

## U.S. NATIONAL DEBT AS OF:

### May 2023

\$31,714,886,349,503

### May 2022

\$23,773,649,542,061

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## Our CFO'S:

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Daniel Beardslee  
Eric Goerke  
Sanford Wexler  
Dennis Weist  
Paul Carnarvon  
Tom Carbone  
Scott Reed  
Jim Dostine

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**NEW!**



## To Sell, or Not To Sell...

**If your business has been around for a while**, has grown and is performing reasonably well, you've probably received unsolicited inquiries to sell some or all of it. And even if selling isn't on your radar just yet, you've probably thought "Well, I'll at least **listen** to what they have to say; maybe they'll throw a big bag of money at me."

Maybe. But not likely.

I've talked a lot about being intentional on the decision to sell and how it's usually better to run a sales process with a professional to generate multiple offers vs. simply answering the back door every time a potential suitor rings the bell. However, getting the best offer through a structured process is not our topic for today.

Today's questions: (1) **Why** do you want to sell, and more importantly, (2) What are you going to do after you sell?

Common answers to the first question include: taking 'chips off the table', being tired, it's not fun anymore, and the ever popular "**big bag o'money**".

Common answers to question 2: **I don't know.**

For many, question 2 may require a little soul-searching.

Sometimes owners who are near "retirement age" really do want to be done with the grind. But many times they have years, if not decades left to be productive in some capacity; and as more than one new-ish retiree has told me "You can only play so much golf".

In Neil Pasricha's book **The Happiness Equation**, one of his 7 steps to happiness is "**Never retire**". He quotes Nobel laureate James Watson: "Never retire. Your brain needs exercise or it will atrophy. When you're through changing, you're through. . . never retire, but plan to change your career to keep your synapses snapping. We can quit a job, but we quit fresh involvement at our mental peril."

Does work make you happy? Give you purpose? A sense of accomplishment? What will replace this newly formed gap, post-sale?

Getting a big bag of money is nice, but it will likely be anti-climactic, and in the long run probably won't give you ongoing satisfaction. Here's a few

similar stories from friends & acquaintances who've been through a sale:

"Bill" sold during COVID, so the entire transaction was done remotely. He recounted sitting alone in a hotel room, e-signing documents, watching the wire of funds hit his bank account, closing the laptop screen, looking up and then thinking "**Now what? I literally have nothing to do.**"

Many examples follow the pattern of the owner staying around post-sale either with an earn out or a consulting contract under the auspices the new owners don't want to change anything, "**Just keep doing what you've been doing**" they say. Many find out this doesn't last, and new owners make decisions you wouldn't make or don't agree with. Eventually you're out, likely with a non-compete and not sure what to do next.

More than one person thought that getting that big bag of money would be the climatic moment after years of hard work – like the final summit of Mt. Everest. But it usually isn't. You might close a transaction, look at your bank balance, and then go eat the same sub sandwich you always have, wondering what just happened.

**And then comes the million-dollar question** (pun intended): **What's next?** Many entrepreneurs I talk to note that they don't have the energy to start a new business from scratch and scale it. Maybe buying an established business makes more sense. But there is also additional risk, likely more risk than the business they're currently in. Maybe it's consulting. Maybe it's volunteer work or working with an organization who's cause aligns with you.

If the existing business is either "not fun anymore" or not producing the returns/results desired, selling may not be the best option. What can be changed to make the business better serve the interests of the owners? Often times, this means looking for outside assistance, in the form of a coach, consultant, or peer group to help get unstuck.

The ultimate goal is to have a profitable, growing business the owner enjoys that runs mostly independent of the owner, and allows for time & space to see the big picture without being chained to day-to-day operations. **And if that were the case, why sell?**



*Todd Rammler*



## **Spring-ish Photos!**



CFO Tom Carbone & his band The Jukebox Junkies performing on St. Paddy's Day!



Brian and Todd celebrating after the Tiger's game on Opening Day!



Josh, Rachel & Todd snowmobiling in Gaylord

## **Welcome New Clients!**

### **Brandmotion LLC**

Automotive Aftermarket  
Cameras & Safety Products  
Novi, MI

[brandmotion.com](http://brandmotion.com)

### **Leggara Technologies**

Magnesium Thixomolding  
Orion, MI

[Leggeratech.com](http://Leggeratech.com)

### **Aerostar Manufacturing**

Automotive Manufacturing &  
Machining  
Romulus, MI

[aerostarmfg.com](http://aerostarmfg.com)

### **D'Angelo Brothers**

Utilities/Excavation  
Farmington Hills, MI

[dangelo-brothers.com](http://dangelo-brothers.com)

### **High Caliber Karting**

Indoor Action & Entertainment Park

[highcaliberkarting.com](http://highcaliberkarting.com)





## **Now is the Time for your Money to Work Harder**

Everyone is aware interest rates have moved higher. This can be good or bad depending on if there is a need for money or you have some to invest. Companies may not realize there are opportunities to earn more from their current bank accounts. Now is the time to make your money work harder and maximize on returns that weren't available even six months ago.

Many business owners think "We don't have excess cash laying around, so this doesn't apply to us" but if they're not paying attention to shifting conditions and new programs, they may be missing out.



Almost all businesses have some amount of cash for working capital in their regular checking account and some also have savings or money markets accounts for excess cash. Since rates have moved up, banks are offering higher returns and new programs for businesses. What didn't make sense last year when rates were sub 1%, now can be earning 3-5% on money otherwise sitting idle.

Banks aren't going to knock on your door to offer you a higher rate; a business needs to be proactive and see what programs they offer. So, here are a few ideas on making your money work harder:

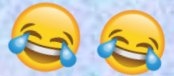
- Give your bank a call and see what programs they have that offer higher interest rates on your existing accounts. Just by asking you may be surprised what's available especially with larger balance accounts.
- Shop around for high-yield savings accounts. Compare interest rates across various banks to find the highest rates on savings accounts. Online banks may offer higher interest rates than traditional banks.
- Ask your bank about sweep accounts. Sweep accounts are accounts that automatically transfer excess funds to and from your checking account into higher-yielding options. This option can be very attractive while your money remains liquid and is essentially risk free.
- Moving traditional savings to Money Market accounts. These offer higher interest rates and are very liquid although they may require a higher minimum balance and have withdrawal limits.
- If you're concerned about insurance on your accounts with over \$250,000 some banks offer an Insurance Cash Sweep (ICS) account. It's similar to a regular sweep account but this program allows depositors to spread their funds across multiple banks to maintain FDIC insurance coverage. These programs may have fees, minimum balance requirements and other restrictions to consider.

*"I'm not an investor. People always tell me, you should have your money working for you. I've decided I'll do the work. I'm gonna let the money relax. You know what I mean? 'Cause you send your money out there working for you, a lot of times, it gets fired. You go back there:*

*"What happened? I had my money. It was here, it was working for me."*

*"Yeah, I remember your money. Showing up late. Taking time off. We had to let him go."*

**-Jerry Seinfeld**



Rising interest rates and new bank programs have changed the landscape of what businesses can earn on excess cash. But as mentioned above, banks aren't always reaching out to offer these programs so owners have to be proactive. We have a client who recently move to an ICS account and are now earning over 4.5%, while being fully insured.

Owners work hard every day in their businesses—and so should their money!



## **Welcome, Scott Reed, CFO!**

Scott is an operations-oriented Finance Executive with experience as a CFO, COO and company President.

Scott has a diverse background including automotive, extensive manufacturing, trucking and private equity experience. He has managed consolidations, mergers, and major system implementations.

Away from the job, Scott enjoys most sports, disc golf, music and dance. He and his wife, Betty, also like to travel.

**Welcome, Scott!**



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# MICHIGAN CFO ASSOCIATES

The CFOs for Small-Business

Spring is nature's way of saying,  
*Let's party!*

-Robin Williams



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# NEWSLETTER

