COURSE INFORMATION

This course deals with complex matters and may not apply to particular facts and circumstances. For these reasons, the course material should not be relied upon as a substitute for specialized professional advice in connection with any particular matter. Although the course material has been carefully prepared, neither Stephen Priddle, or the professional body sponsoring this course accept any legal responsibility for its contents or for any consequences arising from its use.

PRACTICAL PD COURSES FOR ACCOUNTANTS www.practicalpd.com

ELEVATE YOUR CAREER BY STRATEGIC SCHMOOZING YOURSELF TO THE TOP

PRESENTED BY:

Stephen Priddle, CPA, CA, CMA

President

Practical PD

Courses For Accountants

Just a joke, I am not a schmoozer…

ELEVATE YOUR CAREER WITH MORE STRATEGIC THINKING

PRESENTED BY:

Stephen Priddle, CPA, CA, CMA

President

Practical PD

Courses For Accountants

Chapter/Lesson 1

Introduction

Welcome to this course

You will get a fully completed slide deck after from me, blanks filled in _______, email us when you finish listening to the video, spriddle@bell.net

There will be some random, off the wall stuff from me, we don't want this course to be boring!

Past chats

I have included a variety of past chats to make this video course more interesting

They are always in *italics* and you may see typos, and lack of punctuation, due to rushing…

13:05:12 From David to Everyone: What did they wanted

I mix, <u>good, bad, funny, low level and high level comments</u>, and a handful are <u>fake</u> comments created by me!

All my live seminars/webinars have an opportunity to win prizes

I can't do that on the self-study version

BUT, send me an email with:

- example of how you plan to apply a tip
- another tip idea
- useful feedback
- clean relevant joke

and you will enter a draw for a prize spriddle@bell.net

In my webinars I ask some interesting get to know you questions

Type Canada if you have driven across the country…

I did as a teenager, (Ottawa-Victoria), 2 parents, and 6 kids in the car

An old station wagon like this, not nearly as comfortable as minivan, although about 18 inches longer

No air-conditioning…

13:05:12 From David to Everyone: Once

13:05:15 From Jackie to Everyone: Toronto-Vancouver

Type “terrible” if you once had a terrible job as a young person

Dirty, dangerous, incredibly boring, etc

That helped motivate you in your career to get a better job

I had several…

I was a deadman for a sandblasting crew, dirty, dangerous, incredibly boring

I was a bridge painter, very dangerous

I was a dishwasher, wet and monotonous

I flipped burgers, I smelled like them and the onions which I chopped

And that is not even all of my terrible jobs…

A past webinar

13:05:12 From David to Everyone: Terrible - plywood factory, hot, dusty, dark,

13:05:17 From Kathryn to Everyone: Working in a fried chicken joint, picking blueberries.

13:05:20 From Hahn to Everyone: construction job, backbreaking, CPA here I come

13:05:21 From Sam to Everyone: greenhouse - I am tall - hit my head on the steam pipes every day

13:05:22 From Sarah to Everyone: terrible - kids/american girl department at Indigo

13:05:23 From K to Everyone: job not terrible, but the managers were

13:05:31 From Dave to Everyone: harvesting asparagus

Looking back, we probably all learned from those jobs, and they were helpful in career motivations

I have recently had a job change

I am still co-owner, Secretary and Board member of SureWx

A global aviation software company

But, I **stepped down** from the CFO job there, in my 12th year

I will continue to grow this company

The new job

CFO & VP Finance - **Fidus Analytics Inc.**

I work remotely from Ottawa for this global business, out of Calgary

The company that hired me has the same name as a 7 year former employer in a different industry

The President and founder is very, very ethical and competent

Course objectives

- Discuss what is higher-level strategic thinking
- Learn how to think at a higher strategic, big picture level, primarily by examples
- Get an idea of what is your current thinking level from your interaction with the examples
- Dozens of examples to improve your thinking in the areas of business, systems, technology, risk, tax, compensation, M&A and more

Outline

Introduction

Discussion of strategic thinking

Lots of scenarios to practice, interspersed with lessons

Conclusions

The four chapters/lessons, about 30 minutes each

1. Introduction and some scenarios to Can’t Hire The Right Person
2. More scenarios, Residential Property Opportunity to Oil Company Restriction
3. More scenarios, The Other Company is Getting Sued to Negative Tax Change
4. More scenarios, Money-Losing Sub to HVAC Company Dilemma and Conclusions

Lesson Chapter 1	Lesson Chapter 2	Lesson Chapter 3	Lesson Chapter 4
Introduction Accounting system problem Cruise line pressured Can't hire the key person	Residential property opportunity One A/P unit shines versus the other College systems startup Group RRSP decision Late-paying customer Oil company restriction	The other company is getting sued Buy a competitor Conflict between department heads Sports, star player is injured Fast food customer discrimination Canada Post Asian expansion Negative tax change	Money-losing sub for sale Family member needs advice The case of the disobedient six- year old Software startup sees an opportunity The political party idea analysis The dumb CEO idea Better supplier needed Customer support business HVAC company dilemmas Conclusions

Here are the scenarios by Lesson/Chapter

TOPIC INTRODUCTION

Have you ever had a discussion at work?

Where others have raised much bigger, more important, strategic, big picture issues related to the issue, when you didn’t/couldn’t or were only into the details?

And you wish you had raised them…

Their points were higher than yours

This used to regularly happen earlier in my career

I believe a key thing that separates people in the business world, is the **level** at which they think

I believe I have continuously improved my thinking level

It wasn't from courses or books or my B. Comm

I did this by hearing more high level, strategic thinking from smart colleagues and again and by gaining more experience

This course will talk a little bit about how to do it mostly to provide you with more "experience"

I have never seen a course like this, although there are a lot of strategy courses

I wish I took this course when I was younger!

<u>This course is not</u> theoretical diagrams and flow charts or professor stuff

You are all at different places

- Some are Presidents/CEOs/owners/partners
- Some are earlier in their career
- Some are C-Suite and some are not, eg Controllers
- Some have sat in many Board meetings as members, observers or management, and some have not been to any Board meetings

This course will help see your thinking of level when looking at many scenarios and also improve it, **no matter what** level you sit in your organization

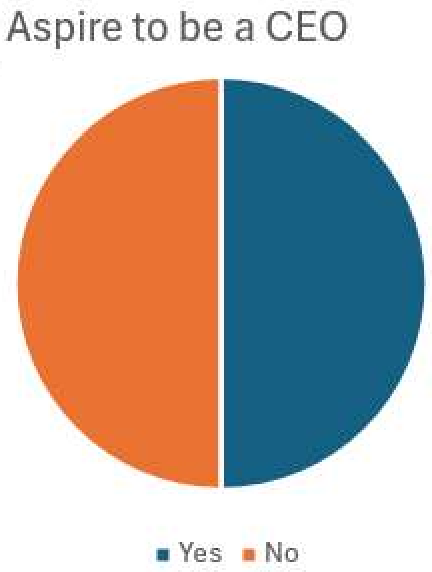
If you can think more like your boss, the CEO, the Board, the owner, the partner, you will be ahead

Even if you don’t aspire to higher positions

Anonymous poll

Would you like to be CEO one day, only answer if you are not one already?

Recent webinar



Did you know I was a “CEO” for over 8 years…?

I was a “CEO” for over 8 years…

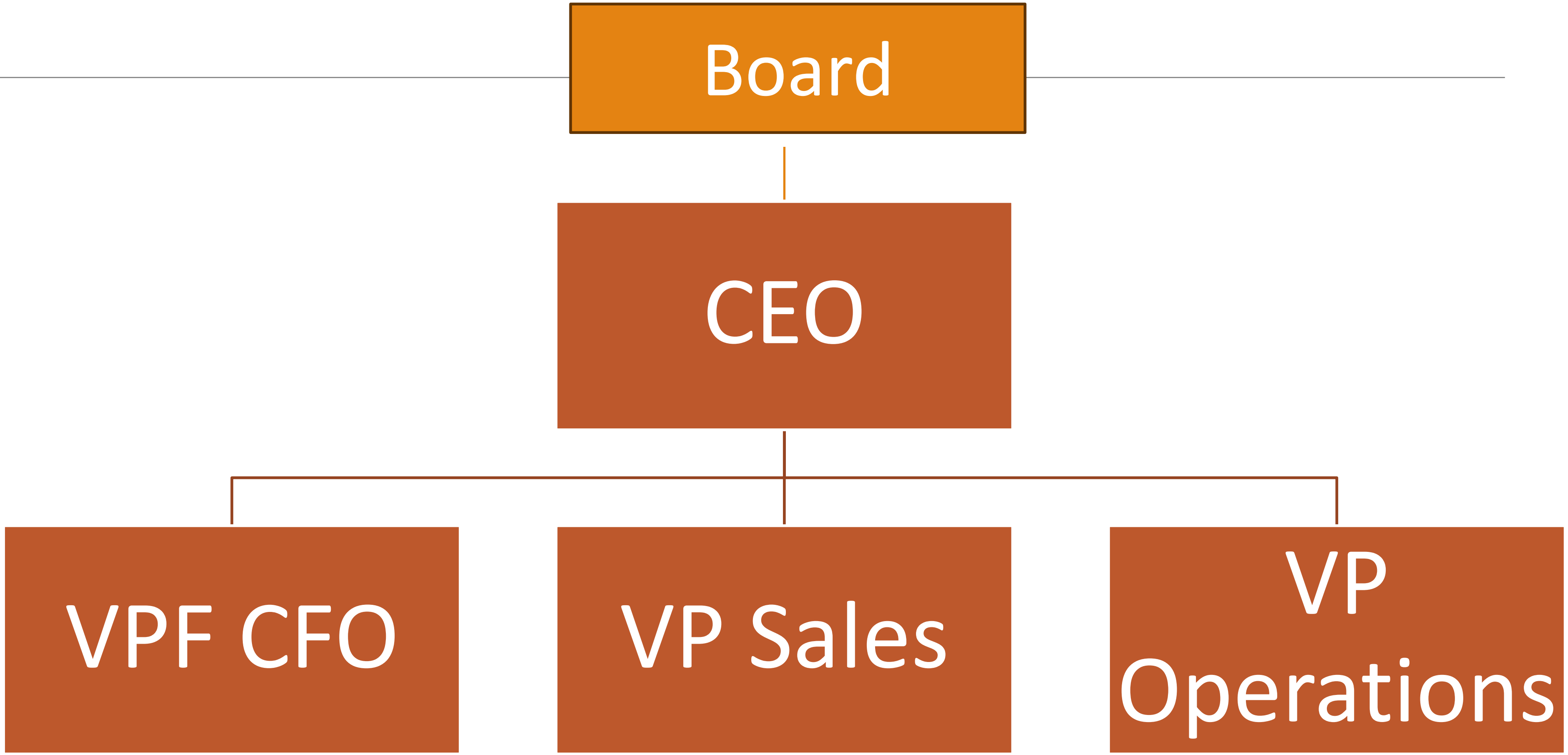
Of the aviation systems company, SureWx Inc.

Company ensures flights are safer, reducing delays and cancellations, environmental benefits during winter weather

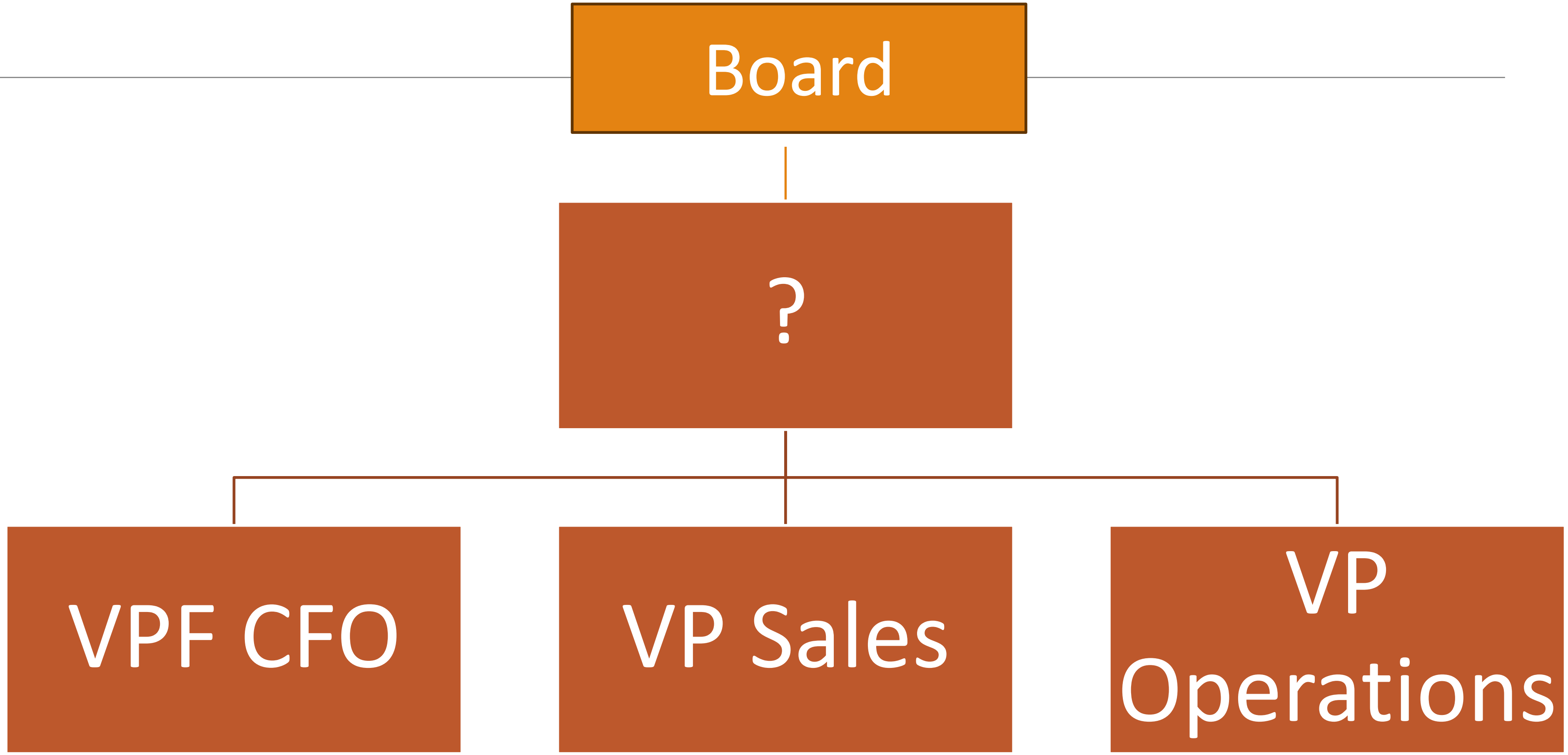
Via software, weather equipment, algorithms, know how, compliant with aviation regulations

Let me explain

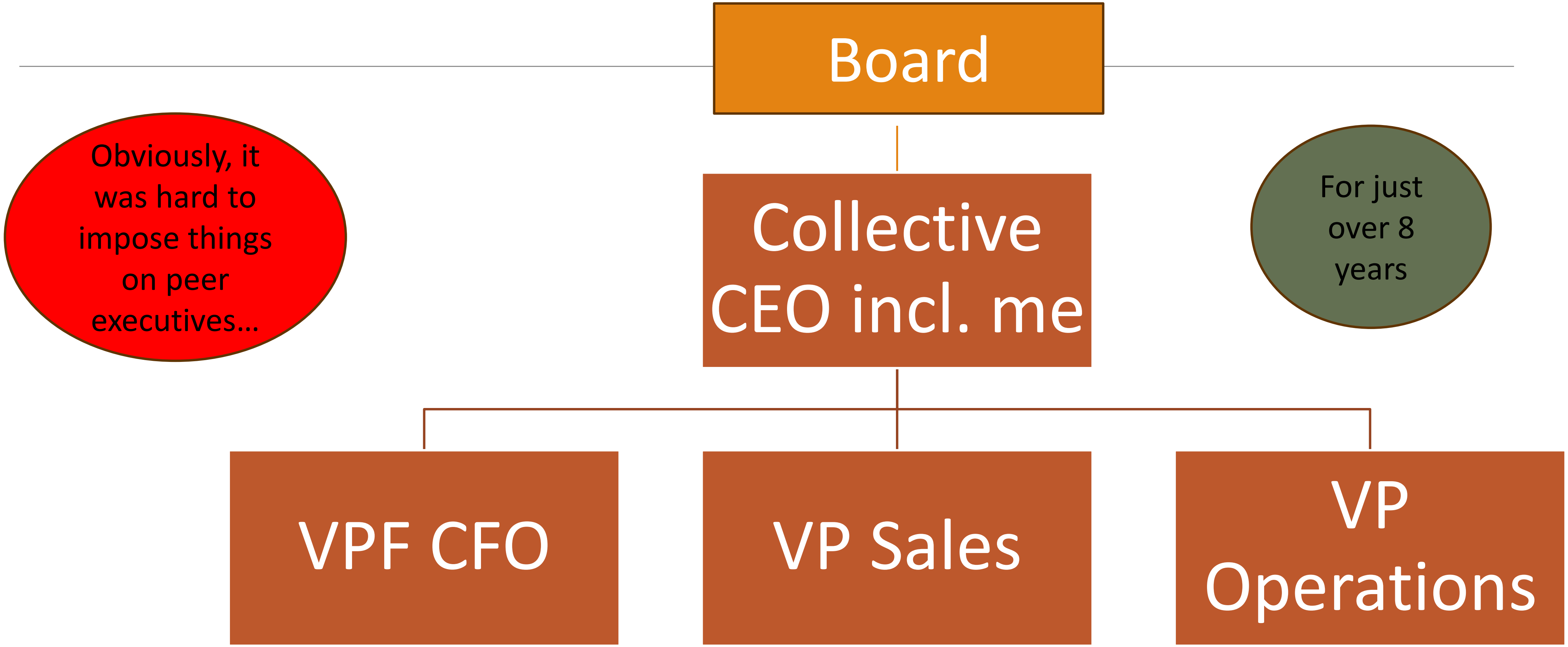
Before Management Buy Out



After Management Buy Out

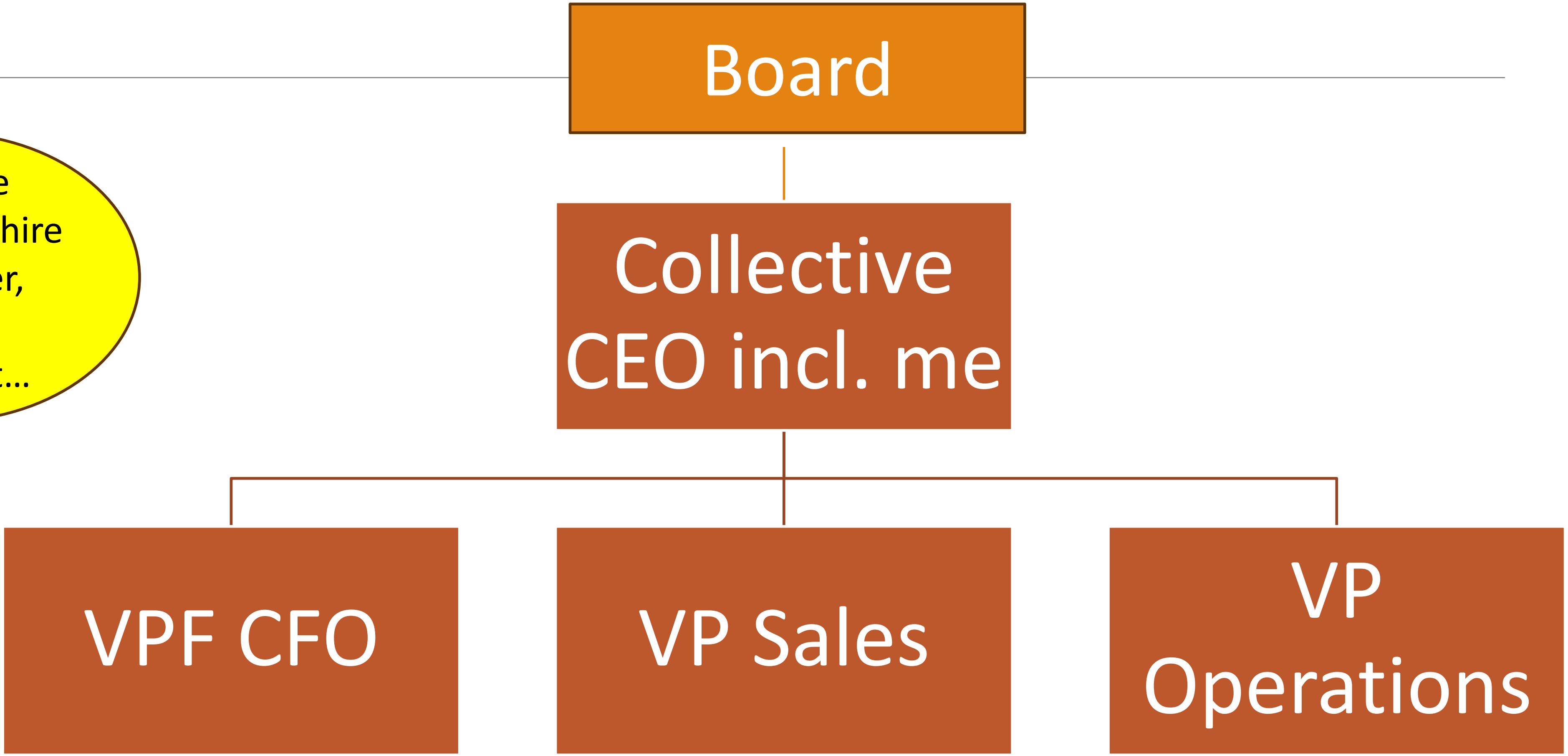


After Management Buy Out



After Management Buy Out

Then we decided to hire a younger, outside President…



We will be mentioning Boards

I am aware that some of you don't have functioning, that independent Boards, overseeing your business by meeting on a regular basis

There could be good reasons for it not functioning:

US subsidiaries, so parent company management directs without meetings

Closely-held family businesses, the Board doesn't meet actually bother to meet

That is OK, substitute owner for the Board in the examples

If you can think like an owner, it is always good

I sit on four Boards now

It is easier to think big picture and strategy when you **<u>don't know</u>** all the details that management is aware of, and distracted by

I have turned down quite a lot of charity Boards, but may join one soon, story later in this course

I worked with a very big picture guy

Long-term Board member of a company I was CFO of

Seven years of Board meetings with him helped my thinking

His LinkedIn says:

fidus

Board Member
Fidus Systems
2002 - Present · 22 yrs 8 mos

Provide nothing but brilliant advice.

It also says he has sat on 21 Boards (member or sometimes observer), he was a venture capitalist

I also sit on a Board with a guy who sits on about 10 Boards currently, a 44 year old European accountant who is pretty good with the big picture

Issues and decisions face us all the time

Most young accountant thinks at the lowest level:

- What is the impact on what I do personally?
- How can I get my job done
- How can I make my job easier?
- But they need to get to higher level, strategic thinking

Start by how does this impact my department?

Then how does it impact the organization as a whole?

How does it impact ownership as applicable, including company value?

How will this help your career?

I want to make you look good

(That is what all my courses try to do)

You will look good in meeting and internal discussions if you are thinking well at your level, or even better, above your level

You can ask better questions

(My questions at KPMG)

You will be able help your organization more

What is the difference?

Higher level, strategic thinking in my view encompasses <u>the medium to long-term, the big decisions, the big picture, overall changes of direction, big risks, value, economics, macro versus micro and more</u>

It is better quality thinking

Lower-level thinking tends to be tactical and detailed and operational and short-term

<u>**Both**</u> must be <u>done well</u> in any organization

The best people can operate at <u>both</u> levels

They recognize the big picture but are helpful with the small picture

Example: “I want you to implement ____ as it is strategically important, but watch out for these two specific things that might cause problems”

But keep this mind

A recent comment from a participant in another course, which is relevant here:

“Bad news for me includes people who work at 30,000 feet and can’t/won’t get into the details”

That is a reminder, we will focus on the high level in this course

We will study this, by examples

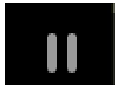
We have just talked concepts so far, I will illustrate this with many specific examples

Very short scenarios that lend themselves to illustrate thinking levels

All directly or indirectly inspired from real life

They may not be set in your industry or be familiar issues, but they are there as thinking/teaching tools

What is your current thinking level?

Pause the tape each time, to make it easier 

Come up with higher level thinking ideas

Then, see where your answers fit in relation to the class and my answers

Otherwise, you may just say, aaah, I would have thought of that…. now that I have heard it

You will see what I mean more clearly, as soon as we do some scenarios

SCENARIOS

Scenario

There is an annoying problem with the accounting system **PAS Inc**, which hinders normal reporting.

What do you think?

Use your experience, your imagination

You could do your level, you could do one level up, you could do the highest you can possibly think of

Staff: I feel…

Controller: would want to..

CFO: I recommend….

CEO: This means.

Board: We think…

Levels

Staff	I can’t do my job properly, but fixing this is not my responsibility
Controller	If we do ___, I might be able to create a work around, may not need to change the whole system.
CFO	Is this accounting system meeting our needs, or do we need a new one? Are the f/s presented to the Board still reliable? What is my risk there could be a material restatement?
CEO	Should we be moving to a company-wide ERP system, which includes a new accounting system, for a variety of reasons including this
Board	Is the management team capable of exploiting technology properly to make the company successful at all levels, or do they need help, or do we need new people in the positions

Levels

Staff	I can’t do my job properly, but fixing this is not my responsibility
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Sharp Controllers may also think this

Levels

Staff	I can’t do my job properly, but fixing this is not my responsibility
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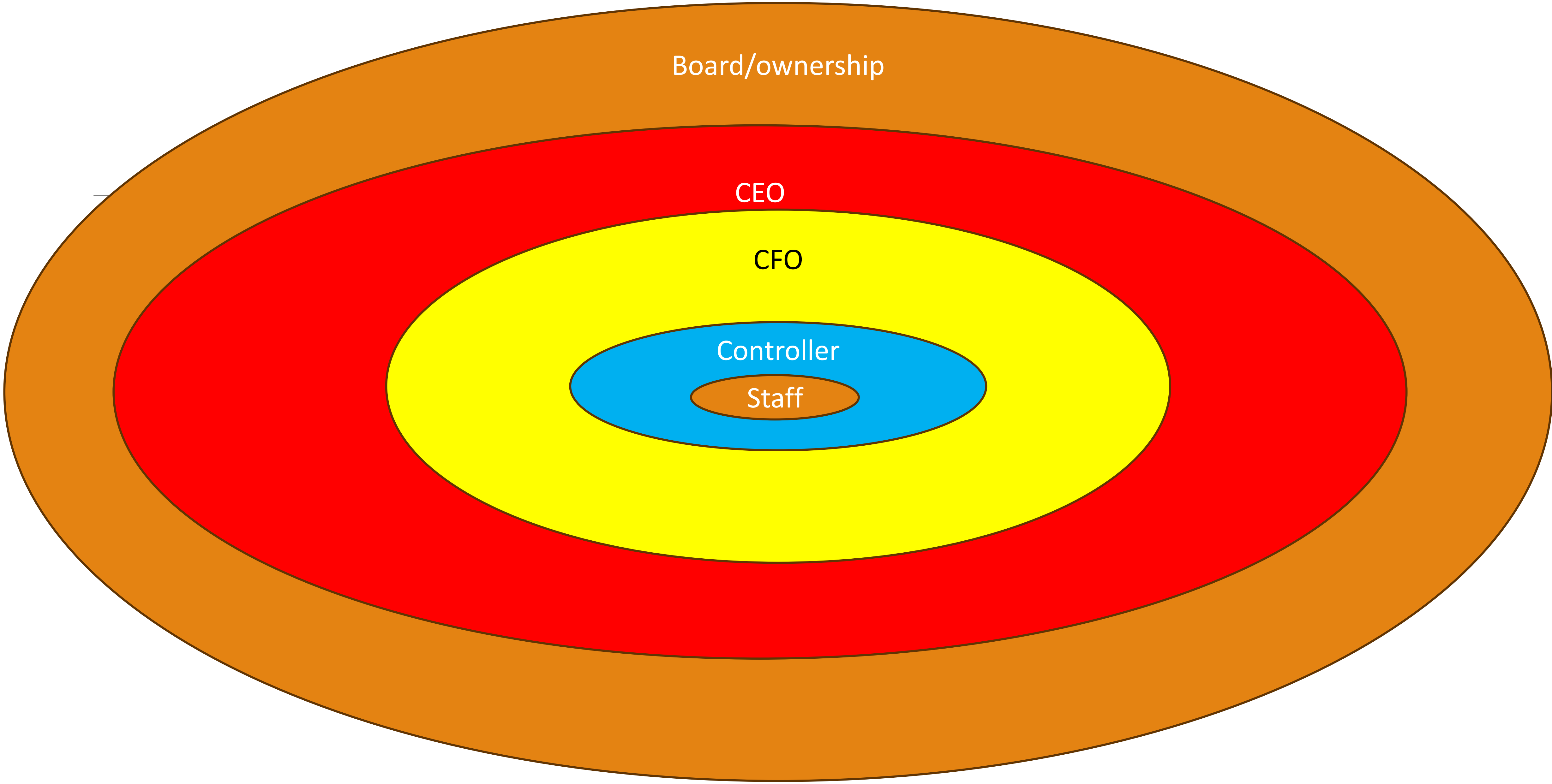
Sharp CEOs may also think this

There are layers of thinking

Hopefully getting bigger as you get more senior


Board/ownership
CEO
CFO
Controller
Staff

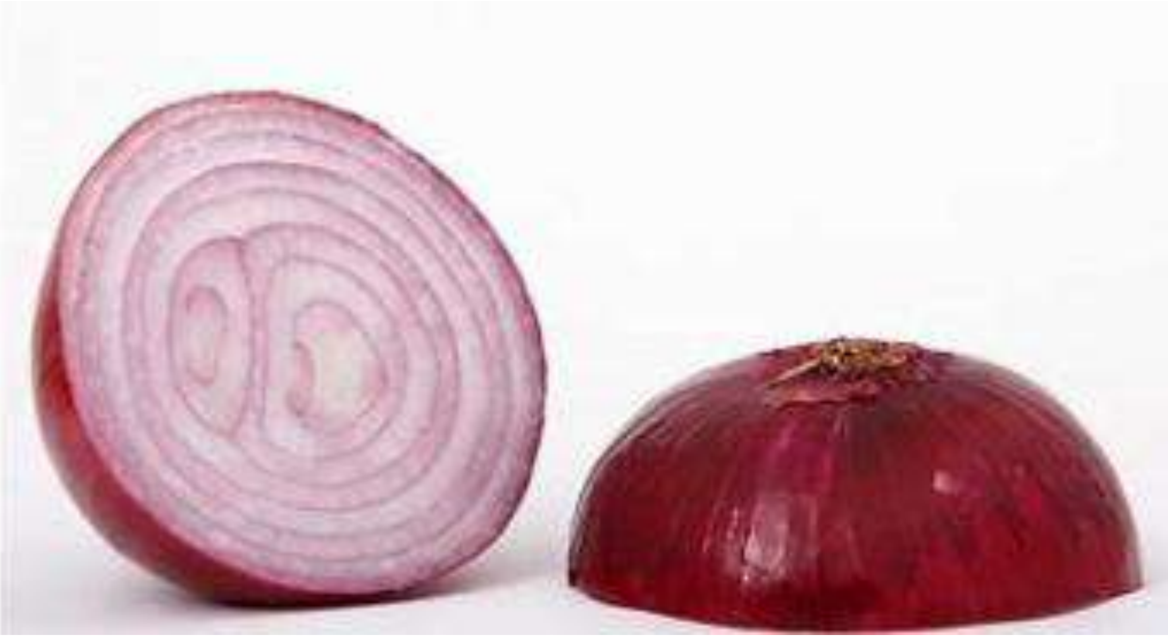
Note

This doesn't mean the larger circles include the thoughts of the lower circles

They are just bigger picture and more strategic

After creating this, it reminds me of

You may prefer the onion illustration…



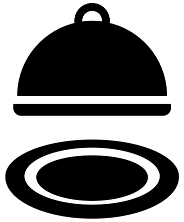
For some scenarios

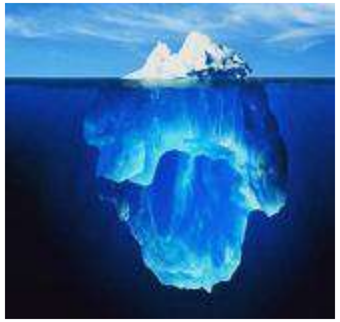
You will be saying, what is the problem/what decision is needed?

And I am not going to tell you

Often, in real life the problem is not handed to you on a platter

The big problem might be below the surface, or hidden or implied

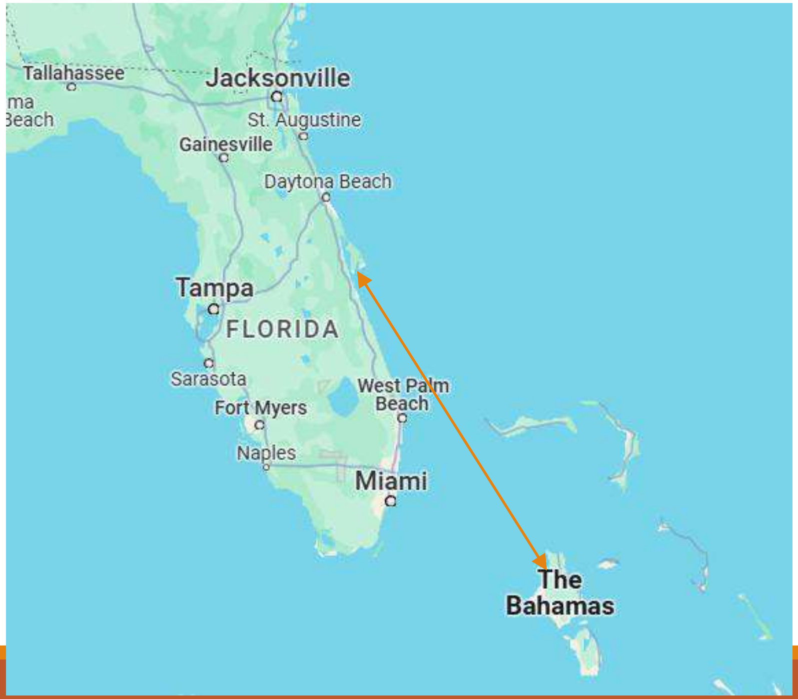




Question

Have you ever been on a cruise? Type cruise in the Chat

We once went on a 4 day, Florida-Bahamas last minute cruise, a very good price



Question

Have you ever been on a cruise? Type cruise in the Chat

We once went on a 4 day, Florida-Bahamas last minute cruise, a very good price

I authored the CMA Cruise ship case

Scenario

Titanic Inc., a smaller cruise ship line is still struggling from debt accumulated during COVID, although business has picked up quite a bit, the public still has some reservations about being on their smaller ships in close quarters with a lot of people.

What do you think?

Past webinars

13:22:01 From Stephen to Everyone: Emphasis stats that it is safe (CEO)

13:22:07 From David to Everyone: if we reduce occupancy targets to address consumer concerns what are the pricing and cashflow implications (Board)

13:23:03 From Kathryn to Everyone: High level about messaging, what can we do to show safety? How to capture the market, a lot are not taking trips still. How to motivate to get back. (CEO)

13:23:03 From Samsung SM to Everyone: How do we deal with multiculturalism (CEO)

Past webinars

13:23:06 From Stephen to Everyone: Set up a campaign to ensure that concerns of the public are addressed; advetising , signs in the ship. (CEO)

13:23:10 From Polly Everyone: Offer a free cruise to 100 key influencers in the target markets (Board)

13:23:22 From Polly Everyone: Offer a free cruise to 100 key influencers in the target markets (Board)

Levels

Staff	I just keep doing my job, but I note gift shop revenues, which I account for, are down 4.2% compared with pre-COVID
Controller	Total revenues are down 5.3% compared with pre-COVID, although the industry as a whole is up. Working to improve cash flow to help debt reduction
CFO	Looking at various re-financing options and debt reduction options
CEO	Looking to optimize the business and including tapping pent up travel demand, while ensuring customers will feel safe, use industry association advertising for this as well as our own. Is the business plan achievable?
Board	What are the risks to the business plan? What is the next COVID-like event that could impact the business and how do we survive or even thrive during it?

Controller does research

LIVING • ADVICE

The Cruise Industry Is Back—and Breaking Pre-Pandemic Travel Records

[The Cruise Industry Stages a Comeback - The New York Times]

Levels

Staff	I just keep doing my job, but I note gift shop revenues, which I account for, are down 4.2% compared with pre-COVID
Controller	Total revenues are down 5.3% compared with … industry as a whole is up. Working to improve …
CFO	Looking at various re-financing opt…
CEO	Looking to optimize the business and including … pent up travel demand, while ensuring customers will feel safe
Board	What are the risks to the business plan? What is the next COVID-like event that could impact the business and how do we survive or even thrive during it

All organizations should probably be doing this, including yours… not easy…

Note

I am not just going to present all the scenarios, one after another

I will intersperse them with advice, related teaching, humour and even random stuff…

I have deliberately not grouped the types of scenarios, to provide more variety…

Big picture strategic thinking

My son’s CPA neighbour becomes Chief Operating Officer

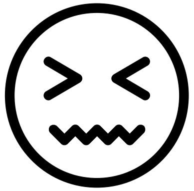
Of a medium-sized regional law firm

(He had worked for all of the Big Four and his father is a retired Big Four accountant!)

His first big question was on the job was a big strategic one:

“What is our market and how big is it?”

All he got was blank stares from the lawyers



Do you know your market?

(I know it is harder for law firms/accounting firms to define their markets)

Scenario

Ark Inc. has not been able to find a key hire with a certain skill set, through the normal channels (Job ads, LinkedIn, Indeed site and the regular headhunter)

What do you think?

Past thoughts, without noting level

13:25:43 From Bob to Everyone: Is there something wrong with our compensation package?

13:25:59 From Tara to Everyone: Maybe the description of the skillset is too narrow

13:25:59 From Abel to Everyone: Can we recruit at universities or trade scholls if applicable? If accounting personnel, check if your accounting firm knows of anyone.

A President

Levels

Staff	Lots of Indeed and other bills to pay, and we still have not found anyone
Controller	I guess they should spend even more money advertising
Executive	Try some more headhunters? Have we called out to all staff, to see if they know someone? We could even offer a financial reward?
CEO	Do we need really, really need the position? Can we train someone internally? Do we need different people in HR? Should we use a contractor or a firm for the skill? Have we looked internationally?
Board	Does the company have an image problem in the market? Why can't the right person be found, is there a real shortage, or this company as a whole, doesn't know how to procure talent? Is this showing a major strategic weakness?

Levels

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You may say that is not how I think as an executive…that is OK, I am making illustrative assumptions…

An illustration – the mountain

The more senior people should always have a higher, bigger view of issues, direction, etc.

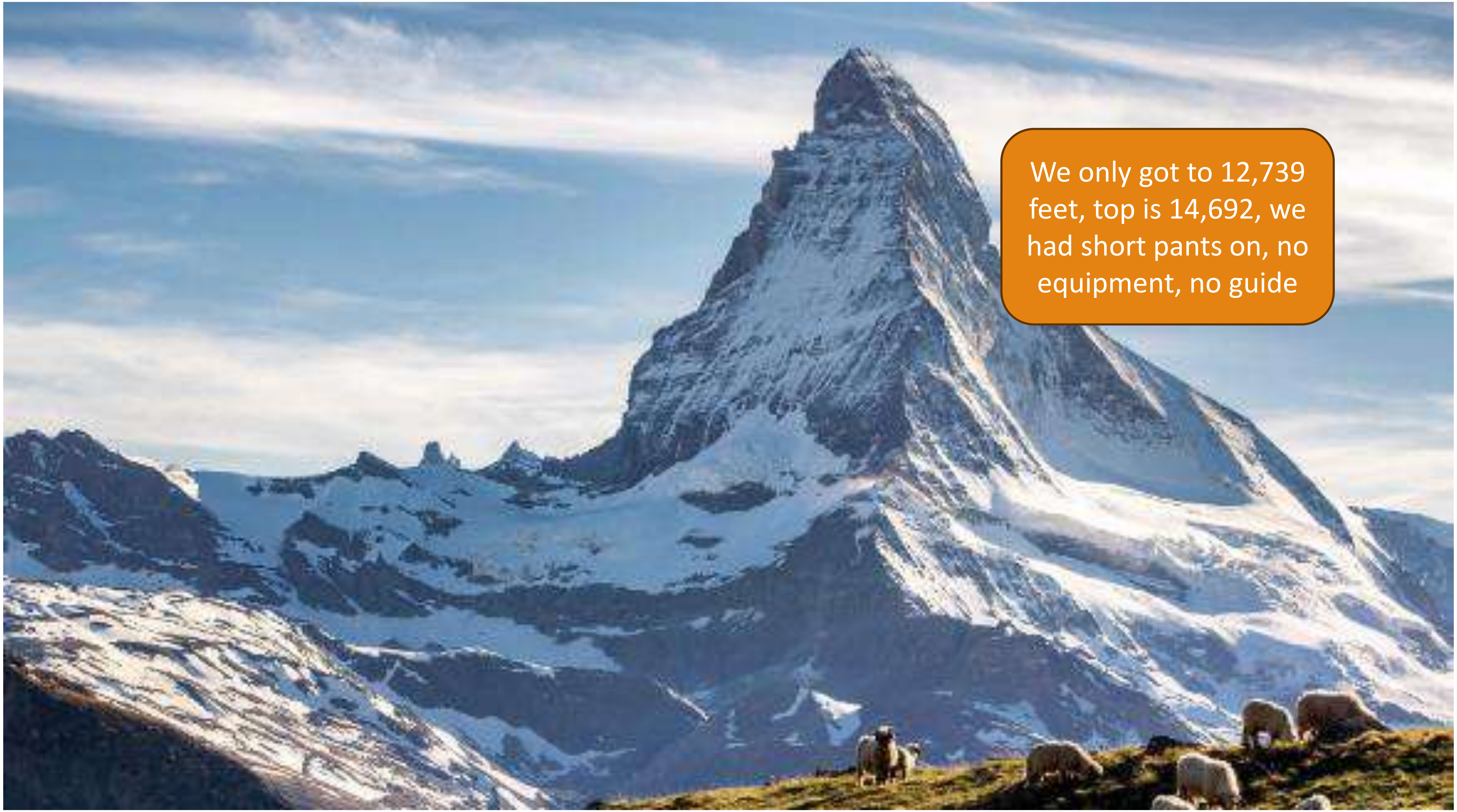
A few years ago…

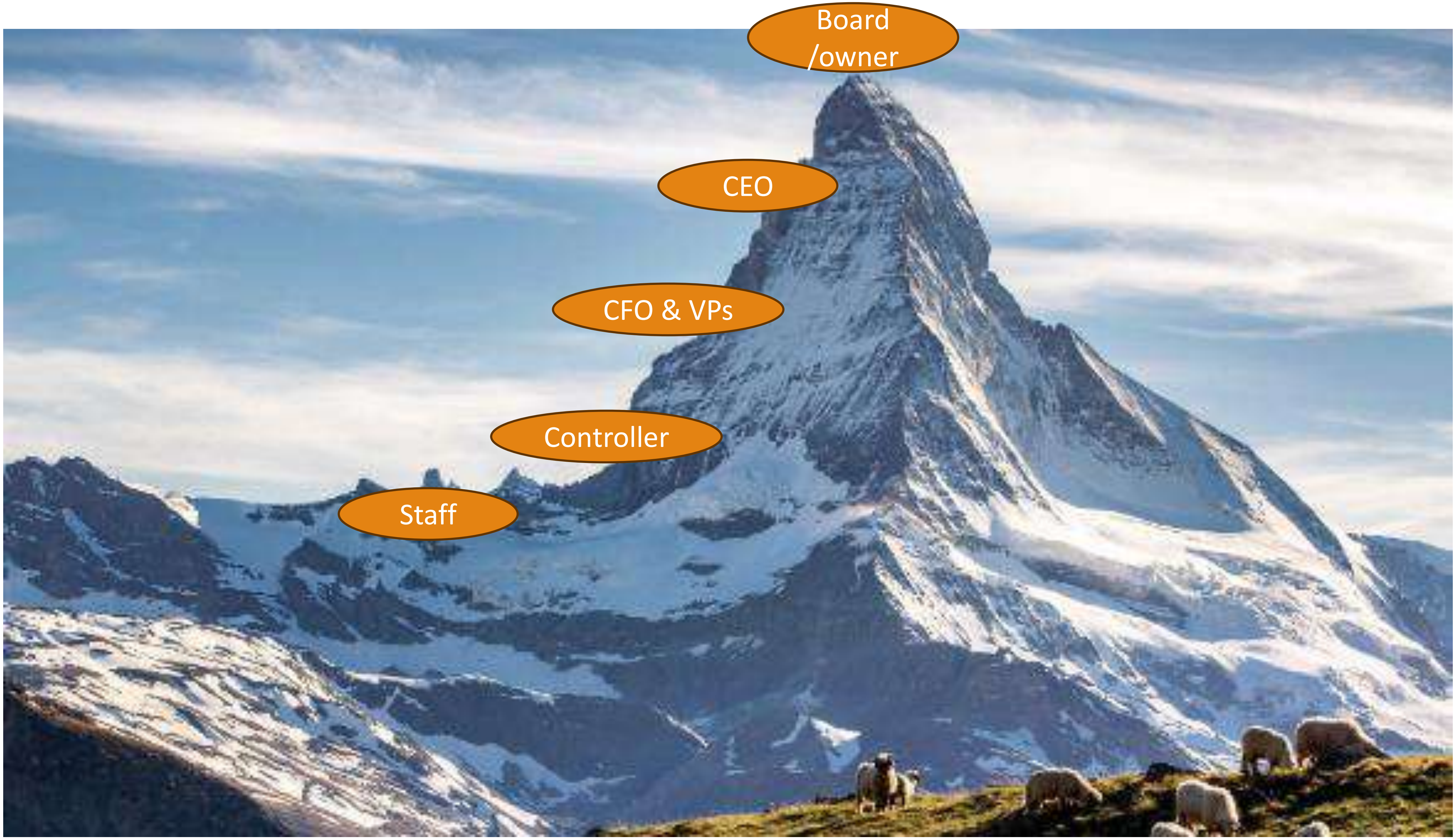
A few years ago…

What mountain is this?

A few years ago…

The Matterhorn,
I am one quarter
Swiss


We only got to 12,739 feet, top is 14,692, we had short pants on, no equipment, no guide


Board /owner
CEO
CFO & VPs
Controller
Staff

A webinar get to know you question

Type “choc” in the Chat if you like chocolate

And your favourite kind or product name

Past webinar

13:06:03 From Kathryn to Everyone: Chocolate, white with blueberries

13:06:06 From Brianp to Everyone: Dark

13:06:11 From Tara to Everyone: Hazelnut choc

Personal comment, dark chocolate tastes bitter….

What is the arrow pointing to?

And this?

Sometimes, I tell a winner in an in-person course, you won a chocolate bar

And I pull out a giant Toblerone bar as the prize!

CHAPTER/LESSON 2

Scenario

Cark Inc. is owned by a number of unrelated private investors. It has been a builder of large residential apartment buildings, since 1979. It functions as a general contractor on all projects. Recently a large customer has asked the company to be the co-owner of the next two complexes it is to build for them. The executive team finds this a very attractive opportunity.

Breakout session

Try to think at the highest level you can

Note taker is the most person with the most hair based on the camera views!

Take note and paste conclusions by position in the main Chat when you are done

5 minutes

Scenario

Cark Inc. is owned by a number of unrelated private investors. It has been a builder of large residential apartment buildings, since 1979. It functions as a general contractor on all projects. Recently a large customer has asked the company to be the co-owner of the next two complexes it was to build for them. The executive team finds this a very attractive opportunity.

Levels

Staff
Controller
CFO
CEO
Board

Welcome back, can we have your thoughts?

Comments

13:28:58 From Sarah to Everyone: CFO - What risk will this create for us?

13:28:34 From David to Everyone: CEO - If it was not proposed to us, would we be pursuing it?

13:29:01 From Kathryn to Everyone: Controller – what are the metrics, KPIs

13:29:58 From Samsung to Everyone: Controller - Cash cycle different

Good, but only some are very strategic

13:31:09 From Breaker to Everyone: CEO - How is the JV structured? How has control of day to day ops?

13:36:21 From Rasa to Everyone: Board - does a new partner align with our core values?

Levels

Staff	My niece is looking for an apartment to rent in that area, maybe I can get her in.
Controller	
CFO	
CEO	
Board	

Levels

Staff	I may need to help the Controller on the accounting for the properties
Controller	What is the ROI? Who will do the accounting for this kind of joint venture? This is different from construction accounting. Will it be a joint venture for accounting purposes? How will the sale to/work for the joint venture be accounted for?
CFO	Why do they want us to share the risk and reward? I need to see the Controller's ROI analysis. Is this a good partner? Will a new entity be incorporated? How will the agreement be documented? Will it be a co-tenancy? Will we make our normal building general contractor margin? Do we have the financing for this?
CEO	Hold on, this is a change in strategy, a different mandate. I must de-risk myself by getting Board approval, instead of doing something this different from the company's historic business, but I need ROI and specifics first, and reputational risks should be considered
Board	Our strategy and core competence is to be a general contractor. Property management is not our core competence. We might consider this, it is diversification, but it needs quite a lot of scrutiny. If it flies, it might be a growth area. It will ease construction recession risks

Use of AI to solve business problems and go to the higher level

I put most of the scenarios in this course into ChatGPT, and it always gave decent, but fairly generic answers on the <u>surface issues</u> and did not go to the <u>bigger picture</u>

I think it is still worthwhile getting feedback from AI on situations, but don't expect it to read between the lines much or go to the really big picture

And of course, do not fall into the trap of relying solely on AI for anything and not using your brain

Chat GPT didn’t do great on this one

Cark Inc. could consider several strategic steps to effectively navigate this new opportunity of co-ownership in building residential complexes:

Due Diligence: Conduct thorough due diligence to assess the financial and operational implications of entering into a co-ownership agreement. This includes reviewing the potential customer’s financial health, project feasibility, and the expected returns on investment.

Define Roles and Responsibilities: Clearly outline the roles and responsibilities of both parties in managing the projects. This will help avoid conflicts and ensure that both Cark Inc. and the customer have aligned objectives.

Financial Structure: Develop a financial structure that details how costs, profits, and risks will be shared between Cark Inc. and the customer. This could involve creating a partnership agreement that specifies the terms of each party's investment and liability.

Project Management Plan: Create a detailed project management plan that includes timelines, budgets, and key performance indicators (KPIs). This will help ensure that the projects stay on track and that all stakeholders have visibility into progress.

Market Analysis: Perform a market analysis to understand potential demand for the new complexes. This can guide decisions on pricing, target demographics, and marketing strategies for the projects upon completion.

Chat GPT didn’t do great on this one

Build Strong Relationships: Foster strong communication and collaboration between Cark Inc. and the customer. Regular meetings and updates can help ensure that both parties are aligned throughout the project's lifecycle.

Leverage Expertise: Utilize Cark Inc.'s experience in general contracting to ensure high-quality construction. Consider bringing in specialists for critical aspects such as design, marketing, and financing to strengthen the project further.

Contingency Planning: Develop contingency plans to mitigate potential risks. This might include plans for unforeseen costs, project delays, or changes in market conditions.

Exit Strategy: Consider potential exit strategies at the outset. While the focus may be on co-ownership now, having a clear understanding of options for the future can provide flexibility and security.

Community Engagement: Plan for community engagement to gain support for the new complexes. This could involve outreach programs, local partnerships, or public meetings to address community concerns and highlight the benefits of the new developments.

By carefully planning and structuring this opportunity, Cark Inc. can position itself for success and further solidify its reputation in the residential construction market.

Note

I won’t respond to any more scenarios via AI, you can of course do this yourself

A reminder about this topic


COMPANY WITH A STRATEGY

[: The Importance of Strategies Video (youtube.com)]

Scenario

One of the **Micah Corp's** two regional A/P units seem to have become more productive and efficient than the other in the last year

(A smaller picture topic, for a change, but there are bigger picture angles)

What do you think?

Past offering

13:34:12 From Hutchinson to Everyone: resource issue?

13:34:03 From Breaker to Everyone: What system and processes are different, who are the players, define the differences

13:34:38 From Andru to Everyone: How long did it take us to notice, materiality of difference

13:35:05 From Hahn to Everyone: the better unit has most likely eliminated every form of "waste"

13:35:05 From Hani to Everyone Look at the structure of each unit. Talk to the employees.

Not that
high level

Levels

Staff	I would like to work with the better one, but I am not sure I want to move there. The worse one needs more training.
Controller	Is the one really more efficient? I need to create and examine all the KPIs. Can the manager of the more efficient one train the other one? This is probably more of a management issue, than a staff issue. Should the manager of the weak one be replaced?
CFO	Should we shut one down, and expand the other, regional doesn't really matter in an electronic world
CEO	Why are we even doing A/P in-house? Should we out-source the function? Should we even offshore the function?
Board	Management details

More insight

For a finance dashboard, that helps monitor the performance of various finance functions including A/P, with KPIs, take my course **Practical Brainstorming Top Ten Trouble Spots and Other Useful Topics For Financial Leaders,** it also covers lots of other topics, a 4 hour course

For offshoring and out-sourcing discussions, see my course **Practical Tips for Controllers & CFOs**

13:36:23 From Tara to Everyone: Offshore resourcing only works if your controls and processes are documented and WORKING as documented. If not, it's a nightmare. I know from experience

Agreed

Don’t be discouraged if you

Feel like you wouldn’t have thought of many of the points in the scenarios so far

I have more experience, have had longer to think about the issues, I have had the input of others

And stretching your mind will help you

Someone who took this course said accountants are typically “steady, conscientious, not always visionary” people, but I am trying to push your vision

Now some questions to help you

Some general big picture questions

That could lead to more strategic big picture thinking

Why are we doing this?

What is the 5 year perspective

Are they dealing with the symptom only?

What is the impact on shareholder value?

Does this tie into our objectives and strategy?

Is this our competitive advantage?

Do we have the right people in place?

Can you think of more?

Some general big picture questions

What are the big risks?

Have risks been assessed properly and mitigated?

Is there another way of doing this?

Where is our innovation and growth coming from?

Do we have the right organizational culture?

Do people want to work here?

What type of people do we attract?

PRIZE for my favourite one you could suggest

Past ideas

Prize winner

3:35:37 From Andru to Everyone: What could the unintended consequences be

13:36:08 From Hutchinson to Everyone: Can we find the resources to achieve these ideas

13:36:21 From Mustard to Everyone: Does a new partner align with our core values?

13:36:30 From Andru to Everyone: What can we do differently than incumbents

13:36:30 From Samsung SM to Everyone: How does this fit in

13:36:32 From Hutchinson to Everyone: how do we diffrentiate

Scenario

UniCollegeSystems Corporation is a five year old startup. Its product is a special enrollment system for large universities and colleges. The company raised $20 million of venture capital in its first year, and now has market saturation with virtually all customers in the target market signed up. This was accomplished by diligent sales work, particularly by the VP Sales, Dod, to break into these customers, after Harvard and University of Toronto became the launch customers. There is some more potential revenue in terms of upgrades, features and customization. The management team is the same as day one, it consists of Dod, veteran startup CEO Caily, experienced CFO Clancy, Systems Development VP, Fistriu and Customer support VP Akim.

What do you think?

The issue is a little below the surface…

Past comments

13:40:25 From Samsung to Everyone: What is the key business

13:41:06 From Breaker to Everyone: What would these changes to offering create? Is it worth the cost, is the market there, will there be positive EBITA for more customized offerings.

13:41:46 From Tara to Everyone: What's the risk that others will take or enter the market? Ex. Blackberry if we don't keep the market

13:41:46 From Michael to Everyone: Strategy change

13:40:20 From Stephen to Everyone: Can this team do it again?

Levels

Staff	Great, the business is stable
Controller	Make sure all software contracts are accounted for properly
Crooked CFO	If I could get someone to hack our system, maybe our son with bad grades could get into Harvard… Kidding…
CEO	
Board	

Levels

Staff	Great, the business is stable
Controller	Make sure all software contracts are accounted for properly
CFO	After this growth period, put in place more permanent accounting procedures
CEO	We now need a farmer/harvester to head sales, not a hunter hunting down new clients. Getting money from existing accounts, not breaking into new ones are different skills. Now that we have raised the funds and spent it, we may need to hire a CFO who doesn't have a startup perspective, raising financing, etc, to a long-term operational one that is cheaper. Will we lose other executives, if their stock options have vested?
Board	Do we have the right CEO for the next stages of the company? Will core business be impacted by management change? The issue is no longer fund-raising and initial growth. The VC firms probably want to exit so need to prepare the company for sale….

Comment

13:42:12 From Andru to Everyone: Acknowledging the changing skillsets needed is a great view

I have worked for startups, management team change is a real issue

Note

Some organizations never ask input on strategic things from finance (CFO/Controller, etc.), unless it is a directly financial topic

This is disrespecting us!

I always try to volunteer lots of strategic thoughts, even if not asked…

It has never been poorly received

From my Dad on this course

We chatted a bit about it, he provided one scenario

(He has sat on Boards of billion-dollar companies, I have not…)

He is an economist

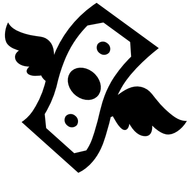
“Why am I, an accountant, being asked to do this sort of thinking?

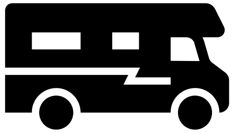
“Because you have one of the best perspectives on your company – use it”

Accountants are familiar with all departments and look at the bottom line

Scenario – more micro and on compensation

ARC Inc.'s Company Policy is to put 5% of employees' base salary in a group RRSP. An employee asks if they can take it in cash.





What do you think?

There is still higher level thinking on something like this

It came from a real work situation

Remember my suggestion to pause the tape…

Another group

13:43:34 From Hutchinson to Everyone: what was the intended purpose of the benefit

13:44:24 From Kathryn to Everyone: What is the impact on over equity plan?

13:44:31 From Tara to Everyone: Comp is also pointing to the next hires…is that competitive

Levels

Staff	I am the one who asked, due to inflation, I need the money now
Controller	I think that would be fine, there is no cash impact to the company, and I have checked, still a tax deduction to the company. The employee will have to be reminded that is taxable, without the RRSP deduction
CFO	We do need to understand if the employee has some kind of personal financial crisis, and show compassion. However, if we let one person elect cash, we really need to let everybody elect cash, and we should officially change the Policy. If we change the Policy, we need to announce it, and amend our standard employment offer letter.
CEO	Do we really want to do this, the RRSP plan is strong encouragement for employees to have retirement savings and think ahead, this needs more executive discussion
Board JOKE: A board micro-managing	Management should have had the RRSP program approved by us, including the rules, the options, the investment funds, and all the parameters

Board authority

The Board basically has absolute authority on everything, but they should delegate most things to management, and stay at a higher level (Board 101 review)

With one Board, I had to keep telling one member, you should not interfere in X, it is not our role

Levels

Staff	I am the one who asked, due to inflation, I need the money now
Controller	I think that would be fine, there is no cash impact to the company, and I have checked, still a tax deduction to the company. The employee will have to be reminded that is taxable, without the RRSP deduction
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CEO	Do we really want to do this, the RRSP plan is strong encouragement for employees to have retirement savings and think ahead, this needs more executive discussion
Board	Not a Board matter, management should do what they think is best

Aside - the big solution

The top commodity tax specialist in Canada, working for a Big Four firm has solved a complicated provincial sales tax problem for a famous audit client of mine, which was going to save a lot of cash and the books also need to be corrected

The journal entry to solve the problem was faxed over from the partner

Not the real entry, something like:

DR Sale tax liability	$14,343,744	
CR Equipment – cost		$9,843,029
CR Supplies expense		$1,339,293

The client <u>was shocked, because it didn't balance</u>!

The specialist missed the big picture, or maybe it was the little picture!

Scenario

Walin Inc. is a major farm equipment reseller. The company is owned by one individual, who is not involved in the business. An important customer in a significant industry segment, just called a finance staff member and wants 40 more days to pay their invoice which is due in 3 days. The annual credit check one month earlier, was positive.

Maybe I should have an AI voice teach my courses!

What do you think?

Levels

Staff	What should I do, I can't make this decision myself
C	I guess we have to accept this. Tell collections clerk to note this in the collection file and adjust the cashflow forecast. I need to find out why the credit check did not pick this up
CFO	
CEO	
Owner	

Derisk yourself on extension by talking to CFO

Past

13:46:51 From David to Everyone: what is the true problem

13:46:28 From Tara to Everyone: Customers talk, cutting slack can impact other customer payments

13:47:12 From Stephen to Everyone: pick up the phone

13:47:12 From Darlene: This is a good customer. Contact customer and find out why delay is required and accomodate the customer if necessary. The client will appreciate the accomodation and this will foster loyalty.

Levels

Staff	What should I do, I can’t make this decision myself
Controller	I guess we have to accept this. Tell collections clerk to note this in the collection file and adjust the cashflow forecast. I need to find out why the credit check did not pick this up
CFO	I should call their CFO and ask more questions. There is a big risk to our company if this important customer is in financial trouble. Need to investigate appropriately and talk to my CEO. Should we do more than annual credit checks? Should we get outside help in monitoring credit? Factor the receivable or collection agency?
CEO	Why is this customer having cash flow problems? Is there an industry issue? Let’s get on top of all industry business sales and receivables?
Owner	Are we doing a major part of our business in a weak industry, where there will always be a lot of credit problems? Might we want to strategically reduce our dependence on this industry?

Levels

Staff	What should I do, I can't make this decision myself
Controller	I guess we have to accept this. Tell collections clerk to note this in the collection file and adjust the cashflow forecast. I need to find out why the credit check did not pick this up
CFO	I should call their CFO and ask more questions. There is a big risk to our company if this important customer is in financial trouble. Need to investigate appropriately and talk to my CEO. Should we do more than annual credit checks? Should we get outside help in monitoring credit? Factor the receivable or collection agency?
CEO	Why is this customer having cash flow problems? Is there an industry issue? Let's … on top of all industry business sales and receivables?
Owner	… we doing a major part of our business in a weak industry, where there will …ays be a lot of credit problems? Might we want to strategically reduce our …endence on this industry?

Perhaps there would need to be 2-3 + such problems to involved the owner/Board

Big picture and strategy

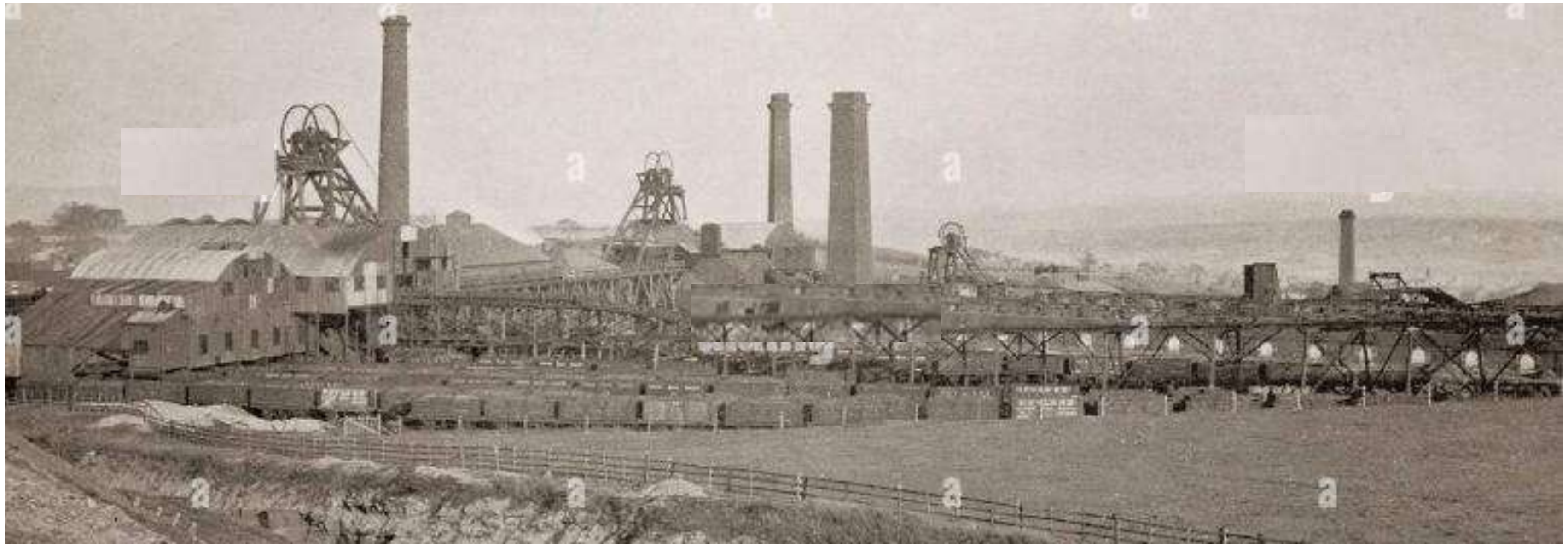
I like to share about these things in staff meetings

This helps them see the forest, not just the trees

This helps prepare them to be promoted

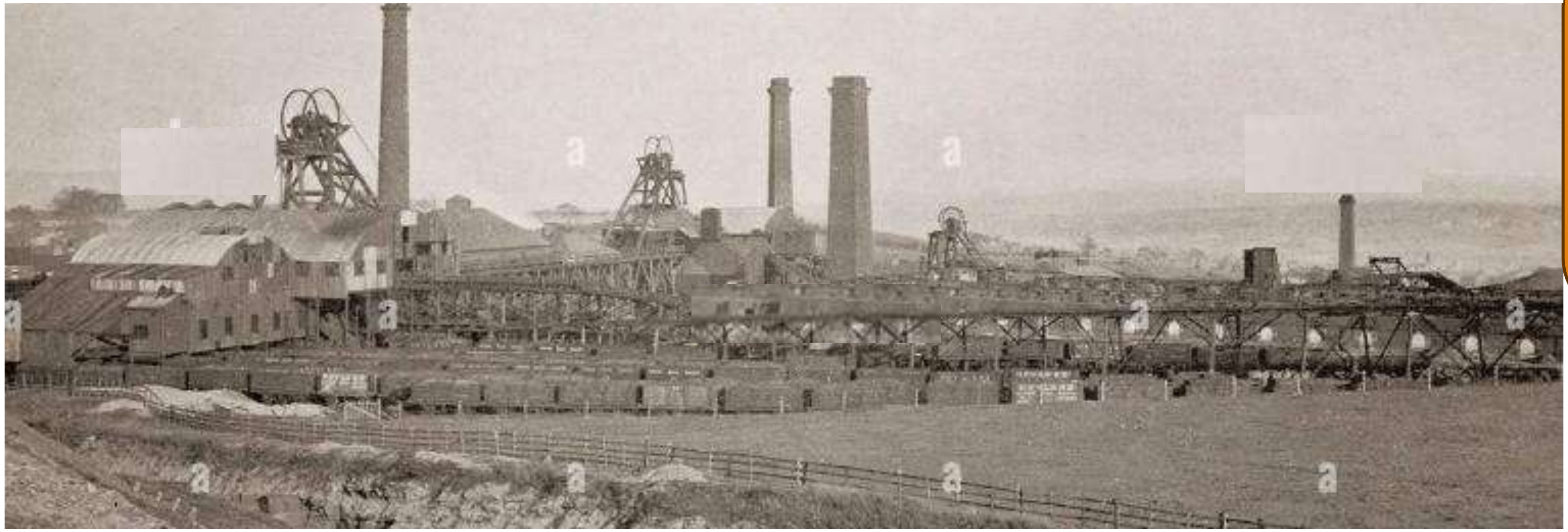
Most appreciate it

What is this?



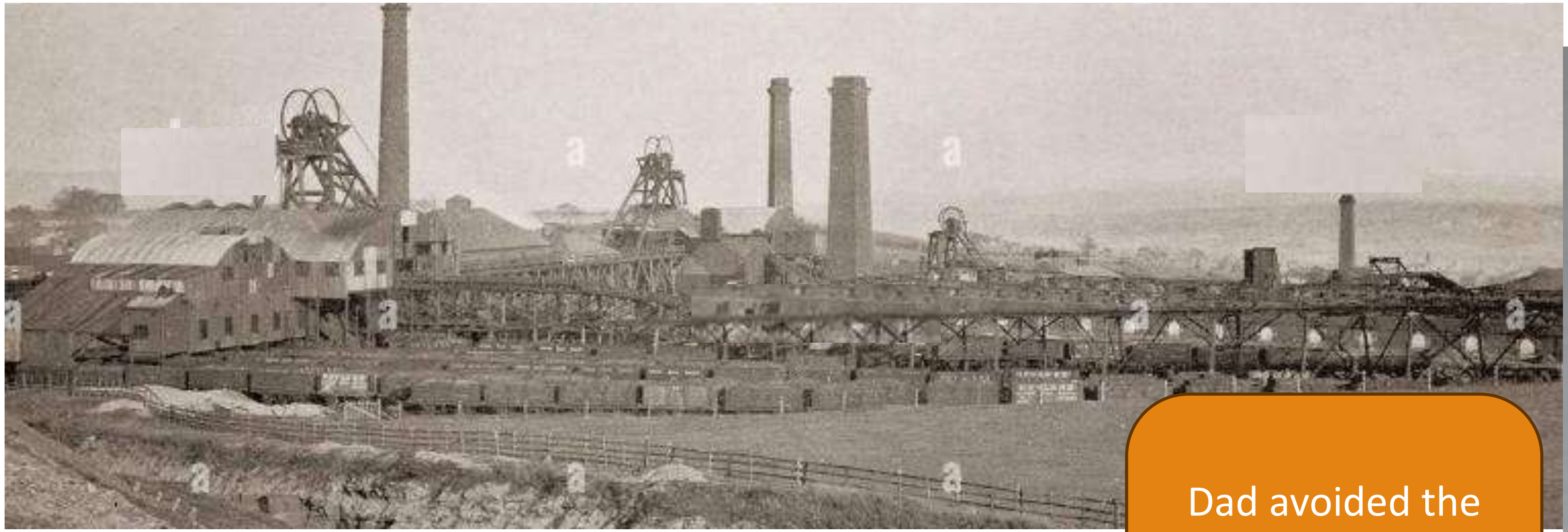
The coal mine right behind my Dad's house growing up in a poor town in northern England

What is this?

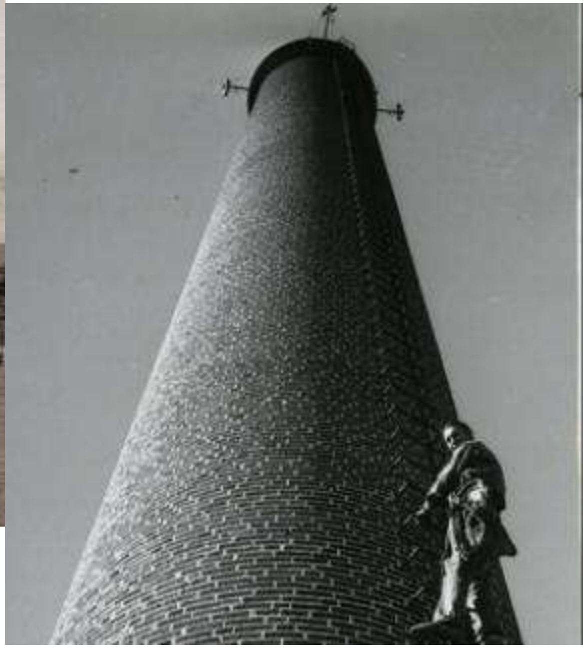


Everything smelled of coal, when I used to visit the town, men squatted when waiting for buses….

What is this?



Dad avoided the mine but had brutal jobs at a factory



Scenario

Small oil company **Taroil Inc..** earns 30% of its profit from selling oil to a medium-size country via a subsidiary in that nation. This country has just elected a new interventionist government, which has put in place draconian currency restrictions, making it impossible to repatriate any profits anymore.

What do you think?

13:48:51 From David Andru to Everyone: Can we sell to local

13:48:39 From Kathryn Breaker to Everyone: How can we replace this market elsewhere?

13:48:55 From Tara to Everyone: Can we set up a new co to make changes and access the cash?

13:48:55 From Free to Everyone: try to find new customer is a country that doesn't have these restrictions. Try to diversify; 30% for one customer is economic dependence which is always risky for a company.

What do you think?

13:49:22 From Dave to Everyone: Can we sell to the government

13:48:59 From Dave to Everyone: Sell business I mean

13:49:22 From Kangaroo to Everyone: What sorts of risk are we incurring by holding a subsidiary in this country, are our staff safe there?

No real solutions…

More strategic

13:49:22 From Kangaroo to Everyone: Are there other investment opportunities in the country that allows us to preserve value until the politics change, are we at risk with other locations with a similar scenario, how do we hedge this risk moving forward

Levels

Staff	The subsidiary still holds the cash.
Controller	Are there are accounting implications to this, write down or???
CFO	When is the next election, this will hopefully be temporary. What is the political direction of the country, is this government popular? Or do we sell the subsidiary and cut our losses? Is this a government, we and other foreign companies can lobby for a change?
CEO	We need to find out who to bribe in the government, to take care of this problem, probably the President. There is $14M left in the secret bribe budget for the year. I I need to do this without the CFO knowing, they are honest and would stop it.
Board	

Levels

Staff	The subsidiary still holds the cash.
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Board	

Joke and ethics reminder!

What do you think?

13:49:22 From Stephen to Everyone:

have friends visit and bring back $9999 each time :)

Assumes laws are like Canada

From cbsa-asfc.gc.ca

1 **Who needs to declare currency or monetary instruments valued at CAD$10,000 or more when entering or leavin...**

Whether you are leaving or entering Canada, you must declare any currency (cash) or monetary instruments valued at CAD$10,000 or more that you are carrying. This amount include...

Levels

Staff	The subsidiary still holds the cash.
Controller	Are there are accounting implications to this, write down or???
CFO	When is the next election, this will hopefully be temporary. What is the political direction of the country, is this government popular? Or do we sell the subsidiary and cut our losses? Is this a government, we and other foreign companies can lobby for a change?
CEO	We need to find out who to bribe in the government, to take care of this problem, probably the President. There is $14M left in the secret bribe budget for the year. I need to do this without the CFO knowing, they are honest and would stop it.
Board	We should get local legal advice. However we could use **barter**, that country must produce things for the world market, we can then take it as barter and turn it into cash. For example, if it produces a lot of rice, we will take payment in rice, this should be perfectly legal, but we might want an opinion on this

Barter

$

$

Side note

This scenario was contributed by my Dad to this course

He is still working, 91 years old in December, 100% there mentally

I am only 96% there, for example, I left the freezer open overnight recently…

This is from a real Shell Oil company scenario

Dad worked for Shell 1956-1965 and then consulted for them recently about, 2017

related to the Kitimat LNG project

ii) Priddle Report, Section 1. Purpose, paragraph 3, PDF p. 8 of 58, A4Q3S7

iii) Solomon Report: Long-Term Natural Gas Supply and Demand Forecast to 2050, Section 1.0 – Introduction, PDF p. 5 of 52, A4Q3S6

iv) Priddle Report, Section 6, PDF p. 51 of 58, A4Q3S7

Interesting

I have been asked to join the Board of a Charity

I have personally supported the charity for a long-time

There is US charity with the same name, which is organizationally separate

It has had some management and spending scandals recently

What are some higher level questions I should ask?

14:33:59 From Bonnie to Everyone: Describe your D&O insurance coverage.

14:34:03 From Sim to Everyone: Don’t join, keep your reputation.

14:34:46 From Bob to Everyone: What is the mandate that the Board has?

Higher level questions I will be asking are

Can I talk to some past Board members?

Is the organization like I had perceived from the outside as a donor?

Convince me that no such scandals are brewing here as in the US, and put in place processes so they will never happen

Why don't you change the organization name, for at least perception reasons?

CHAPTER/LESSON 3


TAKE 22 OF MI
SCENARIO

Scenario

Management of **Matthias Inc.** (MI) hears that a Canadian company is being sued for automating certain requirements in a particular industry. The litigant claims they have a Canadian patent for automating any all requirements in that industry by software. MI business is automating a different part of the same industry's requirements

(Based on a true story in my career)

Pending Patent Applications:
Canadian Patent Application based on International Patent Application No.
PCT/CA October 21, 2009
U.S. Patent Application No. filed November 6, 2009
European Patent Application filed October 26, 2009

What do you think?

What do you think?

13:53:59 From Tara to Everyone: What royalties can we pay?

13:54:15 From Kathryn Breaker to Everyone: Call Dentons!

DENTONS

Dentons, the world's largest global law firm

What do you think?

13:53:59 From Tara to Everyone: What royalties can we pay?

13:54:15 From Kathryn Breaker to Everyone: Call Dentons!

13:54:43 From Dave to Everyone: How do we differentiate our process to avoid IP issue

13:54:43 From Dan to Everyone: Get as much information from our technical staff as possible to evaluate the validity of the claim

Levels

Staff	That's their problem
Controller	Make sure any IP lawyer bills are accrued for at month end, if not received, if we have to contact the lawyer
CFO	We better discuss this with our IP lawyer
CEO	All the publicly available documents need to be reviewed. We need to contact the Canadian company and talk to them discretely because of mutual benefit, in addition to discussing with our IP lawyer, and possibly theirs, with permission. Is their lawyer strong? If they can't afford a good one, we may even want to help them pay for a better lawyer. We may want someone to attend the court hearings.
Board	Big picture, we must determine if this threatens our entire business and what can be done about it. And we did our processes expose us to this risk, do we need better IP defensive management?

Sometimes at work over the years

I spent some time thinking hard what I would do if I was CEO

Thinking of both strategic and tactical/operational issues

(Do you ever do this?, it is a useful exercise that relates to this course)

At times, I have felt, I have way better ideas than what the CEO is doing

At other times, I have really <u>felt for all the dilemmas they are facing, and I am glad that I don't have the job and have to make those tough decisions</u>

I have not aspired to be a CEO, I like being a CFO

Can you share a scenario, which results in a good illustration of thinking levels?

My favourite gets a **prize**!

13:56:48 From Bailey to Everyone: Company went though "business transformation" it was a nightmare. Strategic issues were it was too fast and the leaders had input at the wrong layers

Scenario

The Board of **Blake Corp**, a natural food producer, proposes buying a small competitor for a fairly high price, due diligence must start soon. The Board is composed of four individuals.

What do you think?

Levels

Staff	Not involved
Controller	Let me know if you want help with the due diligence
CFO	Ask to see the Board's full rationale, is it something strategic that has not been disclosed, other than reducing competition. Must determine if the high price is justified. Do a quickie valuation myself. Get at least one independent valuation.
CEO	Find out how each Board member voted. I should meet with the two most influential board members individually, and find out where this is coming from, and if they can be dissuaded, paying to much for a small competitor could be negative for the company. Also check if government will be concerned due to **Competition Act**
Board	Hurry up and get it done

What did they think

14:01:43 From Samsung SM to Everyone: Give us a presentation on why

14:00:41 From sboatto to Everyone: How will the board decide who will be on the due diligence team? Does the board have the necessary skills to evaluate?

14:00:50 From Rasa to Everyone: Will the acquisition expand our supply chain and bring cost savings in production?

14:01:35 From Breaker to Everyone: Even if we can make a profit, do we have the resources and skillset, is this a good fit with our core business?

Real life

I have heard of Boards almost unilaterally deciding to go ahead with acquisitions, with little executive input

Including the case of a famous software company, 100% of you use the software…

I was told this by the finance/legal team of the company, when I taught them an in-house course on M&A Due Diligence

Have you just hallucinated?

You thought your instructor was wearing a different shirt for a bit

But that is impossible

Or is it…?

One of my uncles

Worked 40 years at a Lloyds of London insurance broker

Selling shipping insurance to Asian billionaire shipping magnates

He made an interesting statement once

“The billionaire’s kids had all earned their MBAs and were taking over the business”

“But they <u>were never as sharp as their Dads, who had no business education</u>”

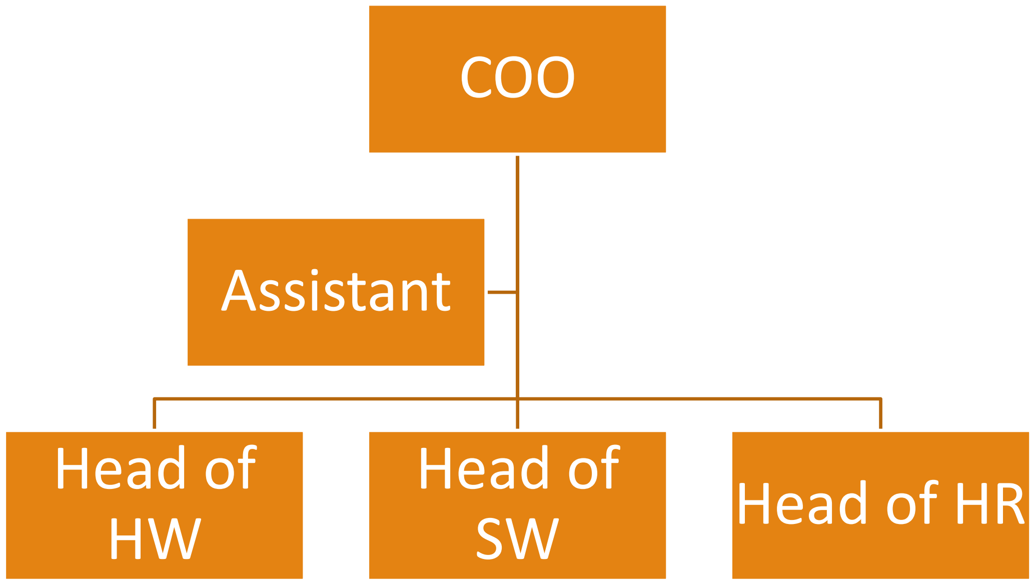
I believe this, the Dads learned from the school of “hard knocks” and were more experienced

(For funny MBA jokes, see my course **Practical Works Smarts For All**

Don’t take me too seriously if you have an MBA)

Scenario

Splittech Co. builds electronic hardware, with embedded and control software. Organizationally, the head of hardware and software, both report to the Chief Operating Officer, a good seasoned general management person. These heads of department conflict continuously.



What do you think?

What do you think?

13:56:26 From Sarah to Everyone: Fire them both, for not getting along

13:56:27 From Dog to Everyone: Make them share an office, so they learn to work together

13:56:28 From Mouse to Everyone: just tell HR

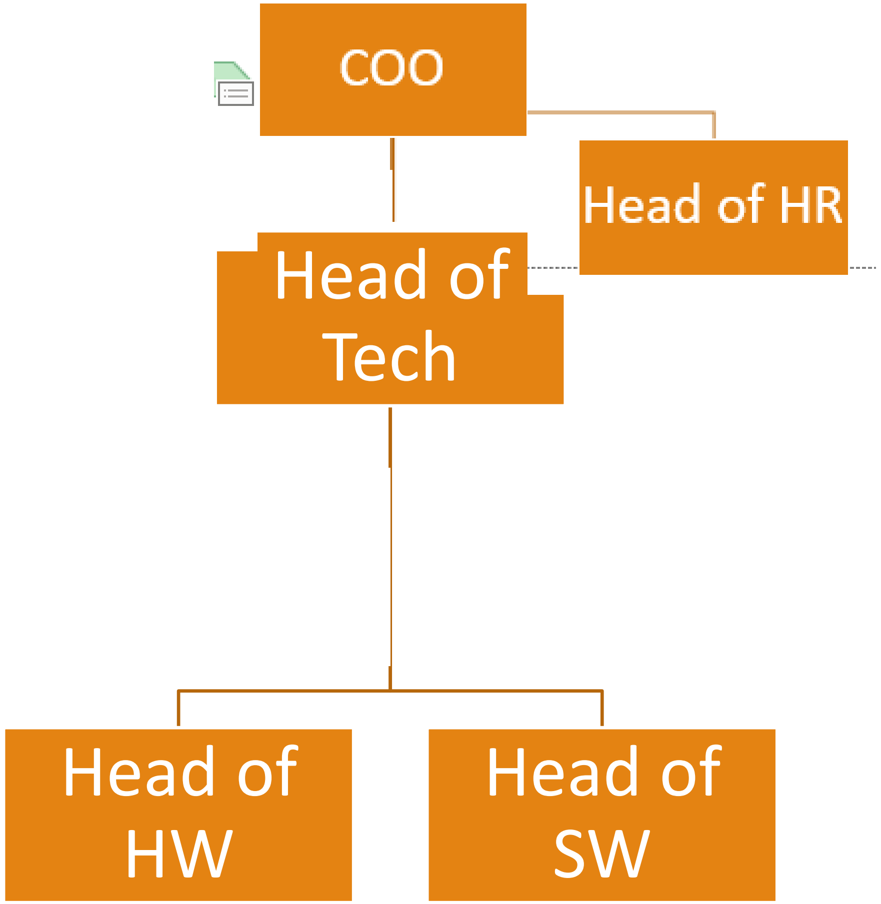
13:56:28 From Rat to Everyone: People don't have to be friends at work . However, they must be able to work together with mutual respect.

13:58:00 From katia to Everyone: is the conflict good for the corp? maybe it is

Levels

Staff	Come to think of it, I noticed this
Controller	It doesn't look good, but it doesn't impact my work
CFO	I must find a way to help my boss deal with this conflict, as much of the company's success rides on our hardware and software working properly. Perhaps a joint bonus would eliminate a lot of conflict
CEO	We must hire a head of technology with hardware and software expertise, to whom these two roles will report to
Board	CEO hid this problem from the Board, but two smart Board members, recognize the possibility due to the structure, and have asked the CEO about it, without offering ideas

Revised org structure



Notes

This is very much from real life

For bonus plan design, see the popular section of my new course **More Practical Works Smarts For All**

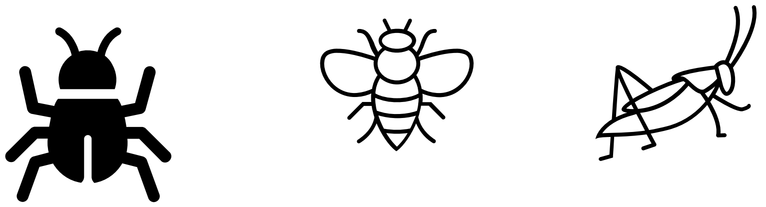
Time for some jokes:

Q: “What did the hardware say to the software?

A: “You drive me crazy!’”

Q: “Why don’t programmers like nature? “

A: “It has too many bugs.”



Sports scenario, a bit different

Star player Mango Joe, which the team really needs, has been injured for nearly half the season. (This could be any professional team sport….)

What do you think based on these roles?

Past webinar

14:48:08 From David to Everyone: take the time to protect long time value

14:48:41 From Mustard to Everyone: Get him to do marketing and sell hot dogs at the game

14:48:41 From Kathryn to Everyone: A bit late for the season if you don't have backup

Levels

Trainer	We must work on rehabbing him as quick as possible, with the team doctors and therapists.
Assistant coach	I must work with the star’s understudy to improve their play.
Head coach	Does the star’s style of play need to be changed to reduce the risk of injury? Is the injury prevention of our medical/therapy team up to snuff?
General manager	We must look at trading for, or developing a similar talent, considering the possibility of future injuries
CEO	Do we have the right team coach and GM in place, who will build a team, not so dependent on one star?

There is an unchangeable law in the world

You only have one chance to make a good **first impression**

Rich or poor, smart or dumb, whatever the context

I hope I have made a good impression most of the time

But here is a bad one

My first day at the KPMG Toronto office (North York), after transferring from Ottawa

I showed up looking like this…

My biggest shaving cut ever below my nose….

This probably stuck in their minds

Scenario

Subpar Inc. is a well-known fast-food chain with 500 outlets. Last week, a cashier took a rude and discriminatory approach when serving a customer that is completely indefensible. **The customer was a sibling of a famous Canadian. The Internet has lit up about this.**

Breakout session

Try to think at the highest level you can

Note taker is the most person with the least hair based on the camera views!

Take note and paste conclusions by position in the main Chat when you are done

5 minutes

What do you think?

13:56:26 From Sarah to Everyone: Our group said maybe the employee had a mental health crisis?

Unless the customer did something very wrong, there is no justification for this, was our thinking

14:04:26 From Bob to Everyone: We thought human rights issues - always expect to loose. Settle the matter asap

14:04:26 From Bob to Everyone: Put on website/social media the steps taken against server and reiterate committment of the company to be non-discriminatory. Possibly give a general apology Check posting on website with lawyer prior to posting.

Real-life President

Levels

Staff	That was not very nice
Controller	There will be a termination cost to account for the employee’s dismissal, I am sure.
CFO	My Controller will likely have to look into contingent liability accounting/note disclosure, a legal action will likely result
CEO	We need a full damage control approach. We need to engage the best lawyer and a PR firm, and put out a press release. We must announce the person is no longer with us, as soon as they can be shown the door. All the staff need training, we need better policies. I will try to avoid media interviews, but if this is not possible, I will stick to the lines in the press release
Board	Agree with CEO, but are there any culture issues to look into, or was this an **outlier**?

Levels

Staff	That was not very nice
Controller	There … unt for the e…
CFO	My C … to contingent … discl… t
CEO	We need a full damage control approach. We need t… a PR firm, and put out a press release. We must announce the person is no longer with us, as soon as they can be shown the door. All the staff need training, we need better policies. I will try to avoid media interviews, but if this is not possible, I will stick to the lines in the press release
Board	Agree with CEO, but are there any culture issues to look into, or was this an **outlier**? Can we use the buzz about the business, to our advantage?

Big picture thinking illustrated by a job opportunity for me

The company appears to be leading in a hot space, the early days of GPS, commercial fleet tracking, the year 2000

What are the big picture issues?

How long does the space stay hot?

How soon before GPS is commoditized? Can we make money as an early player first?

I drill the CFO with dozens of questions on the market, the prospects, over several weeks

The Big Four partner who referred the job to me, says: “hurry up, you must decide, the CFO is losing patience with your questions”

I took the job

I remember the excitement of “we are tracking this vehicle on the map with GPS”

My caution turned out to be right, the market was turning….

Scenario

Canada Post

What are the big picture, strategic questions?

I was talking to senior finance employee about this the other day, she had a no idea….

Some background

Canada Post said Friday its financial situation is so grim it could run out of operating funds in less than a year, after the Crown corporation posted another whopping pre-tax loss of $748 million in 2023.

In its annual report released late Friday afternoon, the company predicts "larger, unsustainable losses in future years" without major changes to its operating model.

"Even with Canada Post's recently proposed stamp price increase, the Corporation projects that, without additional borrowing and refinancing, it will fall below its required operating and reserve cash requirements by early 2025," the report says.

Canada Post has been losing money since 2018. In the last six years, its losses have totalled $3 billion.

Questions

Should Canada Post even exist in a world of email/Internet, no personal letters, and so many other delivery options?

Should a post office be funded by user fees, or tax subsidies, or both?

Should UPS and Amazon carriers replace the post office directly or under contract?

The same could be asked about another federal crown corporation, the Mint

Our daughter used to work there

(I know this is a bit of politics/economics)

Comments, controversy…

14:08:07 From Samsung SM to Everyone: Can they expand in another field.

14:07:26 From Tara to Everyone: Mail is no longer primary, so what areas can canada post play in

14:07:26 From Breaker to Everyone: How do they survive? Many are not using the mail, all digital. They are offering different services now.

14:07:28 From Stephanie to Everyone: What is the long term plan to exit door to door

14:08:45 From Samsung SM to Everyone: In the UK they check on elderly.

14:08:47 From Breaker to Everyone: I disagree, I believe we do need this basic infrastructure.

14:09:00 From Hahn to Everyone: What are the rights of every citizen? Not everyone has access to reliable internet.

Other threatened businesses/trades, by seeing the big picture?

Locksmiths?

Gasoline/diesel car mechanics?

Editors?

Do they realize it, or are they missing the strategic big picture?

Can you suggest others?

Prize

The prize – a giant chocolate twoonie

The prize

Past ideas

14:09:32 From Hutchinson to Everyone: all low level jobs

14:09:39 From Samsung SM to Everyone: Bookkeepers

14:09:42 From Tara to Everyone: Trucking industry

14:09:45 From sboatto to Everyone: bookkeeping

14:09:57 From Mustard to Everyone: Alarm clock manufacturers

The big picture and a firm partner

There was one KPMG partner who used to walk around the office, and then aggressively ask staff “what are you doing?”

Most answered:

“I am completing the audit of ____”

“I am doing the tax work for ____”

I would always answer “I am making you money $$$$”,

$

He liked the answer!

I focused on the big picture

It reminds me that as a CFO in industry, I am more like overhead, not making the business money….

Scenario

Kassian Inc. is trying to open up business in a certain large Asian country.

A local representative, who is a national of the country, has been hired and has been trying to get contacts and contracts without success for several years.

What do you think?

Thoughts

14:11:05 From Breaker to Everyone: Need to go in and shadow, what is their pitch?

14:10:21 From katia to Everyone: we don't know what is the problem person, product, culture... we just don't know

14:11:14 From Gillian to Everyone: What could the cultural roadblocks be?

14:11:15 From Samsung SM to Everyone: Proper channels, what local industry associations are there

14:11:23 From Andru to Everyone: what does the salesman say is the issue. Do we know how much he/she is actually working. Supervision...

Levels

Staff	I have been paying the contractor’s bill
Controller	The costs to date have been a shocking $710,443 over three years in the system, I will alert the executive, they may not be clear on this
CFO	Is it time to give up the idea? Can **Export Development Corp** help us in any way?
CEO	Should we partner with an existing local business? Also, talk the Canadian Embassy’s commercial people.
Board	Should we acquire a business in the country as the avenue? Is management capable of executing the strategy

Once upon a time

I decided to become a CA

This involved passing the 4 day, 4 hour per day **Uniform Final Examination**

Day 1 was one very difficult 4 hour case, about 25 pages long

I sat down to read and write my first practice case

I was completely discouraged

I will never pass this, too much information, too many decisions, multi-subject, so long, hidden issues, so different from B. Comm

I did get through the first try and did well, but it was a lot of work

I have now authored dozens of such cases, and the CPA equivalent

Some for six months of group work, some the 5 hour case

Comment

14:13:15 From Hutchinson to Everyone: very fond nightmares

My cases

Always have <u>higher level strategic issues</u> to find out who sees them and who doesn't, to rank candidates in examination and other situations

There was once a famous CA four hour case

Assignment: help this company with an acquisition

Underlying strategic issue: <u>they are having so many problems, they shouldn't even do the acquisition</u>

A large number of candidates in Canada, missed <u>this higher level thinking</u>

<u>Lesson</u>: Think bigger, even when you are told to do something…

A 43 page case I authored, ~50 page solution

CPA CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

CFE CANDIDATE NUMBER:

Common Final Examination
September 14, – Day 2
(Booklet #1 – Case)

Total examination time: 5 hours.
Further details on the examination can be found on the next page.

GENERAL INSTRUCTIONS BEFORE THE EXAMINATION

1. Fill in your 7-digit candidate number on the booklets and the USB key. The exam booklets and the USB key (or paper response, as instructed) must be submitted before leaving the writing centre. They must NOT BE REMOVED from the writing centre. If these items are not received, the response may not be accepted.
2. Sign the Policy Statement and Agreement Regarding Exam Confidentiality below.
3. Follow the Securexam instructions provided. Instructions must not be removed from the examination centre.

Scenario

An announced change in income tax legislation will impact **Jarno Corp** negatively next year

Income Tax Act (R.S.C., 1985, c. 1 (5th Supp.))
Full Document: HTML (Accessibility Buttons available)

What do you think?

14:15:46 From Dave to Everyone: What planning can we do to minimize the impact?

14:15:46 From CCH to Everyone: I hate tax

14:15:46 From Sally to Everyone: My firm is available to help you, partner $700/hr, manager, $450/hr

Levels

Staff	I will leave it to the Controller
Controller	I will ensure we comply, and budget the tax cash flows that result, and I must get a hold of the new forms
CFO	Does the Controller need some outside tax expert help on this? Let's carefully consider taking a position that triggers a court case, which might have a favourable outcome
CEO	This must impact everyone in the industry, let me take this to the industry association/peer businesses to possibly lobby CRA and/or politicians, for a reprieve. Ask the CFO to quantify the admin burden and the impact on the company.
Board	Leave this one to management

CHAPTER/LESSON 4

What is that noise?

Coyote passing me the other night

Lots of coyotes in our neighbourhood

Coyote passing me the other night

Lots of coyotes in our neighbourhood

Our emerge doctor son-in-law has treated Ottawa people attacked…

Scenario

Aila Inc. is trying to sell a subsidiary that is losing $1.4M per month, but no one has purchased it in 7 months, since it was put up for sale. The company makes annual pre-tax profits of about $60M and reports under International Financial Reporting Standards, the year end is in two months.

What do you think?

14:39:17 From Are to Everyone: No comment

14:39:20 From You to Everyone: Are the losses cash?

14:39:21 From Liking to Everyone: The losses now total 7 x $1.4M =$9.8M

14:38:46 From The to Everyone: Stress-test parent's balance sheet, # months can lose this amount

14:38:46 From Course to Everyone: Sell fast

Did you notice the hidden question

In the prior slide?

What do you think?

*14:39:17 From **Are** to Everyone: No comment*

*14:39:20 From **You** to Everyone: Are the losses cash?*

*14:39:21 From **Liking** to Everyone: The losses now total 7 x $1.4M =$9.8M*

*14:38:46 From **The** to Everyone: Stress-test parents balance sheet # months can lose this amount*

*14:38:46 From **Course** to Everyone: Sell fast*

See bold text

Controllers' presentation

We have may been slow in applying IAS 36 to the subsidiary assets

Identifying an asset that may be impaired

At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). IAS 36 has a list of external and internal indicators of impairment. If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. [IAS 36.9]

I will work on implementing this

Levels

Staff	These losses are mounting
Controller	Have the subsidiary's asset and goodwill been written down? (**narrow accountants, only think accounting, and tax)**
CFO	How long can we keep losing the money?
CEO	We need to reorganize ourselves for a better effort to sell it, including lowering the price. Maybe we need to give it away, th
Board	We need to

Levels

Staff	These losses are mounting
Controller	Have the subsidiary’s asset and goodwill been written down? (**narrow accountants, only think accounting, and tax)**
CFO	How long can we keep losing the money?
CEO	We need to reorganize ourselves for a better effort to sell it, including lowering the price. Maybe we need to give it away, that would cover liabilities.
Board	Could we sweeten it for a sale? What could we throw in? Should we just shut it down? Can the liabilities on shut down be quantified? Do we cover all liabilities, or bankrupt it, including employee liabilities? (See discussion of this issue in my course, **Ethics – More Than Just The Code of Conduct**)

We want to bring new angles to a problem all the time

Scenario

I am advising a family member who is more operational

They are thinking of buying a business

It was very profitable only the last two years

Big picture questions:

Why was it profitable for only the last two years?

Should a market study be done?

Should he pay for those profits?

How to de-risk the acquisition if results revert to the historic norm?

Have you ever noticed this?

Many self-employed small businesses, are probably missing the big picture

What do you think I mean?

Hint: <u>return</u>

They are probably making way less than minimum wage, when you look at all their hours

Their ROI is probably terrible as well

Many don’t realize it

Many don’t have an option, lack of skills, new in Canada, language limitations, are unemployable,, want to be their own boss, etc…

(I am not looking down on these folks)

Sometimes, I do repairs around the house, etc, and my wife reminds me that it has a terrible ROI, versus what I can make in the market with my spare time (creating courses, consulting, etc)

Opportunity

We sell our regulated systems product to every airline who is interested

We want to enter the market of our certain large country, where we have no existing business

First issue, get regulatory approval

One of the best bigger picture guys I have ever worked with, is in charge of this

I get a report on the meeting with the regulator from him, where all ten airlines are present, saying they want our system

I say, "why don't we sell directly to all ten as a consortium, that would be less work?"

He says "wow", I didn't think of that

(Airlines in Canada buy fuel cheaply through a consortium)

Let’s turn to family life…

Scenario

In a public parking lot, a young couple's eight year old refuses to sit in the assigned seat in the minivan.

Input?

14:18:22 From Kathryn to Everyone: Get eye level and ask why and sort it out.

14:18:50 From Katie to Everyone: Don't just let it happen, it needs a conversation, setting the ground rules with convo.

14:19:04 From Tara to Everyone: Sitting in this seat is non-negotiable.
14:19:10 From Samsung SM to Everyone: It is the big boy seat!

14:19:23 From Rasa to Everyone: Take away their favorite activity for a week

14:19:23 From Randy to Everyone: Threaten to tie them to the roof, LOL

Very tactical

Levels

One parent	Yikes, they won't obey
The other parent	This is embarrassing, people in the parking lot are watching. Give them a count to five to try to get them to obey
Grandpa	

Also tactical

Levels

One parent	Yikes, they won’t obey
The other parent	This is embarrassing, people in the parking lot are watching. Give them a count to five to try to get them to obey
Grandpa	Big picture, you need to think strategically, the longer run, beyond today’s issue, especially to the teen years ahead. They need to learn to obey immediately, not after a delay, otherwise you will have an unmanageable house, with a teen absolutely refusing all orders. Then later in the workplace, they will have all kinds or problems. Parenting is training your kids. They need discipline/consequences, which are a teaching mechanism, the actual methods are not the big issue Don’t bribe them! No rewards for following rules, but occasionally reward them*

All this easy to talk about, hard to do, we had struggles

Levels

One parent	Yikes, they won’t obey
The other parent	This is embarrassing, people in the parking lot are watching. Give them a count to five to try to get them to obey
Grandpa	Big picture, you need to think strategically, the longer run, beyond today’s issue, especially to the teen years ahead. They need to learn to obey immediately, not after a delay, otherwise you will have an unmanageable house, with a teen absolutely refusing all orders. Then later in the workplace, they will have all kinds or problems. Parenting is training your kids. They need discipline/consequences, which are a teaching mechanism, the actual methods are not the big issue Don’t bribe them! No rewards for following rules, but occasionally reward them*
* I used to get home from work and say, “Mum, who was really good today, they get a twoonie?”	

Missing the big picture as a teen

My three brothers and I, young teens, hand shovel most of the seniors' driveways on our city block, our own small businesses

Killer work in the great snow falls of the 1970s in Ottawa (40% more snow the Calgary/Edmonton)

Big picture thought recently, we should have together bought a **snowblower and shared it!**

But it helped our work ethic!...

Lesson

Sometimes, it takes us quite a while to see the big picture, here nearly 50 years

Our kids also did a lot of shovelling intentionally (giant backyard rink)

They are really hard workers as adults

On our backyard hockey rink

A Proverb says

The plans of the diligent lead surely to abundance,
but everyone who is hasty comes only to poverty.

Think and plan ahead in <u>personal life and business</u>

Scenario, real-life, about 24 years ago

Vilan Inc. is a software startup, which is working on several products to take to market, and is short of money, having spent most of the previous venture capital (VC) round of financing.

The star developer has come up with an idea for a software tool to convert all types of sound files into the brand new MP format, but some funding is needed to do this.

The President recalls that the same developer once quickly wrote the code for the software to manage DVDs in the early days of that product and their employer at the time sold it for US $10M.

What do you think?

Click here for the answer

What do you think?

14:35:19 From Samsung SM to Everyone: Is the new software too close in design to the software just sold?

14:35:19 From Sam to Everyone: Will this hurt existing development

14:35:19 From Patti to Everyone: Reward the developer well for coming up with the idea, if it works

Levels

Staff	Sounds good
Controller	Financial relief would be great, but we need the funds to do it
CFO	Let's raise the funds with a small VC round and make this happen. Profits could be used to avoid having to go for another large venture capital funding round after for the other projects
CEO	I think we can duplicate the success the developer had previously
Board	We agree with this plan
Venture capitalist who they presented the idea to	There is freeware out there that does this!

Levels

This dummy was me!

Staff	Sounds good
Cont	Financial relief would be great, but we need the funds to do it
CFO	Let's raise the funds with a small VC round and make this happen. Profits could be used to avoid having to go for another large venture capital funding round after for the other projects
CEO	I think we can duplicate the success the developer had previously
Board	We agree with this plan
Venture capitalist who they presented the idea to	There is freeware out there that does this!

How are you tracking in the course?

Let’s test you with a pop quiz, you are not in trouble if you get it wrong, no one will know!

Pop quiz question

Based on the course, which of the following issues/topics is <u>not</u> really big picture?

a. The business needs to evolve because of this evolution in our market

b. This will hurt our profit this year

c. The government is probably going to change the rules on this, meaning we have to prepare for this major impact

d. At least half the management team don’t really fit with the company direction

I SUGGEST PAUSE THE TAPE AND SELECTING AN ANSWER, BEFORE FINDING OUT THE CORRECT ONE

Correct answer

Based on the course, which of the following issues/topics is not really big picture?

a. The business needs to evolve because of this evolution in our market
b. This will hurt our profit this year
c. The government is probably going to change the rules on this, meaning we have to prepare for this major impact
d. At least half the management team don't really fit with the company direction

Note: This is just short-term and financial, the other issues/topics likely have bigger picture, longer-term impacts

In-person sessions

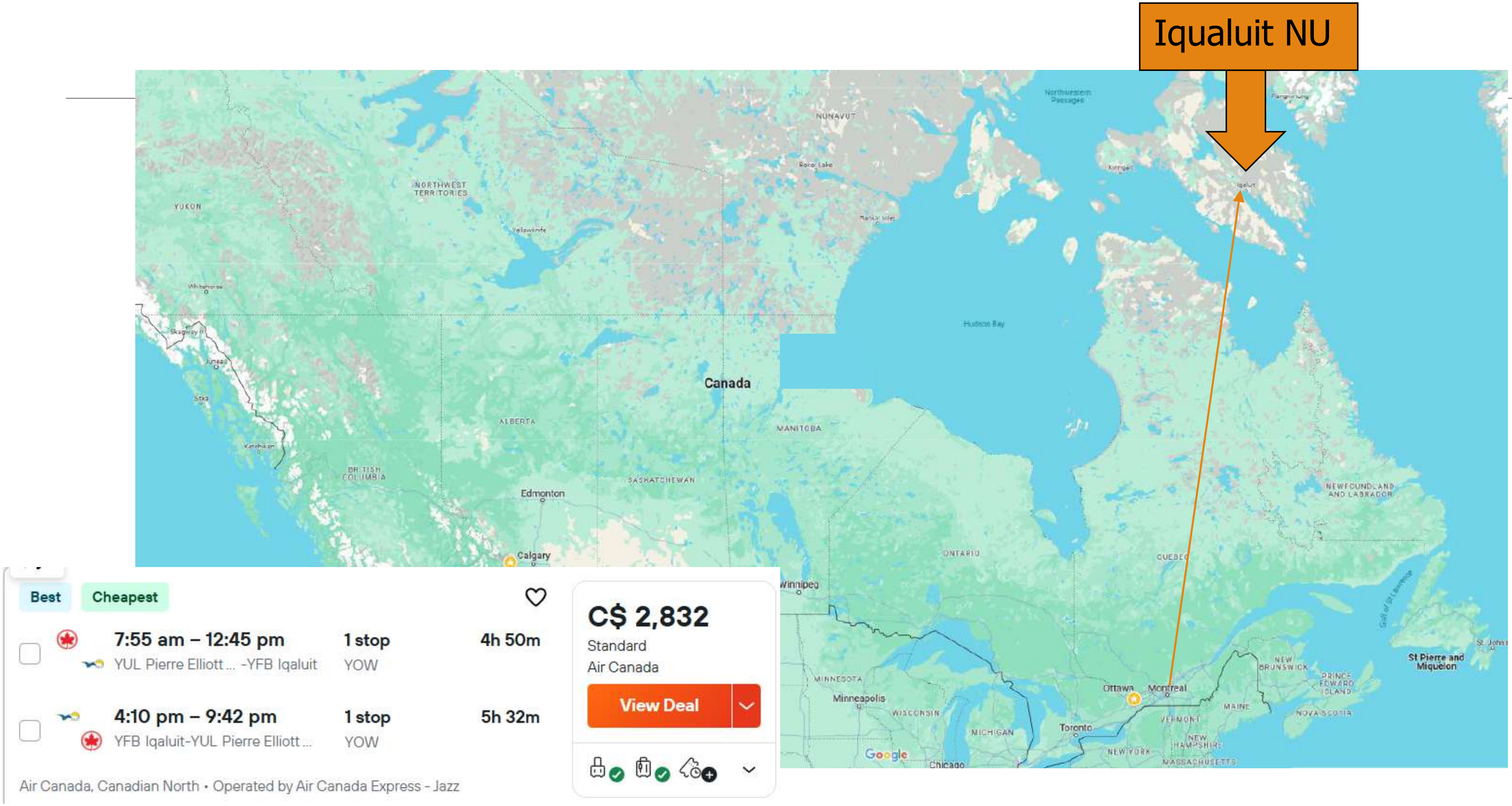
Anyone want to hear me in-person?

However, no events scheduled anywhere in the world

But one is being discussed for May 2025

I hope to see some of you there

You just need to travel to…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NORTHWEST TERRITORIES
YUKON
Hudson Bay
Canada
ALBERTA
MANITOBA
BRITISH COLUMBIA
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Edmonton
Calgary
ONTARIO
QUEBEC
NEWFOUNDLAND AND LABRADOR
Winnipeg
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Montreal
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MINNESOTA
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VERMONT
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MAINE
NEW BRUNSWICK
PRINCE EDWARD ISLAND
NOVA SCOTIA
St Pierre and Miquelon
Google
Best
Cheapest
7:55 am – 12:45 pm
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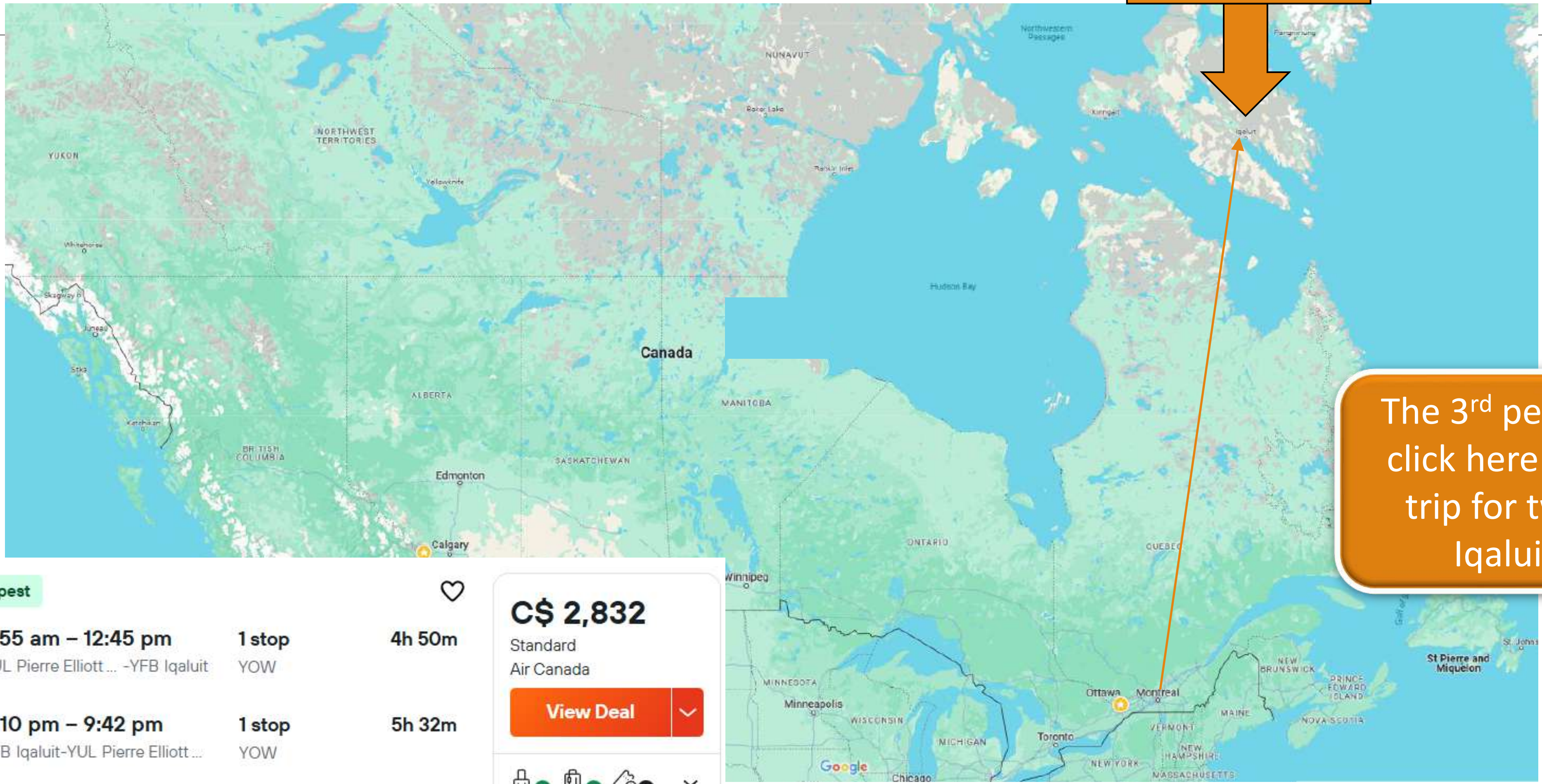
Iqaluit NU



Best | Cheapest

7:55 am – 12:45 pm YUL Pierre Elliott ... -YFB Iqaluit	1 stop YOW	4h 50m
4:10 pm – 9:42 pm YFB Iqaluit-YUL Pierre Elliott ...	1 stop YOW	5h 32m

Air Canada, Canadian North • Operated by Air Canada Express - Jazz

C$ 2,832
Standard
Air Canada
View Deal

The 3rd person to click here wins a trip for two to Iqaluit…

Scenario - politicians

A Canadian federal political party that is in power is making decisions about spending. A party thinker has come up with a new spending idea.

What do you think?

14:35:19 From Samson to Everyone: Politicians spend to much

14:35:19 From Bill to Everyone: Minister would say have an economist study this

14:35:19 From Corrupt to Everyone: Some voters will like it

Levels

The party spin doctor's line	Canadian want ____, and we are investing in this now to deliver this for Canadians
The MP	This could help me win the next election
The Minister	I can take credit for this, because it is under my Department
The bad Prime Minister	Sounds good to me, I can memorize the spin doctor line and repeat it over and over
The good Prime Minister	Does this make economic sense? What are the debt and deficit impacts? What are the provinces doing or not doing? Can we afford it? Should we cut something else to pay for it? What have other well-run countries done in this area? Will it have any negative side effects?
Unthinking Canadian voters	What is in it for me and my family?
Thoughtful Canadian voters like CPAs..	Is this really good for the country? In the long run? Is it fair to all? Can the country afford it? Will it result in new taxes?

A CEO joke, before a CEO scenario


AMONG ALL THESE BAD INDICATORS, A GOOD NUMBER!
CEO
... HIS SALARY!
Int'l Herald Tribune CHAPPATTE

Scenario

The CEO of **Ustini Corporation,** is bent on making a dumb business move, albeit not one that needs Board approval

Have you ever seen this?

Responses

14:35:19 From Annie to Everyone: Too many to count

14:35:22 From Don to Everyone: Several times with one stubborn CEO

14:35:22 From Afkan to Everyone: Yes

What do you think?

14:35:19 From Sung to Everyone: What are the impacts on the business? If there are really severe, then the Board should be alerted.

14:35:19 From Hung to Everyone: Hire a consulting firm for an independent analysis of the decision

Who initiates the hiring?

Levels

Staff	Not involved
Controller	This is dumb, but none of my business. (Likely not involved, but could if really sharp and courageous). Better, can I help the CFO in preparing why this does not make sense?
CFO	I must protect the CEO from themself, a strategic meeting where I can constructively voice my concerns and suggest an alternate course of actions is needed. Am I at risk when this fails and the Board is looking for why this happened?
CEO	
Board	

Levels

Staff	Not involved
Controller	This is dumb, but none of my business. (Likely not involved, but could if really sharp and courageous)
CFO	Let the CEO go ahead, I will protest, but there is no way they will listen, and the CEO could get fired, and we could get a better one, or I could get the job!
CEO	I think my idea is great
Board	May not be aware of it, unless brought to their attention

Have you ever had a

Bungee CEO….? hired, fired, then hired, fired…

I have had two, in two different employers!

Scenario

Hollit Inc., which makes industrial pumps, has gone through five suppliers of a key input over the past 4 years, trying to find the lowest bidder that meets requirements. The company has not been happy with any of them. If the suppliers did some R&D they could probably produce cheaper and with better quality but none of them want to. Zagon is the most promising supplier, but a short dance with them, and then another change would not be good.

What do you think?

14:35:19 From Peyton to Everyone: Buy a bit from all six, to spread risk

14:35:19 From Samsung SM to Everyone: You get what you pay for. Cheaper quality is usually more expensive in the long run.

14:35:19 From Art to Everyone: I am concerned with Zagon's name, it sounds funny

Levels

Staff	The changes in suppliers in the system is painful
Controller	I have all the cost data for executives to analyze this, if they need to. But I don't have the qualitative factors, which are not in the accounting system. I can do more investigation of Zagon, for example, check their credit
CFO	Could we pay them an NRE fee, to do the R&D, with restrictions?
CEO	Let's do a long-term supply partnership with Zagon. We will commit to only buy from them long-term, but there will be various price mechanisms, that will fund the applicable R&D.
Board	We have to be careful, if we are dependent on one critical supplier, or shall we just buy Zagon, vertical integration?

After the strategic recommendation

Sometimes decisions made at the upper management and board levels tend to ignore the realities or concerns of the lower-level groups, and it’s a good idea to ‘ground’ people from time to time so they understand the consequences when making strategic decisions and recommendations.

Here, the strategic partnership may be a good idea, but if not implemented properly, the teams working together well, a very comprehensive and well thought out supply partnership agreement, it won’t work well

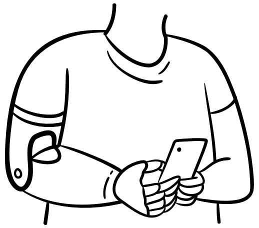
Real-life example

The implementation of the CEO’s strategic vision to make the accounting processes more efficient with a new system was a disaster! The people implementing the system didn’t have input from all the different users, particularly at the data entry level. As a result, the ‘modernization’ was a failure and the work arounds that were required started to eliminate any efficiency that could have been gained.

The people hiring you for your next big role don’t just want to have the ideas, they also want to see results.

Scenario

Aria Corp is a corporation in the business of providing contract help lines and customer support to all kinds of businesses, but primarily banks. It is a wholly-owned subsidiary of **Aira Corp**. Artificial intelligence and machine learning are being used quite extensively now in this field to answer calls and to help agents. Revenues and profits are declining slightly. The CEO Micah Melson, is an excellent business generalist. Board members are Frank Ronak, 32 years in customer support leadership, Agnes Metski, parent company finance representative, and J Johanson, nearly 40 years in the banking industry



What do you think?

14:33:59 From sboatto to Everyone: Evaluate how AI can help services currently offered.

14:34:59 From Welm to Everyone: Evaluate how to diversify using competencies in the company or hire the personnel with the necessary skills.

14:34:59 From Welm to Everyone: People want to talk to a human

Levels

Staff	No comment
Controller	Assisting the CFO in ensuring there is no financial decline
CFO	Working hard to ensure no financial decline
CEO	Taking courses on the application of AI
Board	Actually, the company needs a new Board, we are not the right people, in the age of AI, we have no experience or expertise, we may mostly too old, when this is now critical… we will tender our resignation when you have found replacements. The new Board should be determine if the CEO is still a fit.

More tips

Listen to your team, and encourage them to think at a higher level

Meet better higher level thinkers for coffee and chat

Think about more strategic thinkers you have known and worked with, and speculate what they might say about the situation you are facing

What are you using to learn about the industry your employer is operating within to better understand the opportunities and challenges?

Scenario

Fixheatcool Inc. is a 300 employee private company making money with long-term contracts for HVAC (Heating, ventilation and air conditioning), repair and installation and upgrade work, with thousands of industrial and institutional customers.   It employs about 240 HVAC technicians who drive company trucks with tools and equipment. The company is doing well, but there are concerns over employee theft of tools which are expensed for accounting purposes and many employees “padding” their day with up to one hour of down time, spread between jobs.

What do you think?

Very tactical

14:39:17 From Kathryn to Everyone: A way to track jobs as completed and next started

14:39:20 From Samsung SM to Everyone: Give everyone a tool allowance.

14:39:21 From Sarah to Everyone: We should implement a tool sign out system

14:38:46 From Ketch to Everyone: we may offer a lease of our tools and equipments

Not really big picture or strategic

Levels

Staff	I am tired of their lying timesheets
Controller	Maybe we need to put tags on all the tools, and count and reconcile regularly, but this will be a lot of work
CFO	Let’s put GPS on all trucks and get a system that will track movement.
CEO	GPS on trucks won’t tell us when jobs really end. Shall we pay them more and make them buy their own tools, which they will be more responsible for
Board	Why don’t we sell the trucks and tools to the employees, they all become self-employed, we will only pay for the work they do, and no more stolen tools. We will make them sign a non-compete as long as legally allowed, so they won’t steal clients, although they will be too small to steal large institutional commercial contracts from us. They can do more work on the side, so we can pay them less.

Re-inventing the business is strategic…

Levels

Staff	I am tired of their lying timesheets
Controller	Maybe we need to put tags on all the tools, and count and reconcile regularly, but this will be a lot of work
CFO	Let's put GPS on all trucks and get a system that will track movement.
CEO	GPS on trucks won't tell us when jobs really end. Shall we pay them more and make them buy their own tools, which they will be more responsible for
Board	Why don't we sell the trucks and tools to the employees, they all become self-employed, we will only pay for the work they do, and no more stolen tools. We will make them sign a non-compete as long as legally allowed, so they won't steal clients, although they will be too small to steal large institutional commercial contracts from us. They can do more work on the side, so we can pay them less.

I once had a job in a commercial truck, and the driver wanted to cheat on time…

CONCLUSIONS

Don’t get distracted!


Have you reconciled those 3 intercompany accounts, as instructed 2 weeks ago

Actually, I have been too busy coming up with strategic ideas, after this course I took with Stephen Priddle…

Thoughts

Strategic thinking may not be in your job description

Do a good job on your description work and they are more likely to listen to your strategic ideas, outside of your work area

Email from our son, CPA, CA, after reviewing two scenarios

“None of this matters though if you don't know how to present your questions and thinking with the right rhetoric to get buy in”

I agree

(Our son is more bigger picture than I was at his age)

Ideas on how to insert your big picture thoughts into a discussion

“I know this goes beyond my role, but can I suggest….. ”

“ You know, I was thinking…”

“ Here is something maybe for the next executive agenda…. ”

“ Here is a topic possibly for the next Board agenda…. ”

“ Here is a strategic thought you can run with…”

“ I put my big picture hat on and…”

“ I took a good course on strategic, higher-level thinking recently, and it would suggest I tell you about this idea….”

“This may sound crazy, but I submit that the company needs to…”

Note

It is easy to go to a pure strategic meeting or course, and talk strategy

It is much harder to think about strategic factors and implications regularly as you go about your busy day to day work, often in the trenches...

I try remind myself in writing to take a step back and think big picture and strategic, periodically

Put this in your day timer monthly to force yourself…

Conclusions

This has been a graphic reminder to keep thinking higher and bigger

One past participant, said something like this need to be including in the CPA licensing education program (not just PD)….

Best wishes in your own strategic, bigger picture thinking, I hope it improves and helps your career

I may do a part 2 of this course one day, more thinking on the topic, other interesting scenarios…any thoughts

The top participant prize in a recent webinar

I have about 25 other practical courses

Primarily all kinds of specific tips to help you in all kinds of work and management situations, as well as ethical dilemmas

I have a course called

Practical Work Solutions from Case Discussions

This 2 hour course gets into this topic a tiny bit, I decided I needed to expand on it here

Check out this course, I think you will like the rest of it…

Also **Practical Work Smarts For All**, 2 hours

A grab bag of management and work smarts from my career, including some big picture stuff, and exposing the elephant in the room, which also relates to this course

There is higher level thinking in all my courses

It is not labelled as such, but it is there, I didn’t really think about this until I developed this course

Closing comments

Was the course boring?

Send me an e-mail spriddle@bell.net, to pick my brain or for questions or to get completed slides

Do LinkedIn with me, if you want, state you "met me" in this course

Please complete course evaluations, as applicable

Thanks for attending

Complete quiz where applicable

PRACTICAL PD

ADVANCE YOUR CAREER WITH MORE STRATEGIC THINKING – COURSE CHEAT SHEET

Note a stand alone, best used after taking the course, **Advance Your Career With More Strategic Thinking** which contains the full explanations. The course was created and taught by Stephen Priddle, www.practicalpd.com

General

Try to raise the bigger, more important, strategic, big picture issues related to the issues in work discussions, regardless of your position, but especially if you are more senior

A key thing that separates people in the business world, is the **level** at which they think

If you can think more like your boss, the CEO, the Board, the owner, the partner, you will be ahead, even if you don't aspire to higher positions

If you can think like an owner, it is always good

It is easier to think big picture and strategy when you **don't know** all the details that management is aware of, and distracted by

macro versus micro and more

"Why am I, an accountant, being asked to do this sort of thinking?

"Because you have one of the best perspectives on your company – use it"

Accountants are familiar with all departments and look at the bottom line

The Board basically has absolute authority on everything, but they should delegate most things to management, and stay at a higher level (Board 101 review)

Strategy

All companies need a strategy so they know what they don't do (some would call this a mission statement or vision)

Why are we doing this?

What is the 5 year perspective

Are they dealing with the symptom only?

What is the impact on shareholder value?

Does this tie into our objectives and strategy?

Is this our competitive advantage?

Do we have the right people in place?

What are the big risks?

Have risks been assessed properly and mitigated?

Is there another way of doing this?

Where is our innovation and growth coming from?

Do we have the right organizational culture?

Do people want to work here?

What type of people do we attract?

What could the unintended consequences be

Can we find the resources to achieve these ideas

What can we do differently than incumbents

How do we diffrentiate

Can the major trends be explained?

Are there the devil is in the details that could derail the strategic vision?

Use of AI

AI gave decent, but fairly generic answers on the surface issues and did not go to the bigger picture

I think it is still worthwhile getting feedback from AI on situations, but don't expect it to read between the lines much or go to the really big picture

And of course, do not fall into the trap of relying solely on AI for anything and not using your brain

Ideas on how to insert your big picture thoughts into a discussion

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Differences

- Higher level, strategic thinking in my view encompasses the medium to long-term, the big decisions, the big picture, overall changes of direction, big risks, value, economics
- It is better quality thinking
- Lower-level thinking tends to be tactical and detailed and operational and short-term
- **Both** must be done well in any organization
- The best people can operate at both levels
- They recognize the big picture but are helpful with the small picture
- Listen to your team, and encourage them to think at a higher level
- Meet better higher level thinkers for coffee and chat
- Think about more strategic thinkers you have known and worked with, and speculate what they might say about the situation you are facing

Overall comments

Strategic thinking may not be in your job description

Do a good job on your description work and they are more likely to listen to

"None of this matters though if you don't know how to present your questions and thinking with the right rhetoric to get buy in"