weighted pipeline app's	534,263	675,625	822,871	648,876	671,631
Total revenue at risk	1,148,818	2,851,368	2,877,438	1,311,563	1,832,871
Total revenue at risk %	186.2X	191.8X	113.3X	184.2X	33.3X
Current ahead planned revenue	153,353	156,323	88,267	82,133	112,618
Projects					
# of active projects	28	27	27	28	28
# of new projects engaged in work	4	3	1	1	3
# of projects ahead in work	3	3	2	1	-
# of ahead projects - cumulative	22	19	16	14	13
Working capital					
U.S. exchange rate	1.5397	1.5773	1.5741	1.582	1.5834
Total W/C	338,659	333,875	328,566	376,738	327,435
W/C < 30 days	237,423	277,682	193,241	193,485	193,233
W/C > 30 days	38,825	38,803	193,325	151,118	116,887
W/C > 60 days	1,611	24,618	-	32,135	22,135
Revenue Payable	149,325	38,578	53,236	61,883	38,683
Current liabilities	151,787	241,719	212,333	215,616	193,158
Working capital	626,163	587,274	443,326	441,137	557,635
Current ratio (work cap/current liab, %)	3.56	2.75	2.74	2.53	3.21
Last week's cash disk, on payroll	44,354	28,373	17,764	18,482	23,851
People					
Hires	-	-	-	1.8	-
Terminations	1.8	1.8	-	-	-
Employee headcount	24.8	25.8	26.8	26.8	25.8
Gross weekly payroll	37,878	33,385	48,515	48,515	33,385
Billable non-salaried annual	1.8	-	-	-	-
Billable utilization	64.4V	64.6V	64.4V	64.2V	65.4V



The dashboard

- About 50 weekly key indicators for the CEO/senior management/owner
- A balanced scorecard, aligned with strategy & key goals (not full financials)
- Who should report it? Why not finance, we are the information people
- Who here reports extensive non-financial data weekly?



Measurement

- I know numbers don't tell the whole story...but numbers are very useful
- Financial score-keeping is important, but we are not talking about just dollars and cents
- Report volumes, %, per unit, ratios, heads....



Key point



- Report the standard measures, but you need to look for more but also **invent** really **sweet new** measures that communicate so much, for _____ depts/areas
- How to think of new measures:
 - What are the critical decision-making indicators in the business? the drivers?
 - What are the key success factors?
 - Tip: think of an org objective and quantify,
Example: co wants to minimize job site emergency pick ups, so measure and report them
 - (“What gets measured gets done”)



Invent them

- Examples (financial or non-financial)
- Billable staff load factor
- Clever numerical measure of inventory age/quality
- Useful lost customer measure
- An insightful business capacity measure
- Have you invented any? (or a colleague)
- Get others inventing them
- Present them in a different way? ounces of silver



An example – consulting engineers

- Old measures: Revenue, avg revenue per hour, % billable
- **Billable % =**
Hours billed/40 hours



An example – consulting engineers

- Old measures: Revenue, avg revenue per hour, % billable

Week ending May 8, 2020

- Revenue \$458,543
- Average \$188.53/hr
- 86.2% billable



An example – consulting engineers

- Old measures: Revenue, avg revenue per hour, % billable

Week ending May 22, 2020

- Revenue \$369,543
- Average \$189.22/hr
- 56.2% billable



An example – consulting engineers

- Old measures: Revenue, avg revenue per hour, % billable

Week ending May 22, 2020

- Revenue \$369,543
- Average \$189.22/hr
- 56.2% billable

Statutory holiday, sick days, vacation, training, etc, mess this up



An example

- Old measure **Billable %** =
Hours billed/40 hours
- New measure = **Load Factor** =
Hours billed/40 hours minus time
that could not be billed (statutory
holidays, vacation, sick, training
etc.)



An example – consulting engineers

- Old measures: Revenue, avg revenue per hour, % billable

Week ending May 22, 2020

- Revenue \$369,543
- Average \$189.22/hr
- 80% billable
- 100% loaded

(stat holiday)



In my house

- Critical KPI
- Average cost per meal \$4.06
- Lesson: home-cooking saves lots of money!
- Note: you may be able to think of interesting new measures, that are monthly, not weekly, eg months of experience per dept



Note

- Other functions may be reporting their key indicators to leadership
- My challenge:
 - Review their measures, improve on them, propose new ones
 - Integrate their #'s with your reporting ideas, so it is a true organization dashboard
 - Only about 1% of organizations do this



More inclusions



- Historical and forward-looking numbers
- Include targets (or what needs to be done to hit targets)
- Include relevant external data, examples: commodity prices, housing starts, key exchange rates, etc.
- Rolling averages reveal trends

[Click here to listen
at 1.25 speed](#)

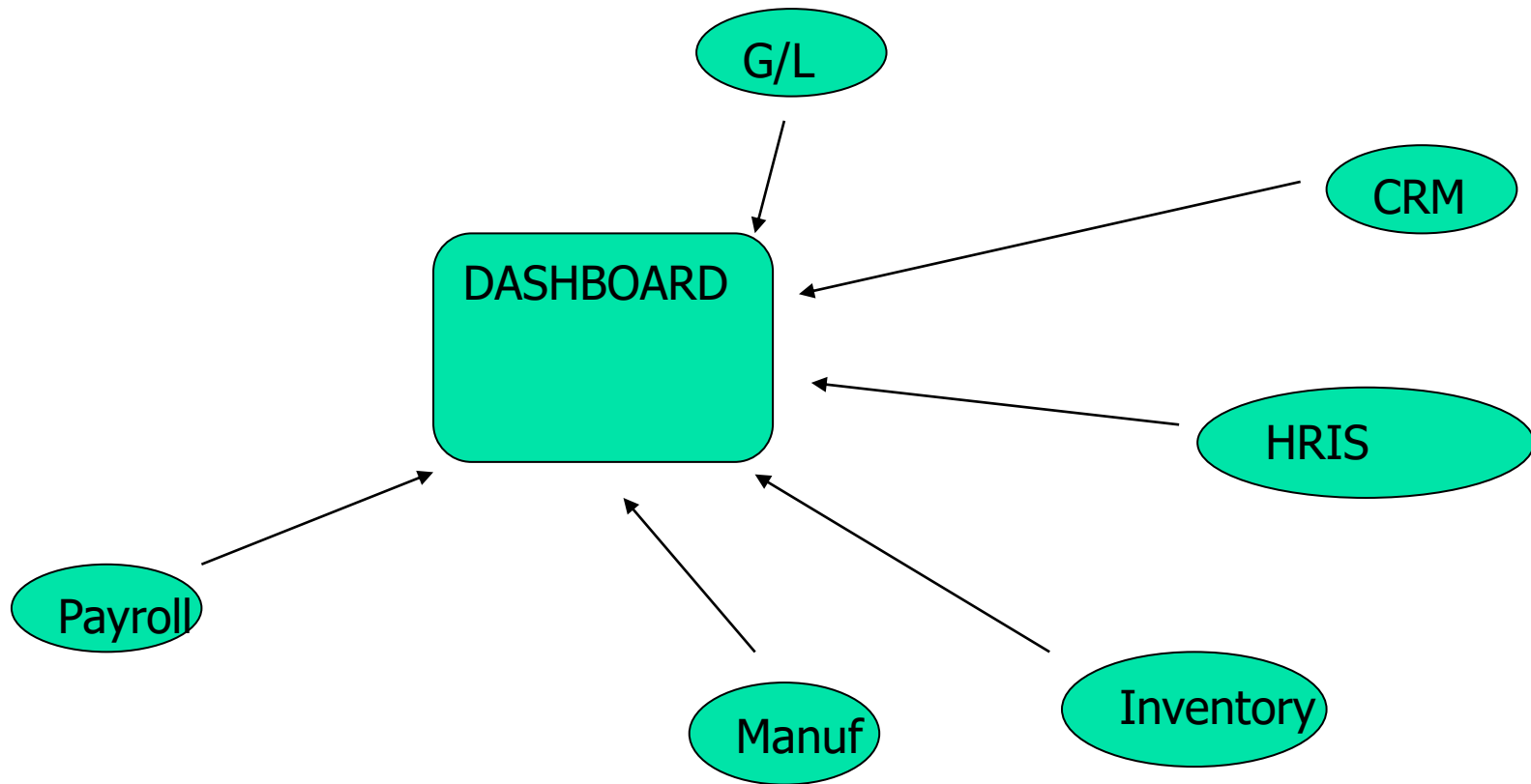


Preparation



- When do you report the dashboard? Early in week, for prior week
- Align preparation with existing processes, save work, there must be benefit > cost
- If you don't have an ERP, you may be pulling numbers from many different systems, via software or manually

Multiple systems input (no ERP)





Validation and checking

- Do you validate numbers coming from other departments (at least initially)
- Do you have time?
- If you suspect other departments are fudging the numbers, you will have to become the cop/auditor
- Sometimes there may be political issues with other departments...





Let's look at an example

- The next two pages of your handout
- Many different ideas, over 100 indicators to get you thinking
- Types of measures are grouped
- Don't take them all seriously...

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[illegible]

Working capital

U.S. exchange rate
Total A/R
A/R current
A/R 1-30 overdue
A/R 31-60 overdue
Red flag A/R being monitored
Allowance for doubtful accounts included above
Days sales outstanding (DSO)
Accounts Payable
Current liabilities
Working capital

People

New hires/rehires
Terminations
Employee headcount
Turnover trend
Headcount by department/division
Open positions for hiring
Gross w/ly payroll
Commissions earned
Contractors
Overtime hours
Sick hours
Staff utilization (% of time on customer work versus standard work week)
Staff load factor (% time on customer work, of actual available time)
SPED hours

Long term financing

Government grant remaining
Share information
Short-term debt
Long-term debt
Bank covenant position

Some other ideas, depending on business

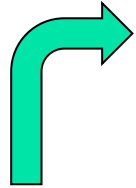
Vehicle, trucking fleet
Vehicles in repairs
of toilet paper rolls used
Student data
Help line calls
Website visitors
Patient data
Occupancy data - property management, hotel
Waste by location
Sources of leads generated
WCB claims
Weather statistics - agriculture
Customer churn (customers cancelling subscriptions, etc.)
Per square foot data - retail
Relevant compliance measures
Customer complaints
Commodity prices
Idle assets
Industry data
Environmental measures (units recycled, litres leaked, etc.)
Market share measure
System down time
Advertising payback

Notes:

You need to customize to your organization, you wouldn't have this many, this is an expanded potential list



The dashboard is released

- Lots of data, so you are actually doing exception review rather than reviewing each one (colors)
 - Understand the #'s before release
 - Provide value-added interpretation
 - You need feedback loops to operations
 - You can automate email items based on certain parameters
- 

Exceptions highlighted with colors

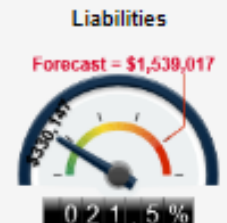
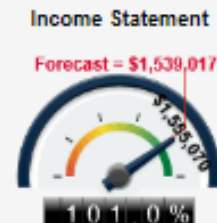
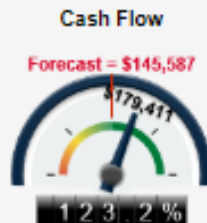
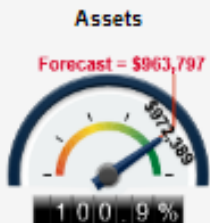
(\$000s)					
	<u>YTD avg</u>	<u>8 wk rolling avg</u>	<u>4 wk rolling avg</u>	<u>29-Nov</u>	
<u>Revenue</u>					
Contracts signed/orders received	\$ 844	\$ 832	\$ 799	\$ 641	\$ 725
Key customer orders	\$ 166	\$ 161	\$ 154	\$ 207	\$ 199
New customers signed up	5	5	6	3	2
Customers lost	6	8	9	17	8
Orders cancelled	4	4	4	5	3
Sales commission earned	\$ 59	\$ 42	\$ 40	\$ 32	\$ 71
Order backlog	\$ 4,850	\$ 4,624	\$ 4,472	\$ 4,423	\$ 4,501

Email to sales to investigate

Other angles



- Make them bonus targets, but be careful!
- Don't over-measure
- You should always step back and say "are we missing something that is not in the numbers?"
- Should it look like a dashboard?



Other angles



- Make them bonus targets, but be careful!
- Don't over-measure
- Should it look like a dashboard?

Assets

Forecast = \$963,797



Cash Flow

Forecast = \$145,587



Income Statement

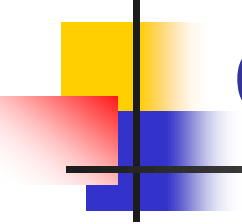
Forecast = \$1,539,017



Liabilities

Forecast = \$1,539,017





Should it look like a dashboard?

Data visualization can make it easier to understand





Different levels

- Can also be done by dept, division, plant, legal entity
- If you “consolidate” numbers, use weighted averages



Other thoughts

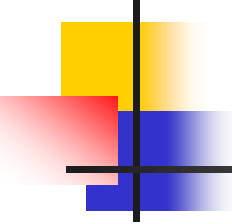
- What about some kind of weighting or linking of measures?
- Never stop challenging them, this has evolved in all my organizations
- Some measures should be real-time, not weekly, on a mobile device
- Public accountants/consultants: build one for your clients





Linking with weighting eg

- Business: mass-manufacturing
- Measure 1: % production defects
- Measure 2: % customer returns for quality
- New measure: % production defects plus 2 X % customer returns for quality = manufacturing efficiency
- (customer returns have higher impact)
- Target: less than 0.014%



What about a finance dashboard?

- Quantitative performance measurement for finance
- Monitor performance, drive efficiencies, protect headcount and more
- Full presentation in the **Ten Practical Topics for Financial Leaders** course, video or webinar June 11, 2021



Reactions from you

- Doesn't fit my organization
- I will try to implement it, perhaps with adaptions
- My owner has most of this in their head, but I will start reporting 20 measures
- I just like the new measures idea alone
- Great idea, no time
- Will do for my division, this will impress the head office, they will probably ask all the divisions to do it



Other comments

- Let me conceive a dashboard for one of you! Maybe you can help
- I know you all want to ask me whether I have a weekly family dashboard
- What happened to that aircraft de-icing technology?

FAMILY

WEEKLY DASHBOARD

YTD avg

8 wk rolling avg

4 wk rolling av

29-Nov

2

Finances

~~Cash by currency~~

Short-term investments

Employment income

Earned on the side

TFSA

Retirement savings

Age savings run out

(numbers confidential)

Spending

Groceries

Toiletries

Entertainment

Restaurant

Frivolous

Insurance

Miscellaneous

Over/under budget YTD

Donations

Pet food

Credit card

Gifts

Return on gifts



Teenagers

Attitude (1-10)

Room clean on inspection

Grounding (hours)

Homework complete

Grades reported

Time on Facebook (limit 15 min)

Km driven

Fines charged

Fines paid

Days chores outstanding

Boyfriend turnover ratio

Girlfriend turnover ratio

GPA by child

Height increase

Teenagers			
Attitude (1-10)			
Room clean on inspection			
Grounding (hours)			
Homework complete			
Grades reported			
Time on Facebook (limit 15 min)			
Km driven			
Fines charged			
Fines paid			
Days chores outstanding			
Boyfriend turnover ratio		0	
Girlfriend turnover ratio		0	
GPA by child			
Height increase			



Questions that arise

- What % of kids are accountants?
- Are kids assets or liabilities?
- Are they “on the payroll” still?

Husband/wife

Disagreements - small
- large

Kisses

Other relevant

Vehicles

Km driven

Accidents

Fender benders

Fuel purchased

Opening tank balance

Closing tank balance

Maintenance cost

Km to oil change

Traffic offences

Exercise

aerobics classes

km jogged

km biked



Bathroom			
# flushes			
- Toilet paper rolls used			
Child accidents			
Cleanings			
Other			
Laundry done			
Laundry backlog			
Pet km walked			
Pet accidents			
Health - excellent			
Health - issues			



An email received after a recent seminar

Hi Stephen

I attended your course yesterday. Thanks for keeping the course interesting and interactive.

Could you please send me the “family dashboard spreadsheet” so I can play a joke on my husband?

Thanks

Cindy _____



What happened to the de-
icing technology mentioned
earlier?



What happened to the de-icing technology mentioned earlier?

- Venture capitalists who were poised to invest, balked
- Investors tried to persuade founder to replace daughter with an appropriate CEO
- Airline CEO on Board tried to restructure company, founder wouldn't go for it
- Independent board members quit
- Remaining key executives quit including me
- Founder fired daughter, accused her of stealing \$100K
- Daughter sued founder about some loan documents
- We called a special shareholders' meeting to no avail
- Hockey players who were secured creditors, unable to take over business successfully



Today

- Company in limbo
- Aircraft de-icing patents not renewed
- Most of the trucks seized by landlord
- Company refuses to hold annual general meetings or issue financials



Has done some other interesting steam applications

- Permafrost
- Agriculture
- Roofs..



Another De-icing application

HOME

67's suffer meltdown under leaky roof Blow 3-goal lead, lose 4-3 to Petes in rescheduled game

BY BRUCE GARRIOCH, OTTAWA SUN

FIRST POSTED: SATURDAY, FEBRUARY 18, 2012 06:00 PM EST | UPDATED: SUNDAY, FEBRUARY 19, 2012 12:29 AM EST



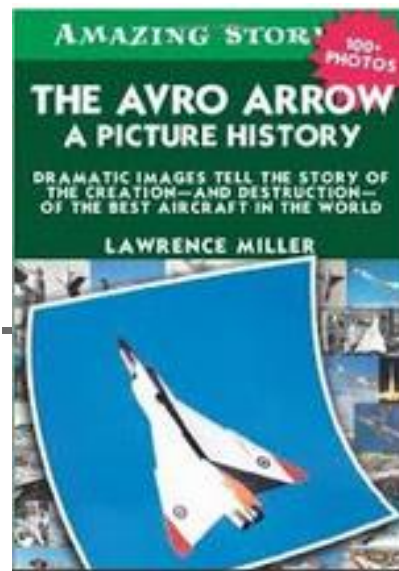


An Air Canada pilot - a de-icing expert - said the story is like that of the

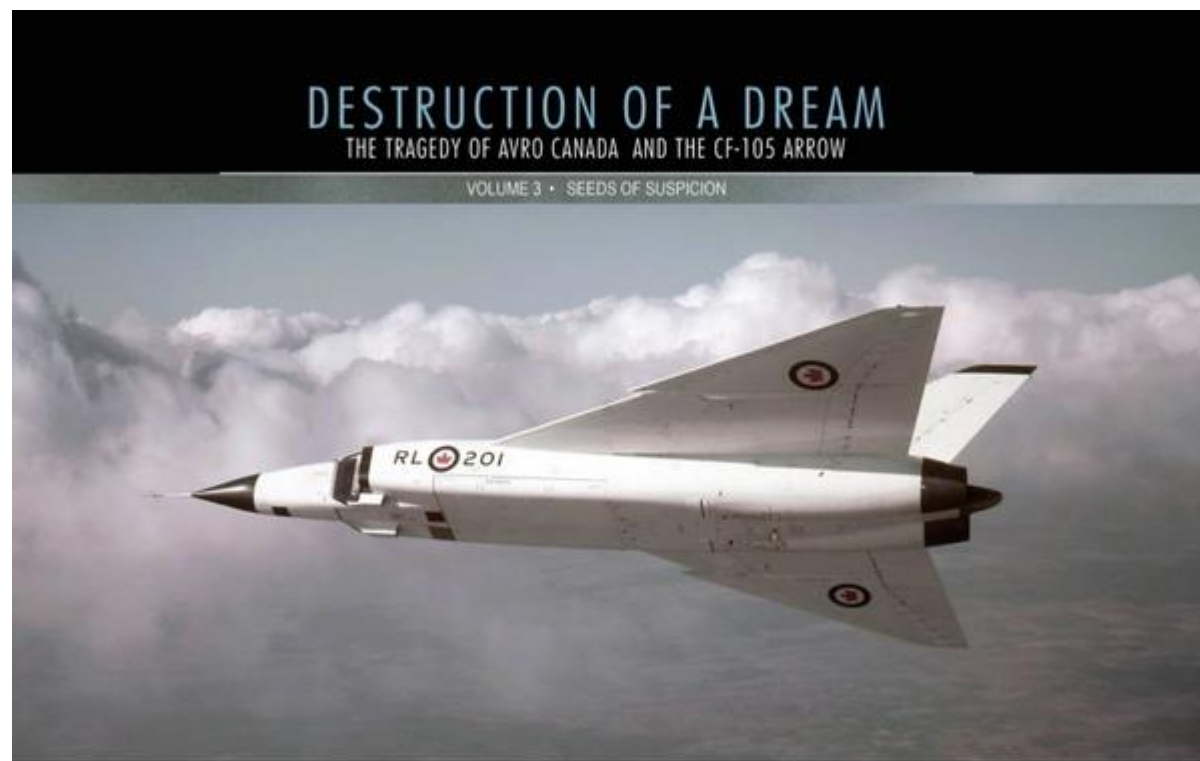
THE AVRO ARROW



BASED ON THE TRUE STORY OF THE AVRO ARROW



BASED ON THE TRUE STORY OF THE AVRO ARROW





A book I started to write....

FIFTY WAYS TO WRECK A COMPANY (actually 179)

A book by the

THE _____ SCHOOL OF MANAGEMENT



The case I published (before the problems)

You, CA, are a sole practitioner, doing primarily review engagements, income tax returns and a few audits. Dr. Herbert Nozzle is an entrepreneur and a brand new client. With a doctorate in chemistry from a prestigious Canadian university, this brilliant scientist, has a reasonable nest egg, from wise stock market investments. After a 30 year career in corporate lab research, he incorporated Cleanwing Inc. (CW) two years ago. The company's mission has been to develop aircraft deicing technology that is his brainchild. The company has a July 31 year end. CW has been seed-funded by Nozzle and some friends. He recently hired Mikael Spyro as President. Spyro is an experienced engineer and corporate executive, from the pulp and paper industry. Nozzle has asked Spyro to lead the company, while he moves over to the Chief Technology Officer position. It is now September 23, 2009 and you are in a meeting with Nozzle.

Nozzle: I am excited about this opportunity, for my new technology, which could revolutionize aircraft deicing.

CA: Can you explain how deicing is carried out currently.

Nozzle: All around the worldwide, air traffic regulations stipulate that aircraft must be deiced prior to take off. Although the primary concern is the wings, the engines and all surfaces, must almost be free of ice, snow and frost. The worldwide airline industry spends more than U.S. \$4 billion annually on deicing. Deicing is almost universally carried out by the application of glycol, a type of industrial alcohol. Glycol has numerous environmental disadvantages. It is difficult to dispose of safely and can't easily be recycled. Glycol is dangerous for the operators of the deicing equipment. It depletes oxygen in water. Glycol results in greenhouse gases and is expensive. Glycol also can't be applied at the passenger gate, the aircraft has to travel to a deicing area.



Lessons

- Founder problems, termed “founderitis”
- Great invention, bad overall leader
- Don’t invest until you take control from majority shareholder who may get difficult
 - they can still keep the majority of the economic benefit



Results

- \$300,000 lost by my brothers and I (at least we got tax losses), I wrote off \$100K of sweat equity as well
- Millions lost by other investors
- After wasting about \$4M, this government agency put in new rules to try to avoid founde





Today

- Three executives (including me) and two employees from that company are at my current company, very successful in anti-icing information systems, but the technology is not so revolutionary...
- I have thought of taking a run at this technology with new investors...
- Other angles on this story are in my **Practical Financial Negotiation Tips** seminar



My other seminars

- Toilets and toilet paper are only mentioned in one of my other seminars...





Other courses of interest



CPA Alberta

- **Practical Tips for Controllers & CFOs The Case Course** full day webinar, March 30, 2021
- **Ten Practical Topics for Financial Leaders** half day video course and webinar June 11, 2021
- **Practical Work Smarts for All** 2 hour webinar, July 6, 2021, video available soon
- **Practical Tips for Not-For-Profit Financial Leaders,** half day NFP version of today's course video
- **Practical Tips for Government Accountants** full day government accountants version of today's course, video also



This webinar

- Returns May 19, 2021 and perhaps other offerings before then will be added



Not currently offered by CPA Alberta

- **Practical Tips to Get Through a Cash Crisis** (2 hours)
- **Practical Financial Negotiation Tips** (half day)
- **Practical Work Solutions From Case Discussions** (2 hours)



Closing comments

- I hope to meet you one day in a live course
- Was the day boring?
- We can chat after
- Send me an e-mail spriddle@bell.net, to **get slides, to** pick my brain or for questions
- Do LinkedIn with me
- Please complete seminar evaluations
- Thanks for attending