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- This course material contains a number of **fill-in-the blank key points** that keep viewers engaged and participating
- You have the option of **printing the material** and taking notes during the presentation, or **taking electronic notes**
- We suggest you make sure you print the material large enough to read and take notes on
- We **cannot provide conclusive instructions on how to take electronic notes** in the pdf file on each registrant's device, because of the wide ranges of combinations of pdf software that registrants may have, in addition to platforms, i.e. MAC or PC, tablet, etc.
- Send an email to the instructor to get completed slides after watching the video, spriddle@bell.net

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A LOOK AHEAD – ACCOUNTING IN THE 22ND CENTURY

PD COURSE 4642

BEYOND THE NUMBERS – YES YOU CAN LEARN TO TALK TO PEOPLE

www.practicalpd.com

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PRACTICAL
PD

PRACTICAL WORK SOLUTIONS FROM CASE DISCUSSIONS

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PRACTICAL
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Announcement

- My name is Henry Elddirp
- Course creator Stephen Priddle has hired me to present this material - he realizes he is a very poor communicator
- **I AM JOKING, THAT IS MY MIDDLE NAME AND LAST NAME BACKWARDS, I AM STEPHEN PRIDDLE**



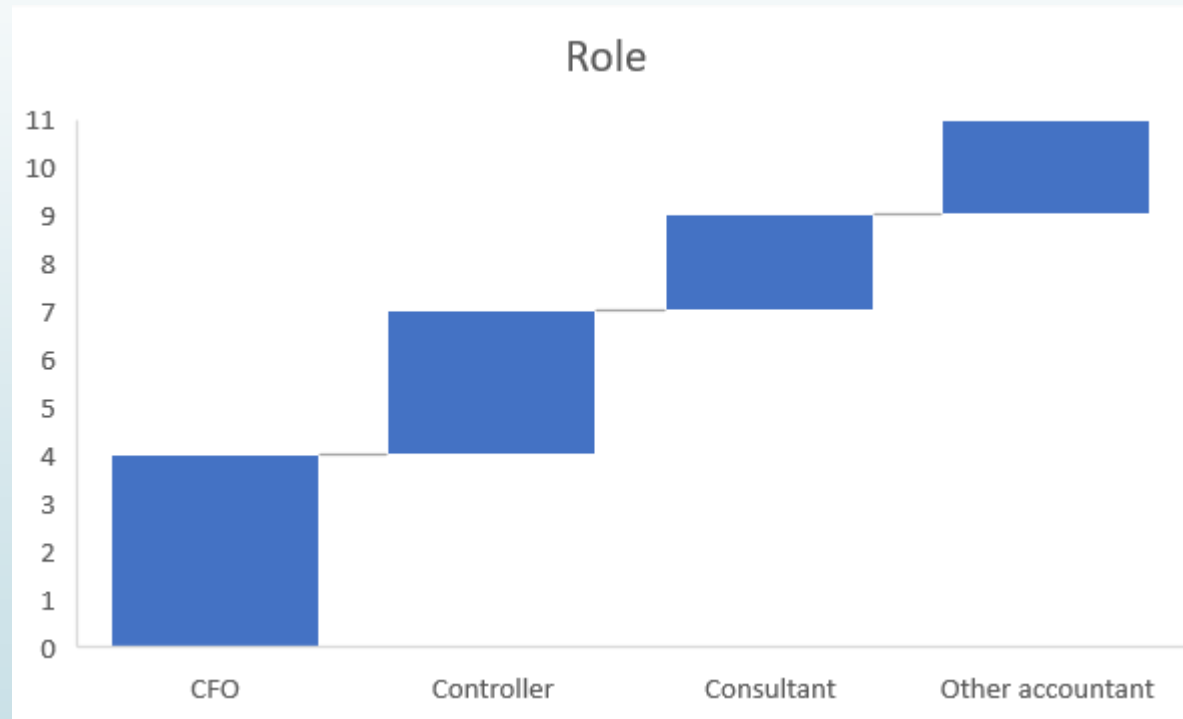
Introduction

- Welcome
- It would of course be better in person...
- Fill in the blanks to provide a different dynamic
- You may want to take note of fill-ins, but you can request completed slides after (spriddle@bell.net)
- There will be humour like all my seminars, but only half a lawyer joke



All kinds of CPAs are interested in this
course

Attendee profile, recent webinar



What you don't see





Good news

- There is a little more content than the live version, since we have actual discussions
- I will share with you some discussions from a live webinar

In the live webinar, there are prizes like this...and more



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:

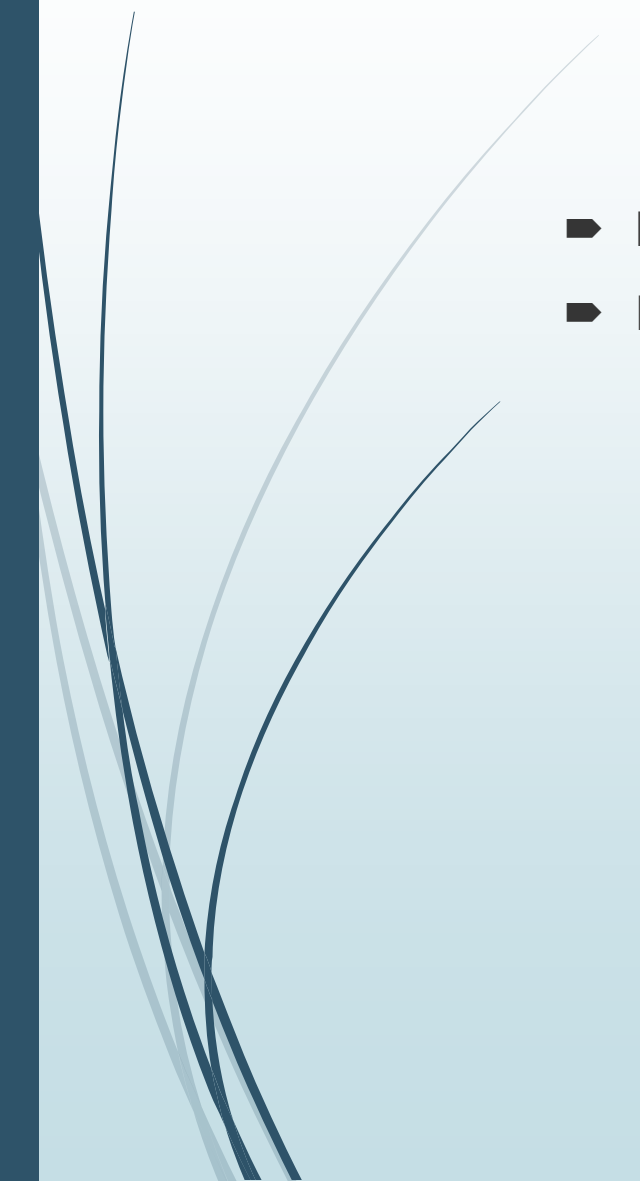
- ▶ example of how you plan to apply a tip
- ▶ another tip idea
- ▶ useful feedback
- ▶ clean relevant joke

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





Note

- I may need help today, I am a forgetful guy
 - For example
- 

What are these?




- All kinds of hotel door keys, I forgot to return, I am so and forgetful



Let's get to know each other

In the chat, type in:

- ▶ Your nickname to people who know you well, or family
- ▶ Your biggest fear at work
- ▶ No, I am just joking, this is mostly private information



No matter who you are, how smart you are, how...

- You have only once chance to make a good first impression



Type where you are right now, if it is not
in your home or office

- For example, garden, deck, beach, cottage, car, airport?

Type “B” in the chat

- If you have a very strong case for your smartphone, because you are clumsy like me



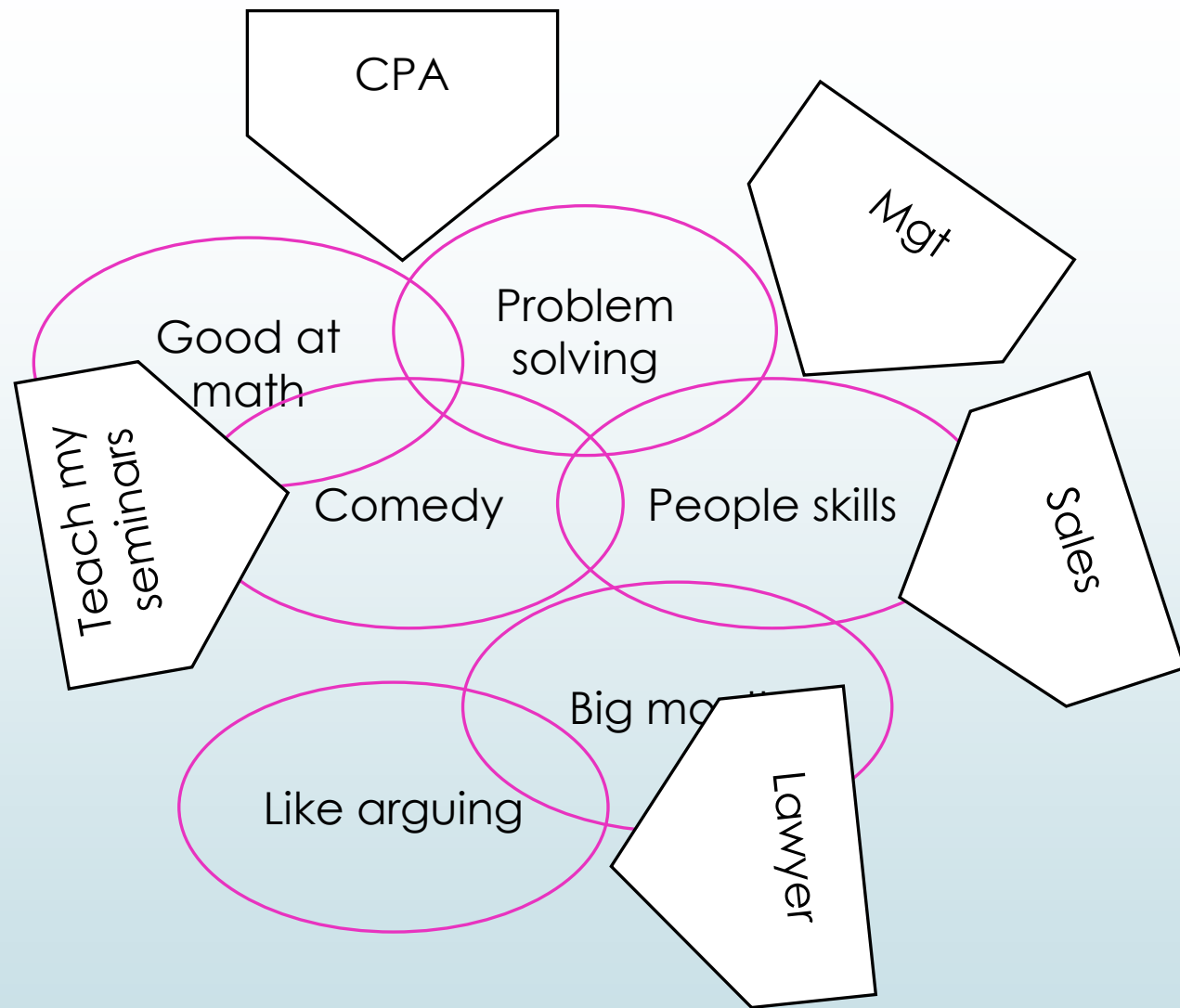


Type in the Chat, the single word that best described why you became an accountant

Type whatever you want, but ideas include

- Money
- Interesting
- Fun
- Employability
- Accident
- Parents
- Numbers
- Etc???

```
AShley : Numbers
Mark Z : Practical
MatiaM : boring
Shankar Subramani : Perfection
SHughes : Numbers
thomas : passion
Norman Chow : enjoyable
Lisa : flexibility
dickinsonfamily : Security
Lance Zacharias : Variety
Asher Roffel : employed
Sarah.Findlay : challenge
```

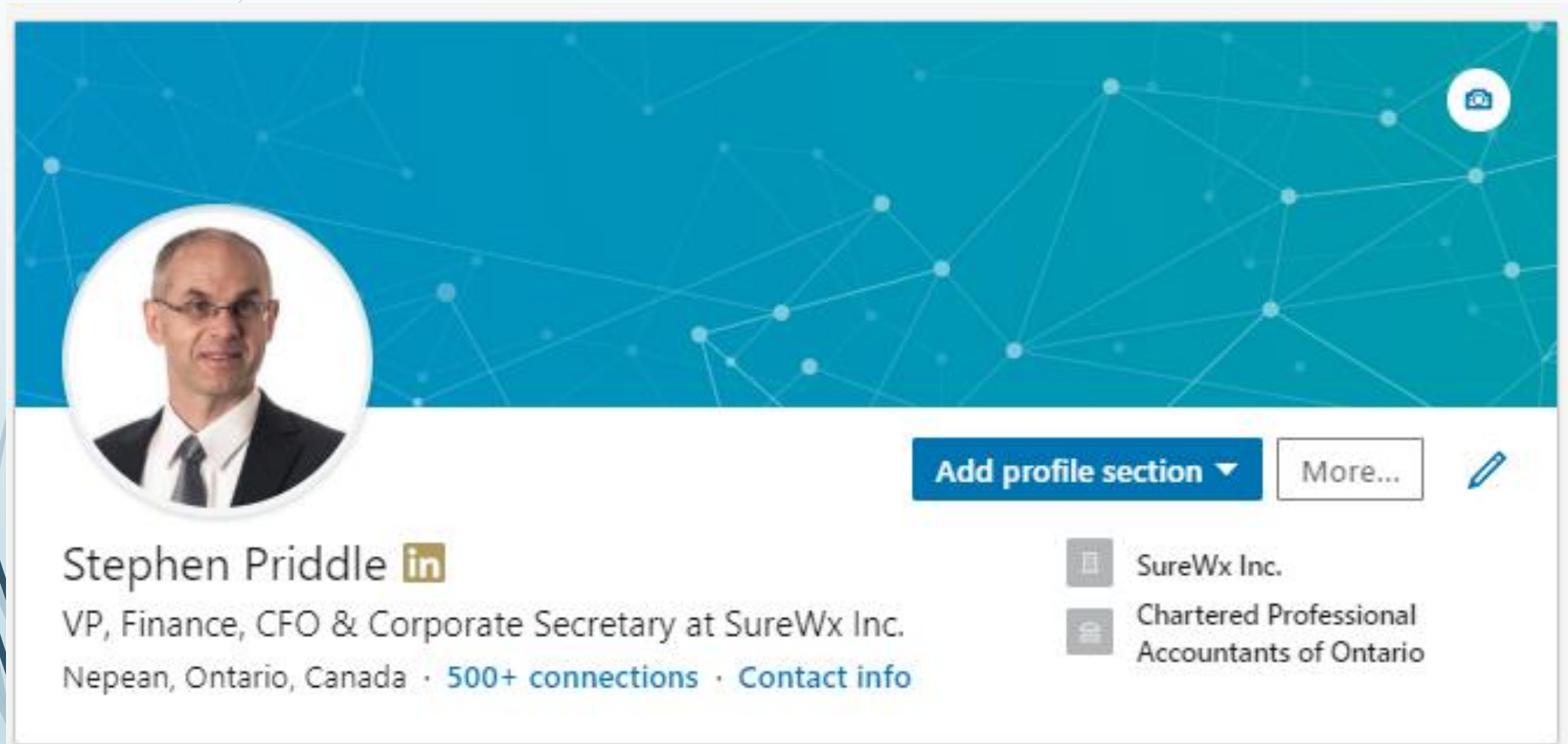




Type “Linked” if you

- Have a profile on **LinkedIn**
- 


LinkedIn profiles are too boring, all the same



I am tempted to make mine different...




A screenshot of a LinkedIn profile for Stephen Priddle. The profile features a circular profile picture of a man with glasses and a suit. The background of the header is a teal color with a white network graph pattern. To the right of the profile picture is a blue button that says "Add profile section" with a downward arrow, followed by a "More..." button and a pencil icon. Below the profile picture, the name "Stephen Priddle" is displayed with a small LinkedIn logo. Underneath the name is the title "VP, Finance, CFO & Corporate Secretary at SureWx Inc." and the location "Nepean, Ontario, Canada". To the right of the location are two links: "500+ connections" and "Contact info". On the right side of the profile, there are two company logos: "SureWx Inc." and "Chartered Professional Accountants of Ontario".

Stephen Priddle 

VP, Finance, CFO & Corporate Secretary at SureWx Inc.
Nepean, Ontario, Canada · [500+ connections](#) · [Contact info](#)

[Add profile section](#) [More...](#) 

 SureWx Inc.
 Chartered Professional Accountants of Ontario



Stephen Priddle 

VP, Finance, CFO & Corporate Secretary at SureWx Inc.
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Add profile section ▼

More...



SureWx Inc.



Chartered Professional
Accountants of Ontario



Stephen Priddle 

CFO at SureWx and Accounting Comedian at www.practicalpd.com

Nepean, Ontario, Canada · [500+ connections](#) · [Contact info](#)

Add profile section ▼

More...



SureWx Inc.



Chartered Professional
Accountants of Ontario



Note

- Three times I have found Canadian CPAs call themselves **Certified Professional Accountants** on LinkedIn when we connected
- Two I met in my courses, and I pointed out the error....



Write “winter” in the chat, if you

- Love cold Canadian winters (I know some of you live in the warmer parts of Canada)

Lance Zacharias : Winter

MatiaM : Winter

Norman Chow : Yes, variety!

Ashley : I love the change in seasons!



Write “winter” in the chat, if you

I absolutely love them:

- The variety
- Hockey & skating
- Downhill skiing & snowshoeing
- x-country skiing and sledding
- The brightness of snow
- The silence of snow
- The wake up you get in your morning work at -35 (I don't drink coffee)
- The feeling when spring comes
- (I am almost getting poetic....)
- Tip: dress properly and it is never cold

I also make my money because of
winter...

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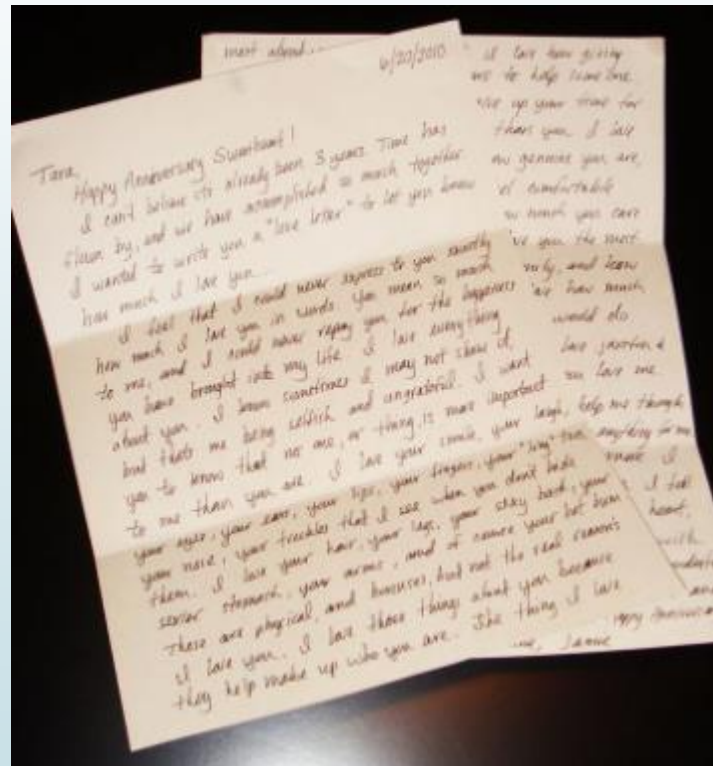
[Let's Talk](#)



**Who says winter
can't be beautiful?**

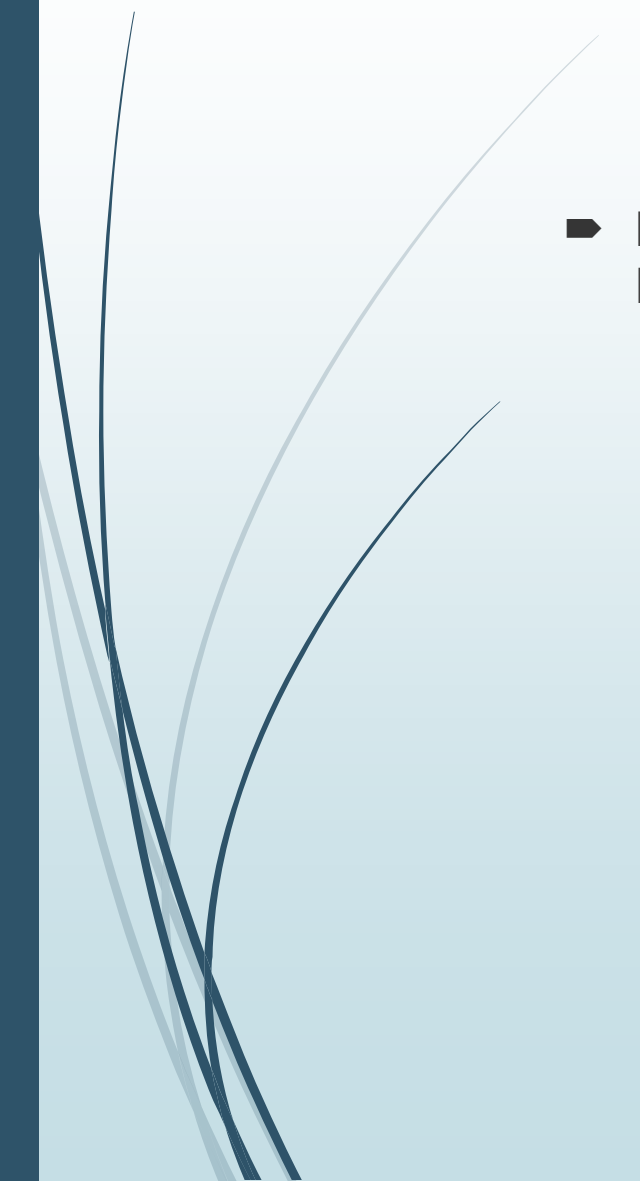
Let's Talk

Type letter if you are so old that you once typed or hand wrote a letter to someone and mailed it...





Type “yes” in the chat

- If you spoke at some kind of kids/students “**career day**” somewhere about being an accountant
- 



Type Phd in the chat, if you have a Phd





They are very useful

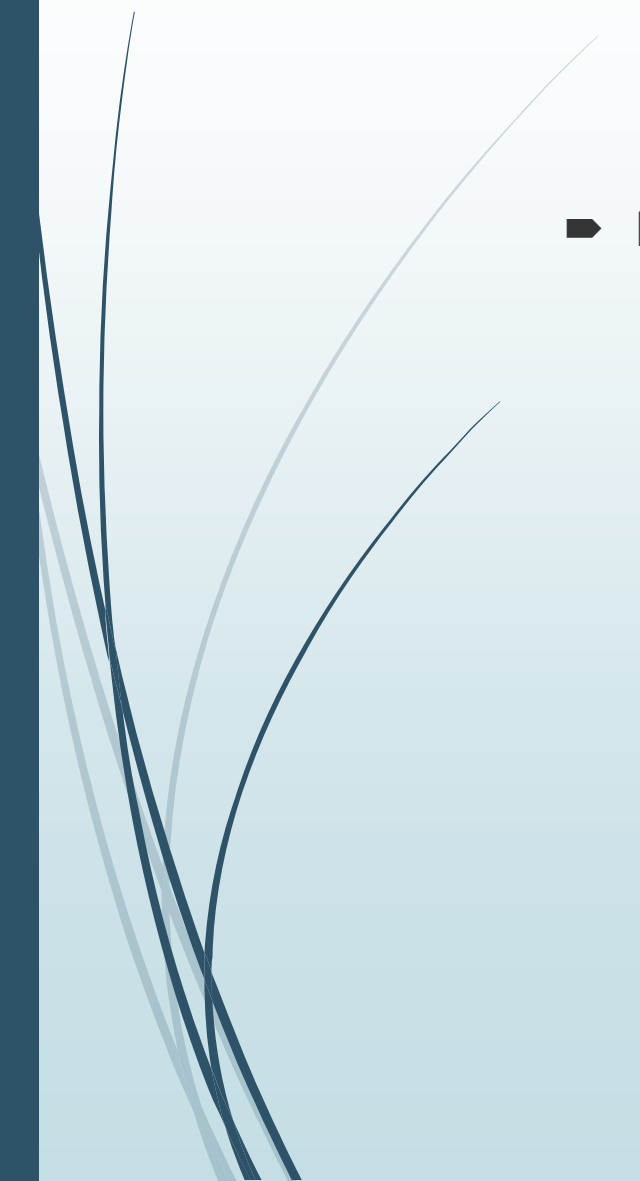


Post Hill Digger





Other people say it stands for

- Permanent Head Damage
- 



Type “Yes” in the chat

- If you believe the COVID-19 crisis has been mishandled by...

Introduction - me



- I am an active CFO of an aviation systems company, which I co-own after a management buyout
- You name the airport, and I could tell by looking our systems, how many flights **we helped in winter conditions last year**, by airline, by date, etc.
- I am not a smooth talker, bear with me, I sometimes stutter

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Trivia

- I am a super keen athlete, even at my age, but not a good athlete, the worst in my family and worse than all of my kids
- Better at power at speed, power and endurance, but lacking eye-hand-foot coordination
- I am French-speaking
- I have had staff working for me remotely since 1994, it used to feel weird, now it is the norm



I have taught everything

- Undergrad university
- Community College
- CMA old program
- CGA courses
- CA program
- UFE prep schools
- CPA PEP
- Canned technical CA PD courses



But I realize I prefer

- To teach home-made practical PD courses for CAs, CMAs, CGAs and now CPAs
- That is, after teaching our kids (home education)
- More fun and I learn from the class of professionals
- I create the material, no theory
- No exams to mark, or whining students, or TAs to supervise compared with university teaching....



Note

- My wife used to think I should get at Phd, she always thought it would be nice to be married to a professor!
- I thought about it, but it is all theory, and I am practical guy, I am shocked when I talk to most Phds in accounting, so far from the real world!
- But I have been sort of a “professor”, for over 30 years, without the university faculty issues and getting stuck with theory

Connections

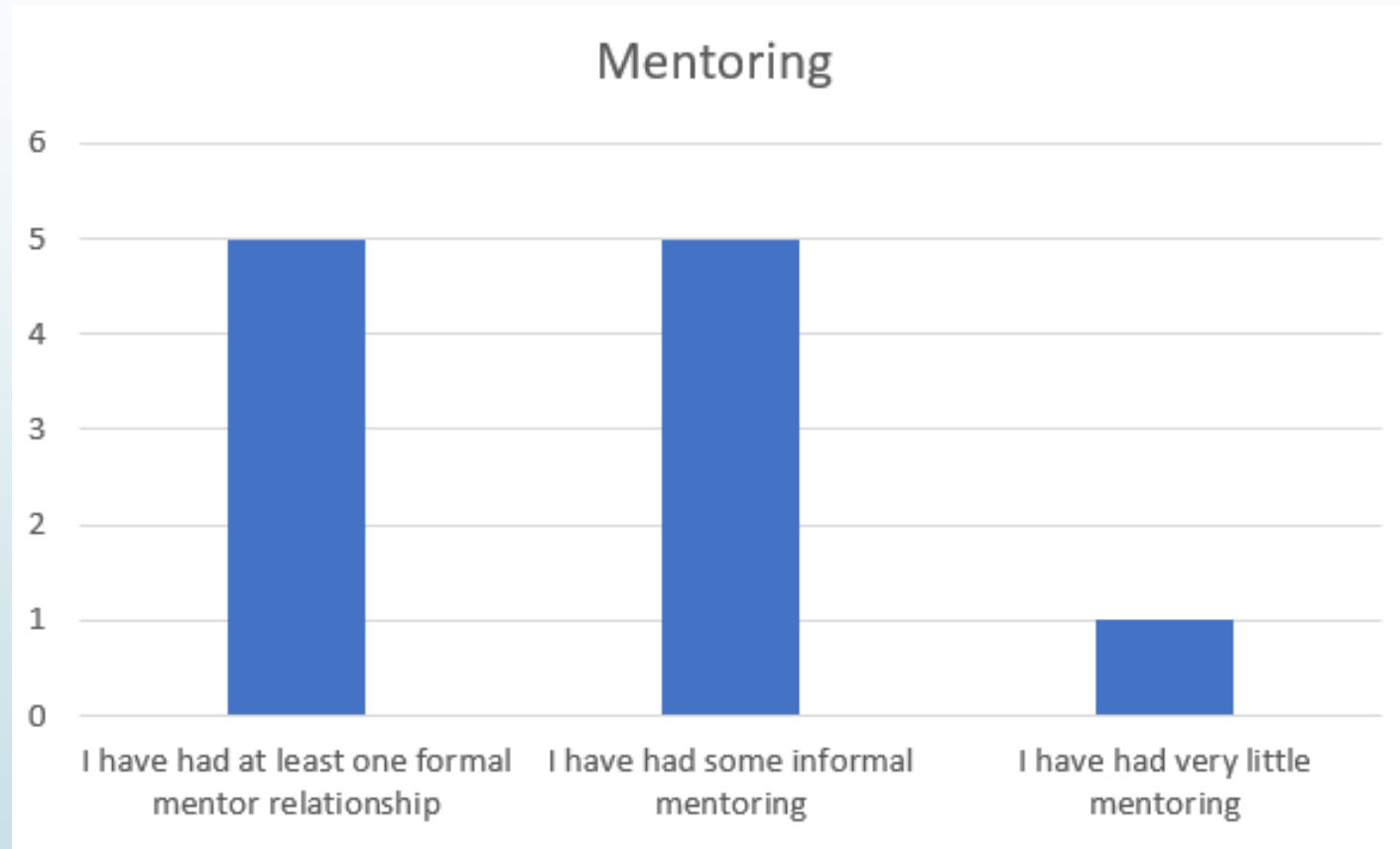
- Quebec connections, or at least French connections

The year is 1965

- ▶ A little boy arrives in March at this airport, immigrating to Canada
- ▶ Wearing shorts, my parents didn't realize it was so cold



Mentoring poll, recent live webinar





Webinar background

- I have created 8 other courses
- I am a big believer that thinking through short or long cases on a topic, with smart, experienced people, is extremely educational....
- So I put this course together
- There is no one theme in this course, but lots of different topics
- The main point is to get you thinking at a higher level
- I think of my courses as kind of like an experienced mentor, sharing some of their useful career experience with you, to help you be **more successful**
- Some ethics fell into the course, 0.20 hours, for your PD certificate (Quebec – too small a fraction....)



Mini cases

- I have authored 100s and 100s of published cases, some of my cases are more than 50 pages long...
- All basically from real life
- A recent real life case

Mini cases

- I have authored 100s and 100s of published cases, some of my cases are more than 50 pages long...
- All basically from real life
- A recent real life case used for



JDC Central (JDCC)

JDC Central (JDCC) is the largest undergraduate business school competition in Central Canada, which brings over 600 student delegates together from Ontario, Québec and the Maritimes. Lasting three days each Winter, JDCC is a multi-facet competition, including academic cases for 8 business disciplines, parliamentary style debates, sports tournaments, social competitions, and charity contributions.

[LEARN MORE](#)

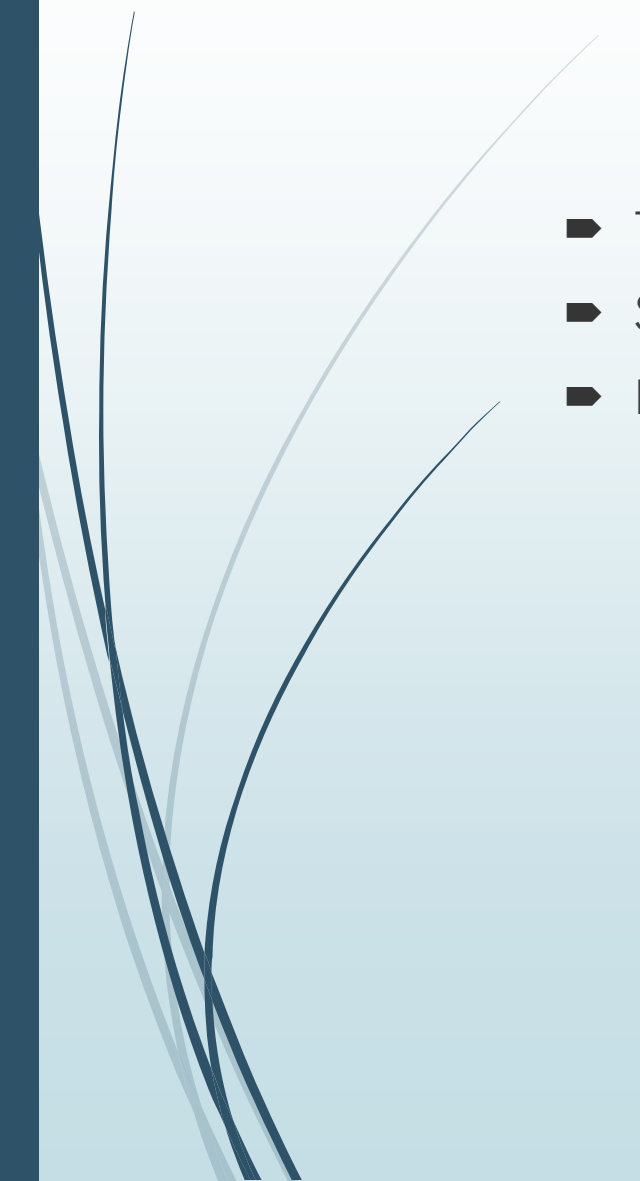
Harvard Business Review cases

- Have you ever read them, discussed them?
- I did a lot as a Moderator for the **CMA Legacy Strategic Leadership Program**
- They are often about how great companies succeeded in retrospect
- **They are interesting and educational**
- But my thought is **it is ten times harder** is to make recommendations for the future to make a company great than hindsight (rear view mirror) management analysis...





Mini cases

- ▶ The scenarios create teaching situations for this course's topics
 - ▶ Short, bullet point cases, that put you in a scenario to think through...
 - ▶ I will mix in some other teaching, between mini cases
- 



Note about cases

- ▶ You will get far more out of them, if you pause the tape, and think about them yourself, **before** hearing what I say about them

What is this? A company outhouse



At the top...





Mini case # 1

- Your colleague Frances is a jerk
- They don't work for you
- They bad mouth you at every opportunity for no reason, in writing, and verbally behind your back, and even at meetings
- They are often a road block to your department achieving its objectives
- This has been going on for a year
- We all have difficult colleagues, you must have seen something of the above, at some time in your career (not a real life case, and exaggerated)
- What should you do?



Participation



shley : Talk to them directly first

atiaM : Set up a meeting with Frances

atiaM : Set up meeting with Frances and Supervisor

orman Chow : go fro a coffee!



Discussion

- Gossip and complain about this person to everybody?
- This is tempting, but not kind or productive and could make matters worse and make you look bad
- It is always best to resolve problems directly
- You could consider, going and pointing out their fault, just between the two of you. If they listen to you, you have won them over. But if they will not listen, take one or two others along (perhaps HR and your boss and theirs)
- Ask the CEO or their boss to fire them?
- An extreme step, not appropriate, unless they are incredibly destructive
- (I have found over my career, that the really bad people, eventually get themselves fired, except in government)



An NPO conflict

- A guy gets really mad at me, related to my volunteer work at an NPO
- He boils for a few weeks, then approaches my “boss” with the complaint
- My boss says, “I am sure there is no problem, go address it with Steve directly”
- He does and it was a misunderstanding, we quickly dealt with it and become friendly
- Lesson: Going direct is often best...



Also

- Are they valuable to the company otherwise? A good worker?
- Do they have special connections, the CEO's "pet", the VP's cousin, knew the Director since childhood, etc
- Keep in mind that you likely have to continue work with this person
- Not forgiving is not an option in marriage and family, otherwise things fall apart, it is really the same at work



Discussion

- Look at yourself first, is there something you have done to cause the conflict?
- Remember “love your enemy” is a powerful principle
- Also don't “repay evil for evil”, this could and often does change them, “why am I being a jerk, when they have actually been nice to me?”
- Don't “corner” certain people, they will lash out
- Think of say 5 things you can learn from this “trial “
- Perhaps: patience, self-control, forgiveness, holding your tongue, examining self first

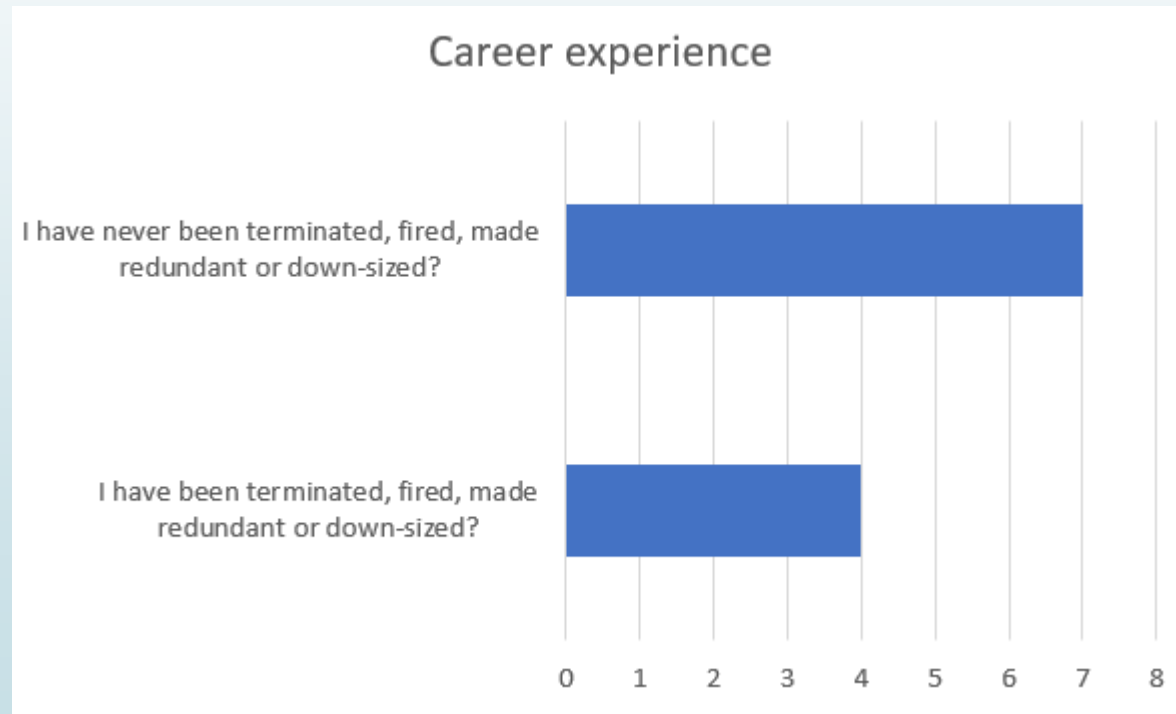


Someone asked

- “How about an example of internal politics with people at the same level – for instance, how the CFO and sales might have different objectives and how to solve (in my company, it’s VP Finance and VP Construction)”
- This is a tough one
- In theory, they are both motivated by company profit, so that is the main objective, and if properly explained will bring them together
- In practice, their bonus plan, or human factors, or personal style, or rivalry or politics etc. may be the driving reason for the conflict
- The CEO really has to be key in settling such disputes, so that everyone is moving toward common objectives
- I have nearly 30 minutes on the difficulties of finance working with sales in my course **Practical Brain-Storming – Top Ten Trouble Spots and other Useful Topics For Financial Leaders**

Firing people

Anonymous polling question (they are all anonymous)

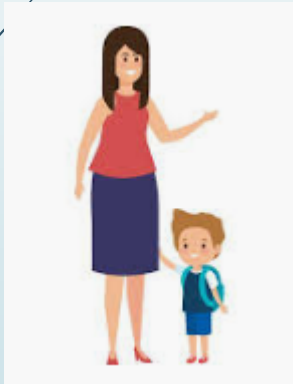


Firing people - tips

- Make it as least painful and embarrassing as possible
- Don't make them work their time in lieu
- We are firing you after 28 years here, you get 11 months termination notice, and you are going to work that 11 months to finish the key project
- I have seen this done!
- (If you do, have additional incentives in place ensure project completion)
- If you have a volatile employee, take precautions at the exit interview!
- One guy we fired (doing Masters degree on the job), later he killed his wife!



A story with several lessons





A related tragedy

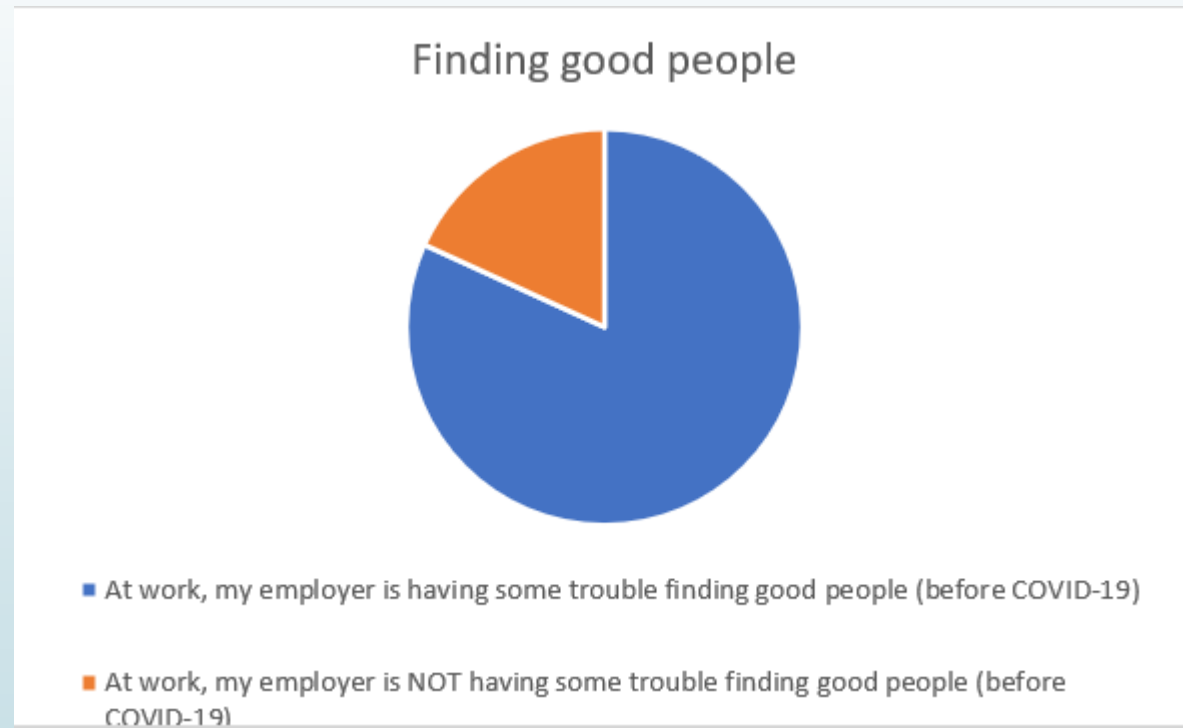
- After I had learned and used this joke
- A bus company employee in Ottawa, who stuttered and was mocked by colleagues goes and murders 6 of them at work...
- There were other things going on, it was not just stuttering...



Lessons

- Be careful before we make quick assumptions about people and situations
- Don't just react violently, have a discussion
- Don't bully anybody because they are different or have a disability, etc, treat all with dignity
- Others?

Recent polling in this course



Mini case #2

- You are short of good people at work, many of your best people are going to retire in the next two years
- (1959 was the biggest birth year in Canada of the baby boom – these folks, have/will be retiring soon)
- You are having trouble getting the people with the skills you need, both in finance (clerical/junior) and other non-technical areas
- What should you do?



A few ideas

- You don't have to hire someone with the exact experience, "What they have done, versus who they are"
- Get referrals from employees
- Headhunters – worth it?

Bonus tips for you

- Tell a headhunter to hire your boss so you can move up faster!
- Ask a headhunter for a headhunter fee
- Use a headhunter to help your interview skills



Examples

- Selling PCBs to Inventory Control Manager
- Reception (Marketing degree) to Accountant
- Biochemistry degree to Accountant
- Receptionist to Project Manager, to VP Sales
- School Bus Driver to Accountant





Discussion

From Lance: We often hire people for their personality and skills versus experience and it has worked well for us

From Mark Z: We had hired a former nurse to fill an accounting clerk role. It took a bit of extra time to train her, but she was fantastic in the role.

From Asher: we have a referral program but haven't had a lot of people taking advantage of it.

This can be risky

- Chef to Bookkeeper and it doesn't work
- You look like a fool (versus Bookkeeper to Bookkeeper)
- Someone said they cooked the books!



What decent employee is going to refer their...

- Friend/neighbour/former colleague/relative to work for you unless they are:
 - Reasonably happy working for your organization
 - Sure the person won't embarrass them by lack of skills or incompatibility
- I pay referral fees depending on market conditions (\$500, \$2,500, I have heard of \$20,000 in the oil boom in Alberta)
- We handed them out in one company for maximum impact in \$100 bills at the monthly employee lunch! (yes, we did the withholding taxes)





Have good recruiting ads



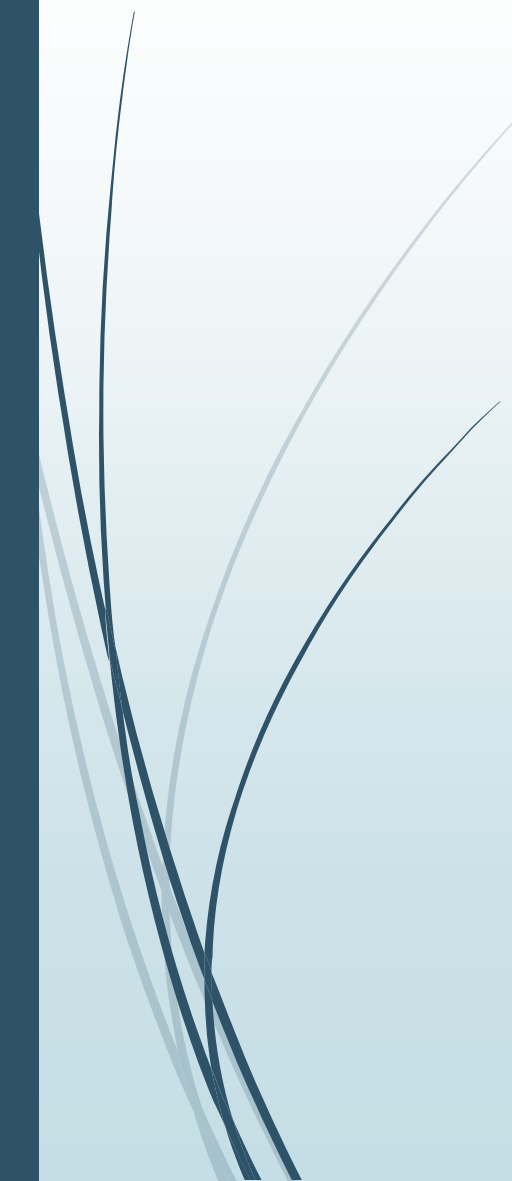


An accounting firm recruiting ad

- “Make an impact around the world, in cities, advising governments, empowering businesses and leading teams”
- I will translate this for you:
- “Come to the firm and try to make partner. Abusive working conditions, but great experience and will look good on your resume one day. About 2% of you will make partner and then you will finally make big \$.”



Getting a stubborn employee to do what they don't want to do

- Who doesn't report to you
- 

Mini case #3

Mon 7/1								0:00
Tue 7/2								0:00
Wed 7/3								0:00
Thu 7/4								0:00
Fri 7/5								0:00
Sat 7/6								0:00
Sun 7/7								0:00

- ▶ Your colleague must give you weekly timesheets, which are relatively important, eg they drive some government funding or tax credits
- ▶ But they don't report to you
- ▶ They are two months behind
- ▶ You have asked them for them several times for them and they are not forthcoming, what do you do?



Audience input

```
From thomas : you send a email saying who's behind to the office
From Asher Roffel : don't pay them
From Norman Chow : Set up a meeting.
From Shankar Subramani : Provide a easy to fill template
```



Discussion

- Ensure this responsibility and its importance was communicated to them before
- Complain to their boss about them, that this could cost the co money – no, will cause political internal problems, will make an enemy, only a last resort
- Complain to their boss generally without fingering them
- Even better, tell them you must be in one of the following situations:
 - You have notes on all your time spent, which should just take minutes to pull together
 - You have no notes at all, but you have an incredible memory and you just have to sit down and write it all down
 - You have no notes or memories, and you are going to make up the time numbers for the timesheets, which is a very bad thing
- Which one is it?



Discussion

- Finally:
- I will send an admin person to sit with you to complete them today, when do you want them to come?

SRED

- SRED = *Scientific Research Experimental Development*
- Cash refundable/or tax credits for experimental development/ technological advancement/new or improved materials, devices, products, or processes, or improve existing ones
- Don't assume you don't qualify because you are not in high tech!
- More in **Practical Tips for Controllers & CFOs** course

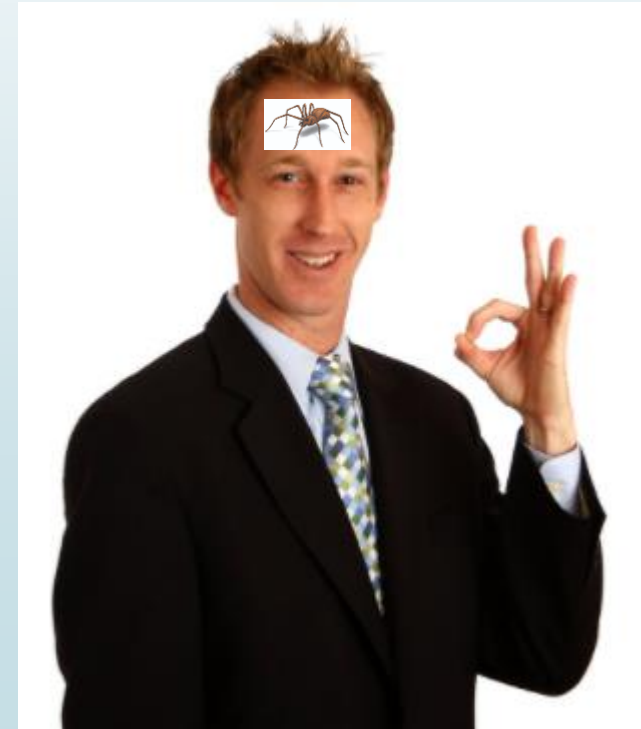
Mini case #4

- ▶ SRED technical reports must be prepared, they will take a few hours, the company's refund should be \$400,000
- ▶ Your engineers/scientist must write them, but they are busy, they hate to doing them, they have other priorities



Funny

- In one employer, our engineering VP said that the only thing he hates more than filling out SR&ED forms is having spiders crawl on his face



Solutions - now

From Mark Z : Connect the dots between the importance of filling out the reports and the ability to receive funding.

- Explain the cash benefit to the company
- Review the hourly payback which is huge (say \$400,000 for 10 hours or work = \$40,000/hour, there is nothing you can do that will pay back better)
- Give them time in the schedule
- Order them in on the weekend and “lock” them in a room to work
- Buy pizza for them if it goes over lunch, treat them to a game or bowling or something fun after
- Interview them to create the reports yourself, confirming your correct understanding after
- Tell them you will make sure they publicly get a lot of the credit for the \$400,000 in the company...



Solutions – longer run

- Get it in their job description
- Try to get them to work on them _____, rather than trying to remember what was done months ago

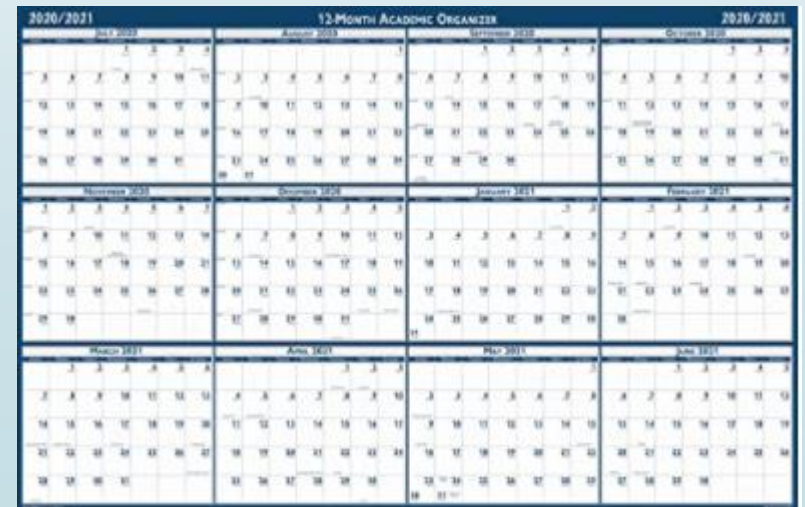
Solutions – longer run

- Get it in their job description
- Try to get them to work on them contemporaneously, rather than trying to remember what was done months ago
- I try to complete my expense claims _____



Solutions – longer run

- Get it in their job description
- Try to get them to work on them contemporaneously, rather than trying to remember what was done months ago
- I try to complete my expense claims contemporaneously





How to get things from those who don't report to you - general

- Nag them
- See them in person
- Explain the value to the organization, not just you
- Dispose of their excuses
- Put third party pressure on them
- Help them
- Trade with them
- Reward them
- Ideas from you?



If I am making you sleepy...



Feel free to take a nap...



**Just don't leave
the video running...**



Mini case #5

- My employer has been under-going an Ontario Provincial Sales Tax (PST) audit, for months, with potential major financial repercussions
- Two auditors have practically come to live on site (we later heard it was the longest Ontario PST audit ever - I can't substantiate that)
- This is not my area, but the facts have been told to me and it seems like they are being unfair, but no one internally fully understand this
- It is such a big case, that professional fees could be pushing hundreds of thousands of \$ with a large accounting or law firm





Real life

- I volunteer to fight the case for the company
- The CFO agrees
- I decide to fight the case with a success fee deal (25% of assessment removed), with a smaller boutique firm who is permitted to do this on a success fee (the accounting firms were not permitted at that time to do this) – if we lose, pay nothing
- I engage the firm and start the preparation for the battle
- The company eventually wins, although by that time I had left the company to take my first CFO job



Lessons

- Volunteering to take a project on outside your area, can make you look good at work, and can expand your valuable experience (there can be political issues)
- Use creative ways to solve problems, when there are large risks (audit assessments and professional fees)



PRESS THIS
BUTTON TO MUTE
THE INSTRUCTOR



Practical joke re cases

- I was once a case marker at a **KPMG** Ontario-wide UFE (CA final exam) prep school at York University
- I decided to write & submit a very strange candidate response for humour
- My response was a mix of gold medal candidate level material (since I had the marking key), and a deranged, confused response, all in my bad writing
- I heard later that the other markers were really scratching their heads, before I told them it was a joke!

Mini case #6 - ethics



- A person I know is a senior accountant with a mining company with operations in South America
- One day the President of the subsidiary in the South American country who is an employee says, "I would like my entire gross salary paid to a Swiss Bank account - no withholdings"
- The head office approves the plan, and action the senior accountant to do it
- Question: What would you do?
- (Note: you may never see this exact scenario, but can learn some principles)



Discussion



From Norman Chow : Speak to the head office first.
From Asher Roffel : follow-up with boss/probe to assess legality of it
From Matt_Matia : Local taxes?
From Ashley : Speak to the President about the implications
From Mark Z : Explain the legal/ethical implications to those who authorized to ensure they actually understand what they approved.
From Shankar Subramani : Consider modifying employment contracts
From Shankar Subramani : Educate her of the implications



A possible response

- This smells
- This is likely illegal in the relevant jurisdiction, probably the South American country
- Research the relevant laws
- Tell him we can put the net pay in his Swiss bank account, not his gross
- Tell him our payroll service does not work with Swiss bank accounts (if true)
- Not a good thing to be involved for a CPA, although it may not contravene the **CPA Code of Ethics** specifically
- Remind them of the relevant penalties, fines, jail terms, if they are set out in the legislation
- Say you cannot do it, and see how they react

In real life



- She debated the issue extensively, and what decided the question, was thinking about her daughter going to school while Mum is in
- She pushed back hard with good reasons for her and the company
- And the company changed their mind, and said we should never have thought of agreeing to this request....

Note



- I was facing jail last month, if I did what a major world-wide bank told me to do when applying for some US government COVID-19 money

The Canadian parent company's common shares are owned by _____ 0%.

I don't want to go to jail for 30 years, see below. I propose to type the full accurate situation in the Addendum B, saying the ownership above is as per the Addendum, not the above.

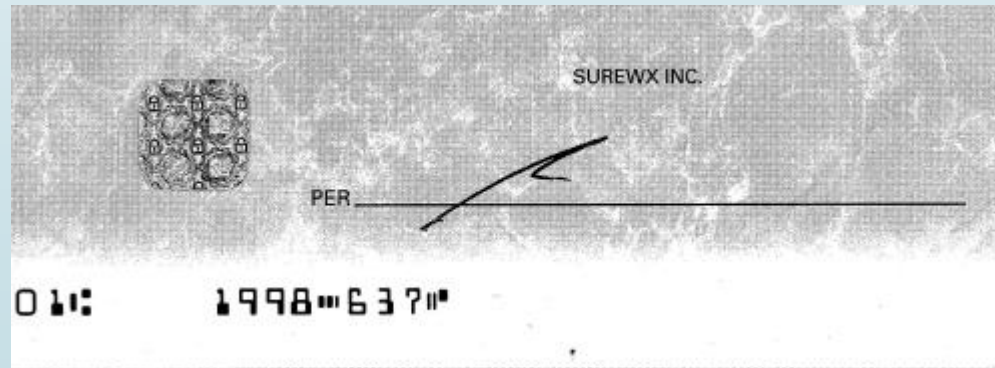
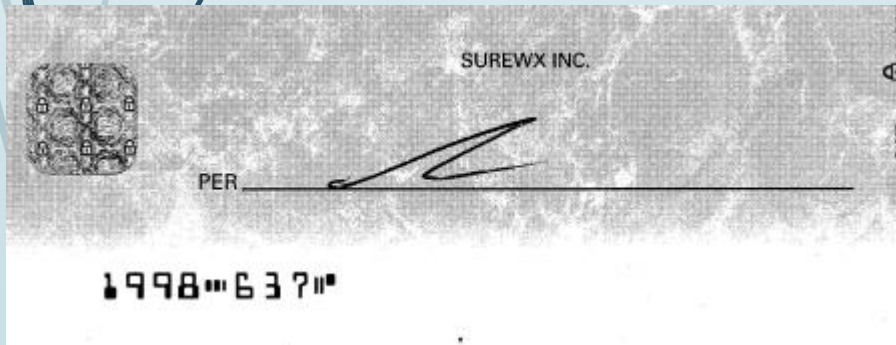
I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

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One of my many weaknesses and
struggles...

I have signed a lot of cheques in my time...

- Hundreds of millions \$ I am sure
- But I have the worst signature you have ever seen
- I cannot sign it consistently either
- And it is simple and probably easy to copy
- I have got my current employer to be 99% electronic payments, as I am in charge of this



Another mini case – ethics #7

- Your boss, the CEO and owner of a private company, travels extensively on business and gets her newly acquired prize pet dog, Floppy taken care of by a high end kennel business, which costs \$160/day
- Total expenses last year were \$11,840, which she has been reimbursed for
- The boss says she respects the tax authorities, and insists that this must be a tax deduction for the company that is not taxable to her, as it enables her to travel to earn income for the company
- What should you do?





Discussion

- Is likely a taxable benefit from employment, as a reimbursement of a personal, not necessary for the job, any more than house sitting or something like that would
- Ethics issue, signing off the T4 summary, all taxable benefits included
- Don't quit, go along with it, call the police, call CRA, there is a better way
- She says she respects the tax authorities
- Say, I will do it, as long as the ruling/interpretation/phone call to CRA says it is OK
- Note: it should be a business expenses if reported as a taxable benefit



Discussion



From Lance Z: Tell her an employee is doing the same thing with childcare expenses so they can travel for the company and see how she reacts....



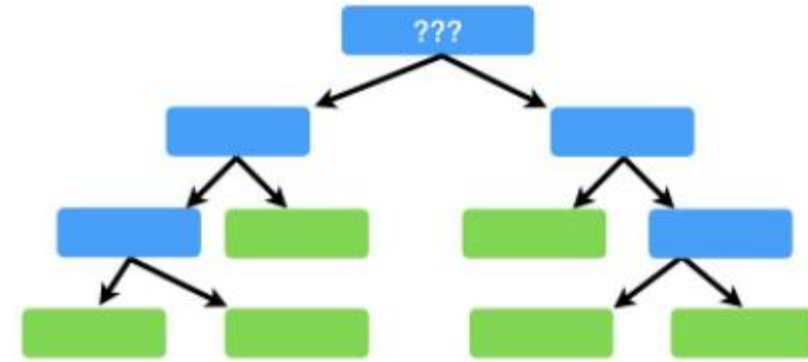
Note

- These were two small ethics cases (doesn't qualify for ethics hours with CPA Quebec as too small a fraction)
- For more, different, useful ethics content:
- **Ethics – More Than Just the Code** (available Sept 1, 2022, 2 hour video, 2.5 hour webinar)
- **Practical Tips for Controllers & CFOs – the Case Course** (1.5 hours for webinar or in-class, 2 hours video course)
- **Practical Tips for Controllers & CFOs** (1.0 hour)
- **Practical Tips for Not-For-Profit Financial Leaders** (1.0 hour)

Also

- **Practical Financial Negotiation Tips** (0.25 hours) – too small for CPA Quebec to accept
- **Practical Tips to Get Through a Cash Crisis** (0.25 hours) – too small for CPA Quebec to accept

Mini case #8



- You just had a meeting with CRA officials on their response to a major tax question you have raised
- It is not one you want to get a formal ruling or interpretation on, partly because of commercial confidentiality and other reasons
- The CRA officials in the meeting have fortunately agreed with the company's interpretation, and the company plans a course of action on that basis
- They refuse to put anything in writing
- What do you do?





Interesting solution

- You are at risk, taking a course of action, based on a new tax position that some officials at CRA “approved” verbally in a meeting, but it hasn’t gone through all the channels at CRA
- It would be best to get something in writing
- It may be against their protocols to put such a position in writing
- Even if you talk to their boss about this, but they probably still won’t want to put anything in writing either, and talking to their boss could antagonize them against you
- I would send them detailed minutes of the meeting, with a covering letter, “these are for your record in connection with the discussions at our meeting of the 17th of this month...”
- If they don’t reject the minutes, you at least have some claim that they need to keep what they said in the meeting...
- Real life: this worked, and was worth \$ millions

Note

- A tax expert CPA reminded me that you never have 100% certainty with CRA until you win or lose at the Supreme Court of Canada!





A tax joke

- ▶ How do you know your kid is going to be a tax CPA?
- 

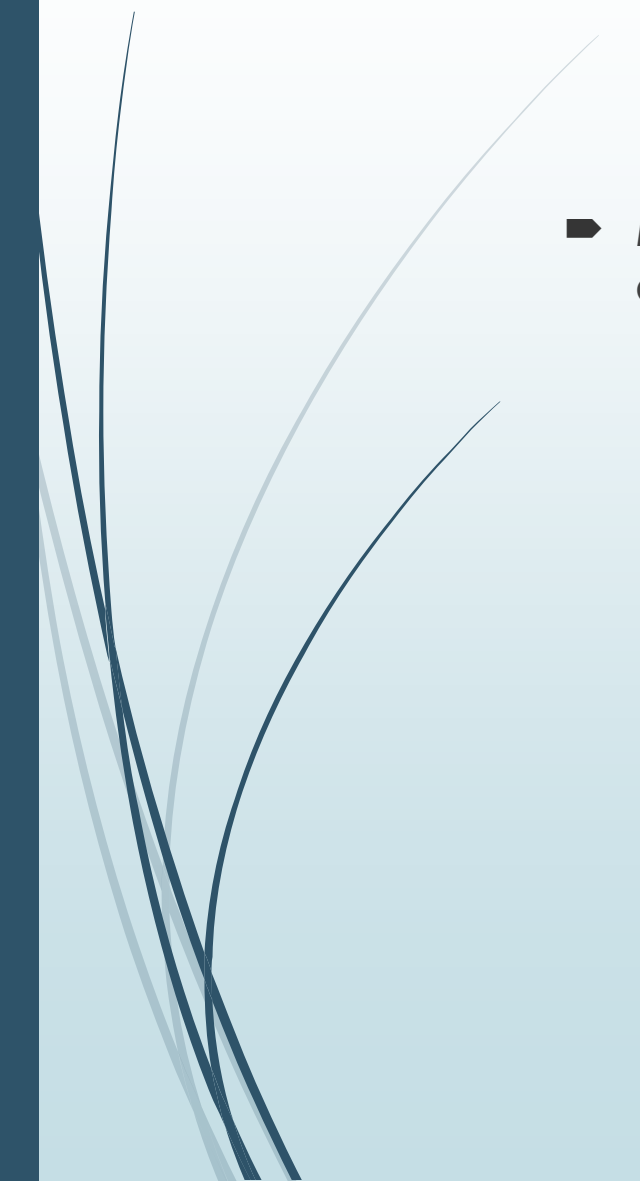
A tax joke

- ▶ How do you know your kid is going to be a tax CPA?
- ▶ When you read them the story of Cinderella and you get to the part where the pumpkin turns into a golden carriage, and they ask you “Is that income or a capital gain?”





Note

- My oldest son is a CPA, CA tax specialist, although I don't remember him asking that!
- 



My boss' names

- ▶ Four ten consecutive years except one year, the CFO or CEO I reported under were all Dauids (4 different ones)
- ▶ Then for 13 years, all the CEOs I reported to were called Mike! (3 different ones)

The Board minutes tip
came from a Mike!

Mini case #9

- We have a new SAAS (Software As A Service) customer with a lucrative three year contract effective October 1, which they can cancel if they are not happy with the service, until March 31. Billing is October 1 and April 1 of each year
- We have credit insurance for failure to pay
- All has gone well in providing the SAAS so far
- On March 31, they write to say they are unhappy with the service, so they are canceling, but the correct contractual authority is not providing the notice of cancellation, and we suspect it is because they are short of money

Question: What should we do?





Participation

From thomas : proposing a payment delay ?

From Ashley : Try to understand the reasons. Propose a payment delay or a negotiate price

From Lance Zacharias : Negotiate alternative payment arrangements such as partial payments

From Matt_Matia : Rationalize the contract to size it based on use

From Matt_Matia : Claim it on Business interruption insurance?



Solution

- We should seek legal advice
- We should invoice April 1, there is nothing to lose, and we may be able to get them to pay it
- We may be able to claim it for credit insurance, if we can show it was failure to pay, not legitimate contract cancellation
- We want to be able to show they had no grounds for cancellation, so we can argue that it was failure to pay
- We should gather evidence, they were happy with the system (positive comments, lack of prior complaints, uptime, etc)
- We should gather evidence that the proper contractual authority didn't cancel the system so that it is not valid, so we can sue for breach of contract, or claim the A/R under credit insurance
- **All of the above is great, but even better, check if they had used the system since "cancellation", to show their "cancellation" was bogus!**



In real life

- We were able to show that the cancellation was not legitimate, wrong authority notice and they had continued to use the system, after March 31, so their cancellation was “bogus”
- They still refused to pay, and we claimed the A/R under credit insurance and got paid
- Note: discussion of credit insurance in my **Cash Crisis** and **Case Course** courses. It is tricky in SAAS businesses, no goods being shipped...

Lessons: CPAs must pull together the legal, the contractual, the business angles with smarts and intuition to solve problems

Dealing with high growth

- I have been there
- 29% sales growth average over 7 years
- Nearly 20,000% revenue growth over two years

I worked for Canada's hottest startup of a particular, based on the Profit magazine ranking

two-year revenue growth of 19,891 per cent.

-based company that provides
ics market experienced

Mini case #10

- ▶ Bardley Inc. is a fast-growing technology company founded by Bardley and Vachon, who are the CEO and Chair respectively
- ▶ The management team consists of former colleagues of the founders
- ▶ Sing is great at developing new ideas, but poor at execution, so he was made the Chief Ideas Officer, with no direct reports
- ▶ Since current VP, Engineering, Ahmed is good with people as well, they are thinking of moving him to a more formal VP, HR function due to the hiring curve and putting Engineering under Michiski, who was previously Head of Systems
- ▶ McBish is good at everything, so he takes ad hoc roles, where needed for weeks at a time, and will have to take the Head of Systems role as well. Vachon is a good talker, so she acts as the VP, Sales as well...
- ▶ None of the group are strong at administration, so this has been lacking in the company, they all dabble in it
- ▶ Required: Do you have any organizational advice for the company founders?



Participation

Always a good
answer!

kar Subramani : Moving people based on simplistic skill sets may not be such a good idea
r Roffel : set up an admin department? CEO
Matia : Hire a CPA
insonfamily : CEO and Sales should be segregated
ey : Hire HR who specializes - need with lots of growth

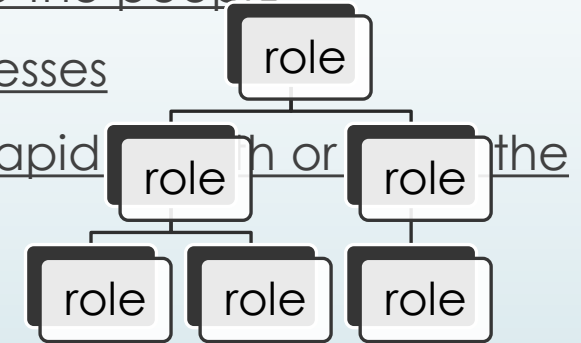


Response

- The company needs to have a good HR dept to support growth
- They certainly need a CFO
- It cannot let administration slide slip
- Obviously, they should start hiring some outsiders for senior management, not just the group of former colleagues

Response – the big issue

- The big issue is they are fitting the organization to the people
- This is common in almost all small or young businesses
- However, it cannot be sustained, when there is rapid growth or the organization become large
- The people must fit the organization
- Conceptually, draw the organization and roles that make sense now and for the growth
- Then find the right people to fill the roles
- Is your organization doing anything the wrong way on this topic?



Bad company names and branding

- I once worked for a company called Fitel-Photomatrix, but it was normally called FPMX, which sounds like PMS which has another meaning
- I work for SureWx
- Can you say the name, a tongue twister if you don't know a special piece of information – Wx means weather in the aviation industry
- It is a constant problem when I am on the phone with people...
- One day a marketing executive looked at my old business card here and said do you sell ski wax?



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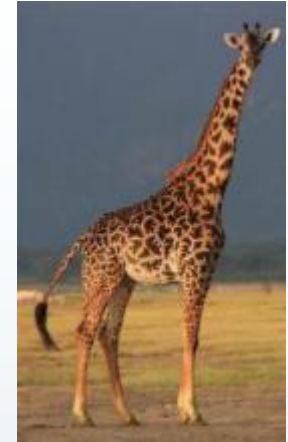
We are doing a lot of thinking in this
webinar....



Let us do a thinking skills test



Thinking skills test



- 1. How do you put a giraffe into your refrigerator?
- 2. How do you put an elephant into your refrigerator?
- 3. The Lion King is hosting an animal conference. All the animals attend – except one. Which animal does not attend?
- 4. There is a river you must cross but it is used by crocodiles and you do not have a boat. How do you manage it?

4/4 needed to pass

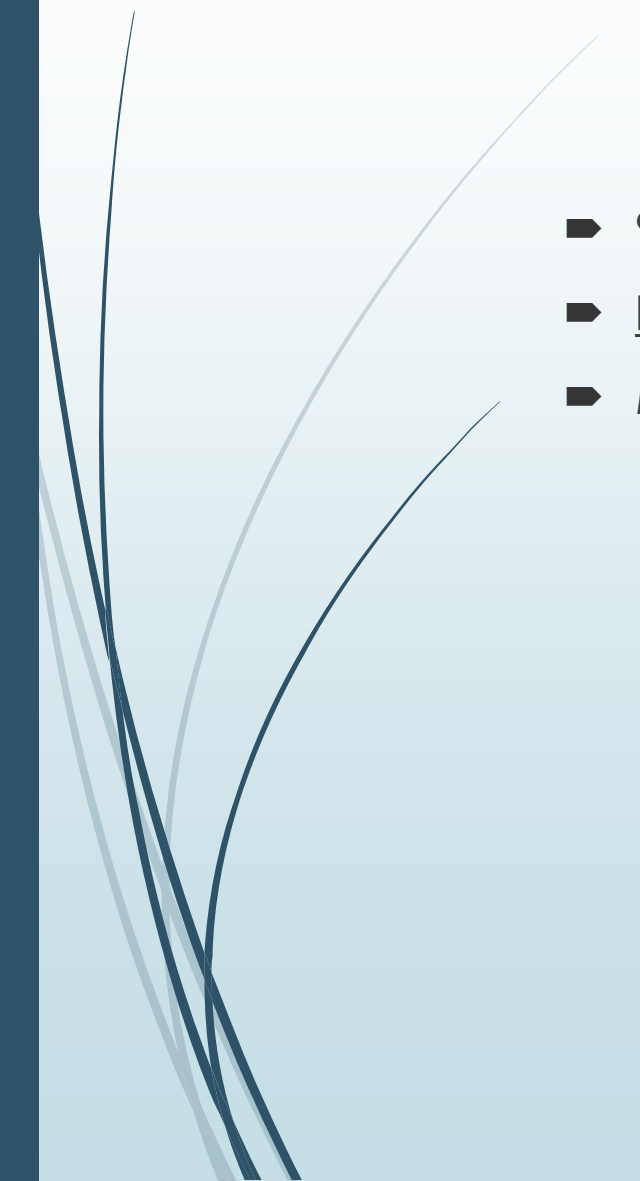
Thinking skills test

- 1. How do you put a giraffe into your refrigerator? Open the door
- 2. How do you put an elephant into your refrigerator? Remove the giraffe, put them in
- 3. The Lion King is hosting an animal conference. All the animals attend – except one. Which animal does not attend? The elephant, who is in the fridge
- 4. There is a river you must cross but it is used by crocodiles and you do not have a boat. How do you manage it? The crocodiles are at the animal conference

4/4 needed to pass



A study showed that

- ▶ 90% of consultants and CPAs failed the test
 - ▶ I failed it when one of my kids gave it to me, a few years ago
 - ▶ More than half of _____ passed the test it is said!
- 



A study showed that

- ▶ 90% of consultants and CPAs failed the test
- ▶ I failed it when one of my kids gave it to me, a few years ago
- ▶ More than half of 5 years olds passed the test it is said!



Who has the closest birthday to today?

- You win a random prize!
- Please hold your driver's license up to your camera as evidence
- No, I am joking, I trust you
- Please email me your shipping address

Polling question - systems

Have you ever been involved with a systems project which was messy, or painful or long?



■ Yes ■ No

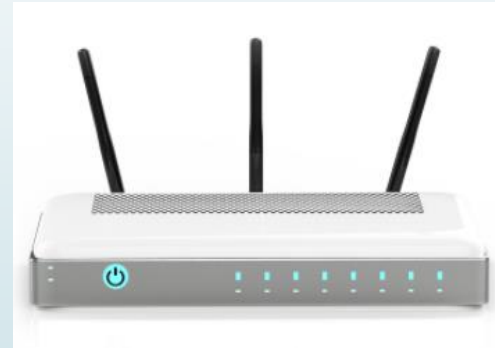


Don't they say

- “To err is human but to really screw things up, you need a computer”
- 

Technology smile

- Someone said: *"I always liked my neighbours and thought they were nice until they put a password on their Wifi..."*





Accounting systems

- What is your all time favourite system? Type the name in the chat
- Systems to stay away from? _____ Type it in the chat
- **Business Vision** – I am told that one-sided journal entries are sometimes needed to be balance the accounts in the older versions...
- Watch for _____ systems, even if the system is OK

Accounting systems

- What is your all time favourite system? Type the name in the chat
- Systems to stay away from? _____ Type it in the chat
- **Business Vision** – I am told that one-sided journal entries are sometimes needed to be balance the accounts in the older versions...
- Watch for poorly implemented systems, even if the system is OK

DR

CR

Retained Earnings \$674,033



Bad systems?



Shankar Subramani : Oracle Financials
Dickinsonfamily : Great Plains
Matt_Matia : Dynamics Ax
Shankar Subramani : Sage 500
Mark Z : Sage Timberline
Matt_Matia : New Views

Great
Pains?



Accounting system selection – some ideas

- ▶ Always consider growth and scalability
- ▶ Watch out for cost budget pitfalls (8 lines)



Cost budget pitfalls

► Everybody considers the software and the support fees

But don't forget:

1. Customization costs
 2. Hardware upgrades that may be needed (server, network, bandwidth, fiber optics),
 3. Seat fees (users)
 4. Consultants costs
 5. Training costs (internal)
 6. Training costs (external)
- Any others?



System assessment

- When you are looking for a new system, list the 50? things the current system doesn't do, and the 50? things that it does well, that you need in the new system
- Then tell the vendor rep' or consultant, show me that the new system does all these, I need to see it in action
- Ask for a version to play with for a while (perhaps hosted one license)
- Go to see several non- reference installations (not ones they suggest, they only suggest happy users, but use your network to find more)
- Take power users with you to see these installation, you are likely not a power user

Mini case # 1 1



- Your employer is in a specialty retail area, gourmet high end prepared and off the shelf food items. You have 10 stores in Canada and sales of \$102M and a profit \$1.1M pre-tax. You use an industry standard Point of Sale (POS) system called Cube™, which works with your accounting system
- A technology company approaches you and says they developed a new system called Know-it-all™ an artificial intelligence (AI) system that can be integrated with Cube™, and it will use machine learning and AI, to analyze customer trends, forecast sales accurately, ascertain if cashiers are pocketing cash, produce gender-based and other marketing insights
- The price is \$245,000 plus 8% per annum support
- The company executives are quite interested
- Required: Advise your executive on this purchase decision

Discussion



- Big picture, this is getting into leading/bleeding edge technology, do we want to go there, especially at this price?
- Are we an expensive **Beta** test for them?
- Have all the flaws/difficulties been worked out of it, we don't want to be the guinea pig?
- Will this be a cheap add-on to any POS system in a few year? a freebie?
- How many other customers do you have? Are any big name retailers? Can we talk to some? Visit them?
- Do I have any contacts who use the system?
- Can you provide a financial business case (ROI) showing payback on the investment in our specific context?
- What do our sales/marketing team think of this? If they made a list of needs, would it respond to most of them?



Past thoughts



kar Subramani : That is 25% of your pre tax profit

~ Roffel : Need to see it in action. See if there is a subscription model to prove the value.

an Chow : Demo, reference checks, history of software, benefits achieved

ey : info on how it works

e Zacharias : Will it allow us to do more work with less work (wages)?



Discussion

- Can we get a huge kick-off or lead customer discount and free support?
- If we can, will there be privacy/competitive reasons why we might not want to as they will want to use us to demo to others?
- Can we do a one month free trial, show us it works?
- Contact our Cube™ rep' and see if this system will soon be doing some of these things
- Is this really AI/machine learning, or marketing talk?
- Do our main competitors use this, are thinking of using this, or something similar?
- Does it work in our POS, could it mess up the data, or does it take a dump and is “read only”?
- Would any hardware, cash register or other upgrades be needed?
- Is the system secure?
- Are you sure historic data can be used to forecast? Prove it backwards with some real data from us

A general technology big question

- Do we go leading/bleeding edge or trailing edge when acquiring technology?
- There are so many cases in the last 30 years, where technology was introduced and it was very expensive, and problematic at first
- And then it dropped dramatically in price, and improved in quality and the early adopters felt foolish



Examples



- Bookstore system
- The laser pointer \$85 to \$1.25
- Expensive Word search software to freebie
- Digital cameras
- Flat screens
- Firefighter system
- GPS for cars
- \$3K per taxi system



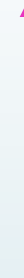
Can you think of another leading/bleeding edge example?

- There will be a prize for my favourite answer

```
kar Subramani : Beta cassettes
an Chow : bug killer
_Matia : Fax machine
_Z : Open offices...
ey : televisions
kar Subramani : DVD players
an Chow : electric hand held bug zappers
```

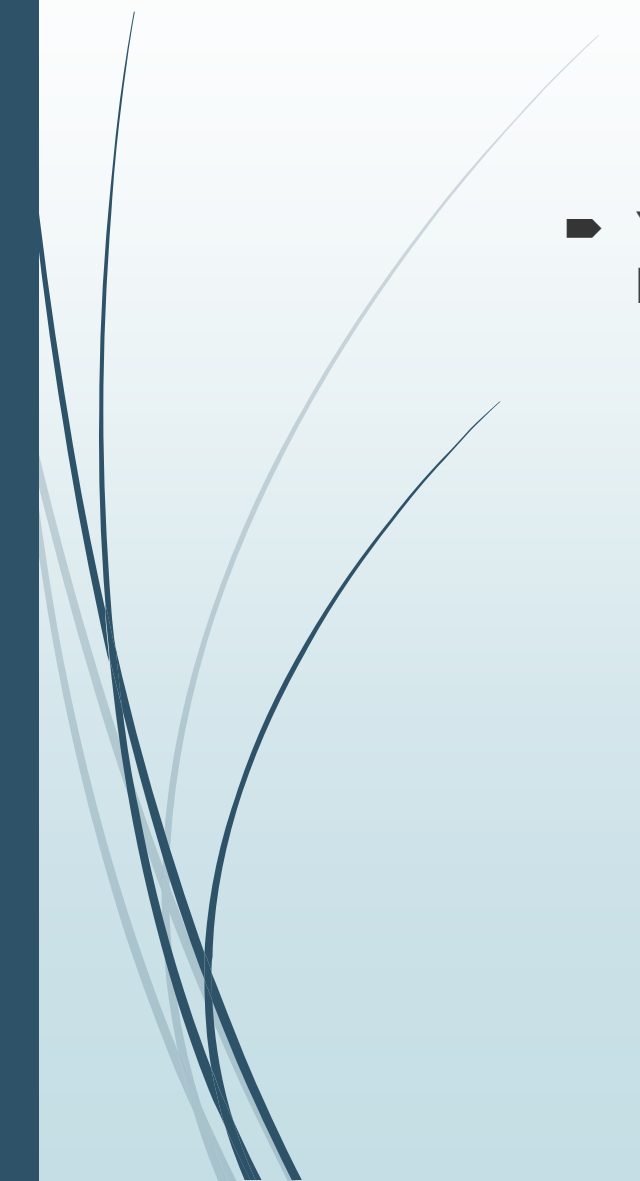

Can you think of another leading/bleeding edge example?

► The prize is a





Exceptions to this view

- ▶ Your main competitor will leave you in the dust if you don't stay with them by taking the risk on this new technology
- 



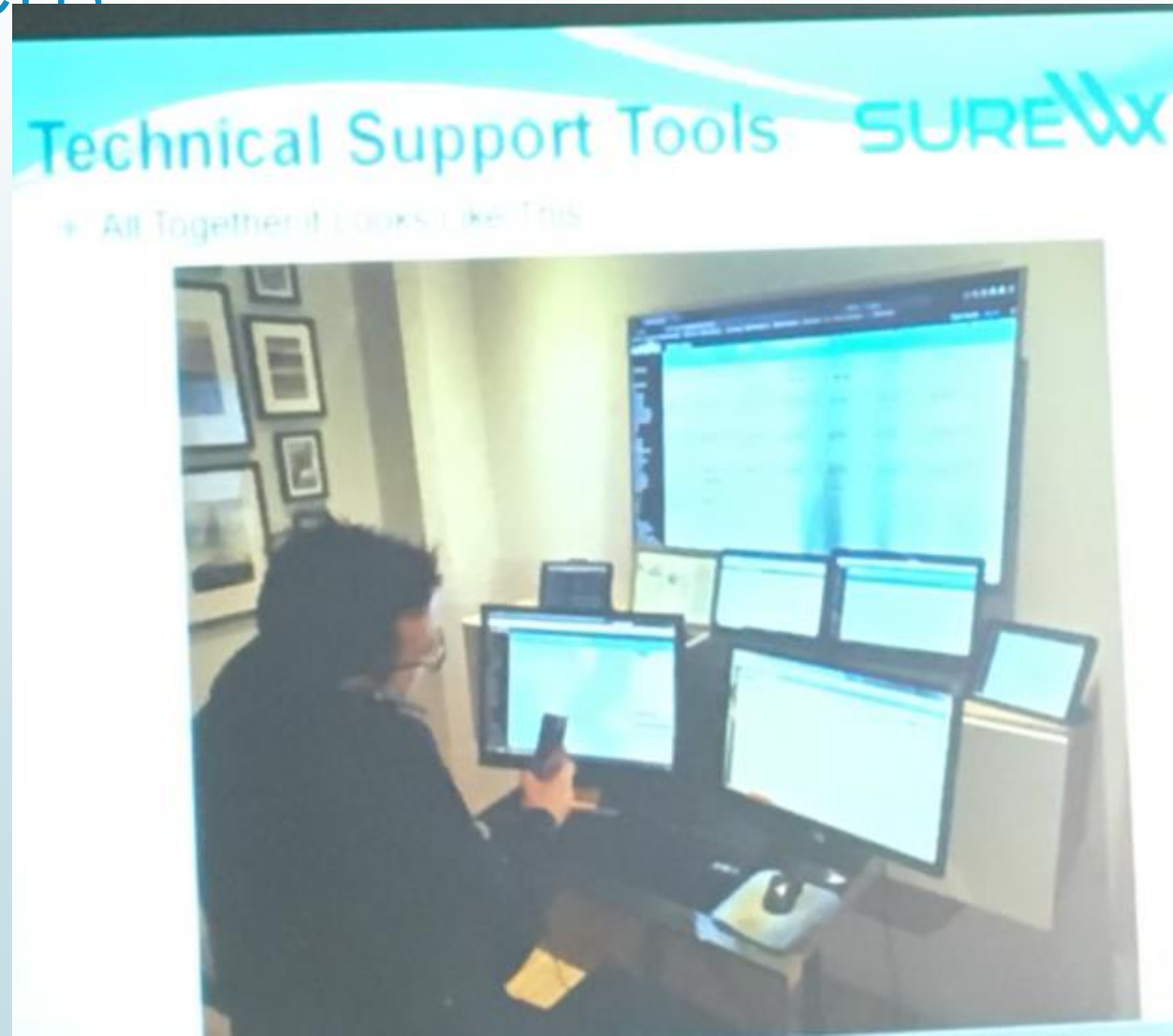
I have been ahead of my time in some
tech areas....



I have been ahead of my time in some tech areas....

- I was using two screens by about 2004 or 2005 at work and recommending this to others in my courses, when almost no one had two screens....

One of my colleagues – looks like 7 screens



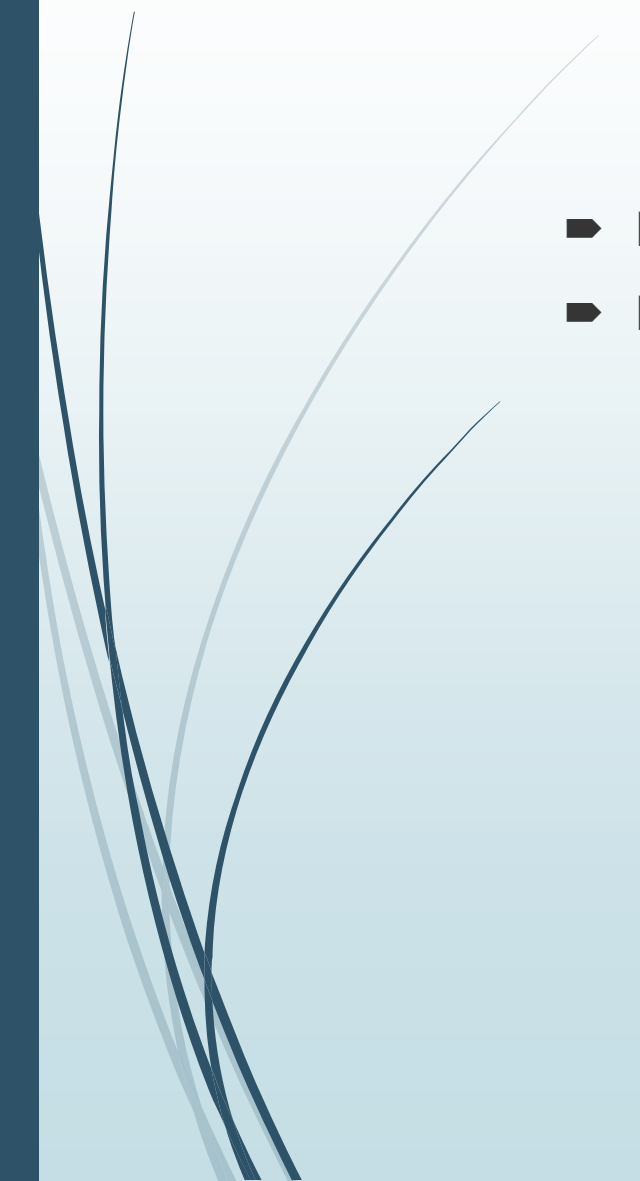


Tip

- Have at least one very “techie” accountant on your team, if you are not....
- 



But not ahead in all areas

- No cell phone until 2002...
 - No smart phone until 2012...
- 



Don't worry, I am joking...

- Did you ever use **Pig Latin** when you were a kid?
- I remember being completely fooled by this for a while, by my friend's sister, when I was about 11
- Put the first letter of each word, at the end, and add "ay" to it

Computers are like wives

- The husband was annoyed at his computer.
- He said to his wife, computers are like wives. They talk to other computer in **code** and only other computers understand them
- You have to talk to them in **code**
- After you get one, you think the spending is over, but you have to spend a fortune on **accessories**





Systems planning

- Dealing with recommendations from specialists in a field, when you are not, is covered in my **Practical Works Smarts for All** course, as well as dealing with hard to understand consultant recommendations

Mini case #12



- About 7 years ago we have an IT firm set up a hosted software system in remote set up on their network
- It works well, but if we dump system information into PDF or Excel we can't get the documents to our part of the cloud
- The IT consultant creates a complex, expensive method involving cloud software, but it sometimes crashes the system, and causes other problems (I don't remember all the details)
- What should we do?

[Click here to skip case](#)



Solution

- We ask our new Director of Software (for customer systems)
- He says just Copy and Paste!
- Lesson: sometimes there is a ridiculously simple solution to an IT problem
- Note: a great, simple accounting systems conversion is found in my course **Practical Tips for Controllers & CFOs**

Subramani : Lesson - check if the IT solution is more painful and time consuming than the problem

You all heard about this...

NEWS CANADA

Problem-ridden CPA Canada exam dubbed "Fyre Festival for accountants"



Ainsley Smith | Sep 21 2019, 11:58 am



- ➡ 2019 Personal laptop with lockdown software and reference materials via Internet, and near disaster!



You all heard about this...

NEWS CANADA

Problem-ridden CPA Canada exam dubbed "Fyre Festival for accountants"



Ainsley Smith | Sep 21 2019, 11:58 am



➡ 2019 Personal laptop with lockdown software and reference materials via Internet, and near disaster!

- having to write by hand;
- not having access to the handbook;
- starting the exam 4, 5 or 6 hours late;
- having access to the exam booklet while waiting hours to begin writing;
- perusing online blogs because other parts of the country already finished writing, so some students had access to info on what was tested;
- lack of food during the lengthy delays to start writing the exam;
- computer crashes;
- writing using word and excel as opposed to the surpass software that closes down one's computer, so it is possible some students had access to other resources while writing etc.



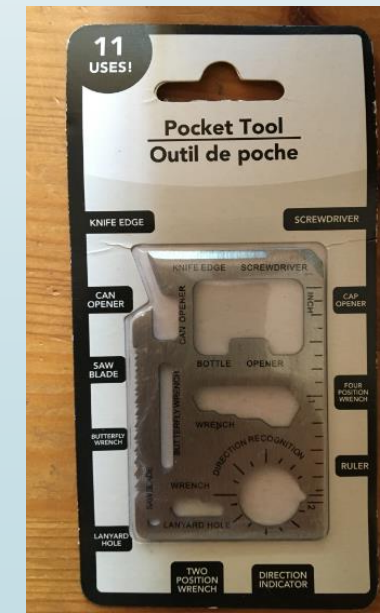
CFE

- ▶ 2020 September final - CPA Canada buys 4,500 unconnected laptops for temporary use during the exam, no need to trust software, Internet connections or anything, all pre-loaded
- ▶ Each student in their own hotel room due to COVID-19



Can you think of an example of the “low tech” solution

- There will be a prize for my favourite answer
- A very low tech tool, but useful
- I have all kinds of can openers, often very fancy, then they break
- This one will never break, I think a version of the US army can opener
- Plus 10 other tools

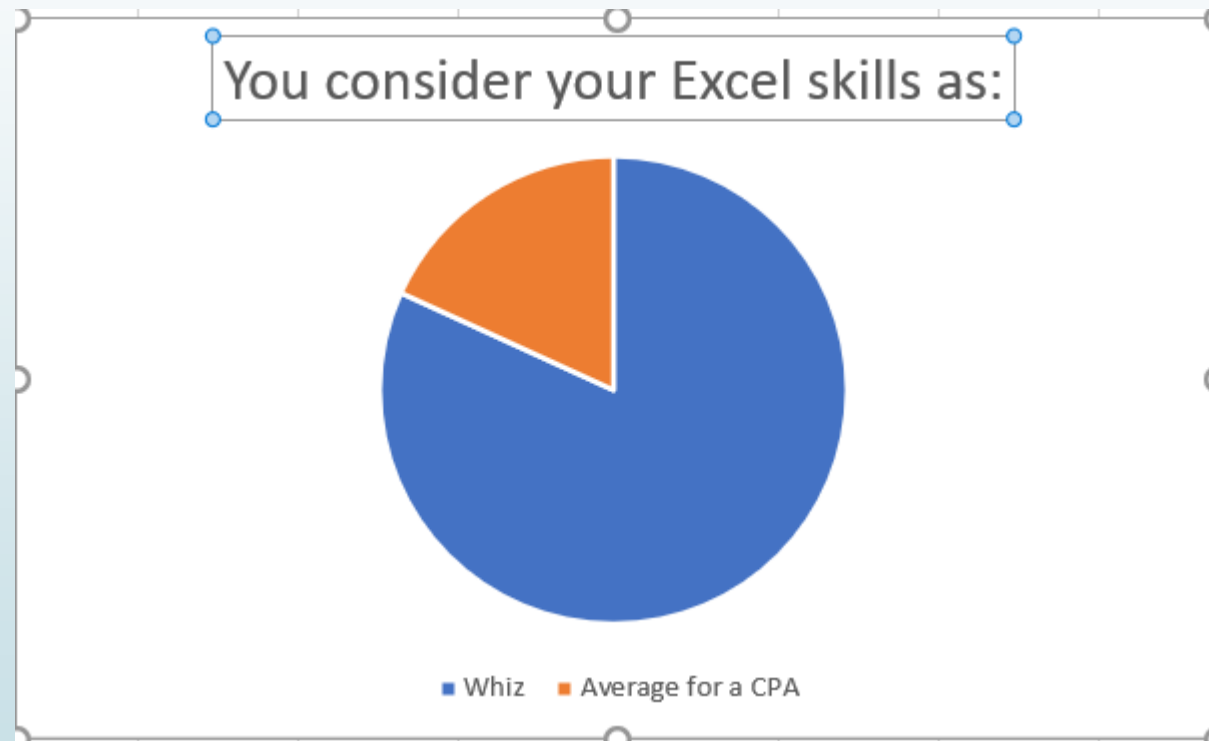




Practical joke at work

- I created a fake email from the former billionaire owner of my employer to me saying that he had changed his mind, and was going to give the management team a large bonus!
- I forwarded it to my colleagues on April 1, and it completely fooled the other executives
- They later got me back on a joke about a fake meeting..

Recent class Excel poll





Bonus two minute Excel smarts course

Great Excel functions that are under-used, not so well known:

- V lookup
- H look up
- Transpose
- Concatenate
- Remove duplicates



Bonus two minute Excel smarts course

Great Excel functions that are under-used, not so well known:

- F4
- Merge
- Import
- Sumif
- CTRL Filter
- Format paint
- Paintbrush



Bonus two minute Excel smarts course

Great Excel functions that are under-used, not so well known:

- Paste link
- Goal search
- Text to column
- Ctrl ~
- if(isblank)
- Shift u[
- Char +/-
- Ctrl 1 set up icons (cut out)
- This is not an Excel course, no explanations given!

Another Excel joke

- What does the Excel analyst put in their hair?
- Some product





Some more

- Crtl Alt Esc emergency escape a meeting, that you want to avoid
- Alt Delete Boss get rid of your boss
- ALT DS (Deep Search) find the other dozen times I have done this analysis but can't
- ALT MB "MUTE BOSS"
- CTL FFM which would hopefully "FAST FORWARD the MEETING
- ALT UCS which would fix the mess by "UN_CONFUSING SPREADSHEET
- SHIFT+MEFI Make Employees Follow Instructions

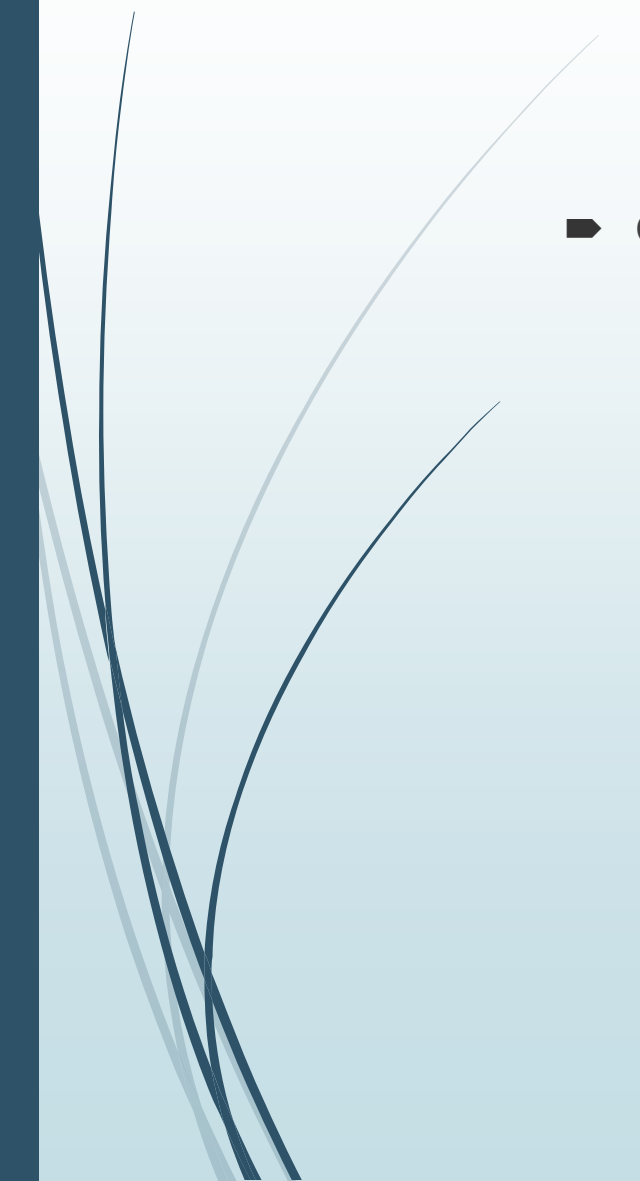


And more

- Ctrl + BB Build budget model
- CTRL+SHIFT+\$ = Close deal with prospect
- CTRL+SHIFT+\$\$ = Upsell
- CTRL+SHIFT+% = Get a raise
- SHIFT+UT Hide You Tube videos
- SHIFT +TSN Stop watching sports
- SHIFT + MR (mind read) = format the worksheet according to what is on my mind



My most common shortcut

- Ctrl z (to undo my many mistakes!)
- 



Pause

- In US CPA webcast broadcasts if you don't answer the 4 x per hour wake up call, very quickly, you don't get your PD hours...
- We don't have that here
- But the second person who types "I am not asleep", wins a prize
- What is the prize?
- Today's theme is berries and cherries, so you win berries or cherries...
- I will need your shipping address

*President's Choice.
le Choix du Président.*



**TART MONTMORENCY
CHERRIES**

whole, sweetened dried fruit

**CERISES
MONTMORENCY SÛRES**

fruits entiers séchés et sucrés

Higher level executive thinking



- The higher a person is in the organization, the higher level their thinking should be, culminating in the CEO/owner and the Board if there is one
- Let's practice some higher level executive thinking in mini cases
- For some of you, this will be new
- For some, you already think like this, but I hope to sharpen your thinking





When you think about an issue, you think about

- The impact on all parties
- The strategic implications
- The tax impact
- The banking impact
- The financial reporting impact
- The systems implications
- The training
- The long run
- The policy and documentation needs



When you think about an issue, you think about

- The HR impact
- The human side
- The process issue
- Legal issues
- Audit implications
- And more....



Note

- If you are a relatively junior employee, or an auditor, or consultant, who keeps raising, larger, strategic, big picture questions, thoughts and ideas, you will
 - Look good
 - Move up faster
 - Get respect, even if you don't want to move to more strategic role
 - Therefore, I recommend all CPAs think strategically and big picture, no matter what your job is


I did this starting as a young auditor, out of school, and it has helped me...

However, I have no interest in a 90 hours a week, \$1M million a year CFO job in downtown Toronto, with a 2 hour commute every day

- I like what I do!



Another perspective


- 
- Think like a CFO or a CEO, even if your not
 - I am effectively the Co-CEO of my company
 - Think like an owner or even a small shareholder
 - Think like a board member, even if you are not

My company, after Management Buy Out





Another perspective

- ▶ Think like a CFO or a CEO, even if your not
 - ▶ I am effectively the Co-CEO of my company
 - ▶ Think like an owner or even a small shareholder
 - ▶ Think like a board member, even if you are not
- 



Note

- It is easy to go to a pure strategic meeting, and talk strategy
- It is much harder to think about strategic factors and implications regularly as you go about your busy day to work, often in the trenches...

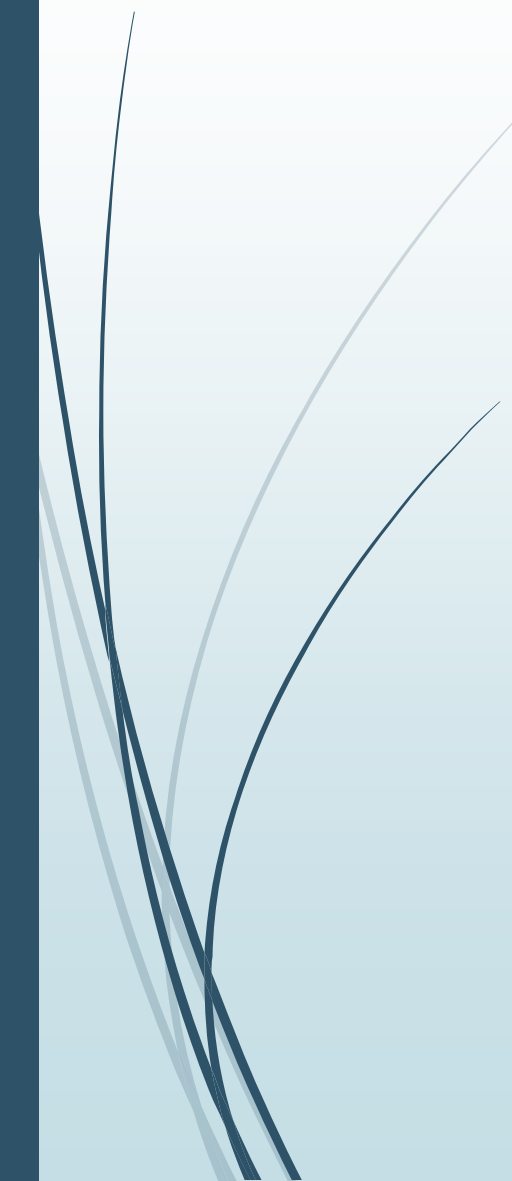


Issues and decisions face us all the time

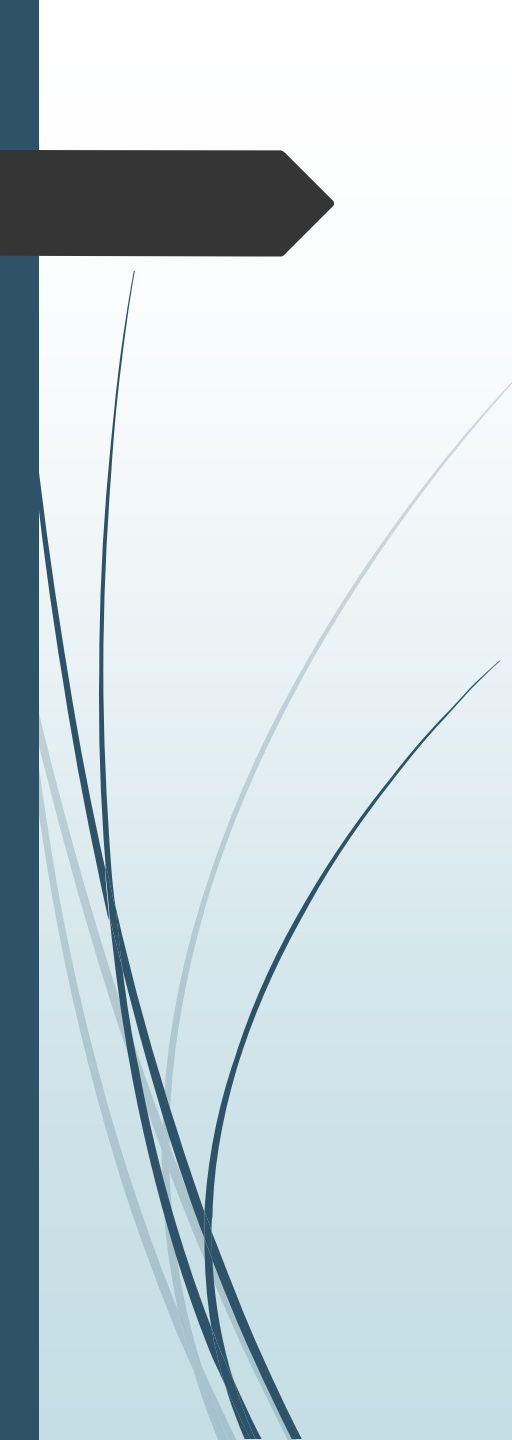
- The narrow-minded accountant thinks at the lowest level:
 - What is the impact on what I do personally?
 - How can I get my job done
 - How can I make my job easier?



There are problems with the accounting system, what do they think?



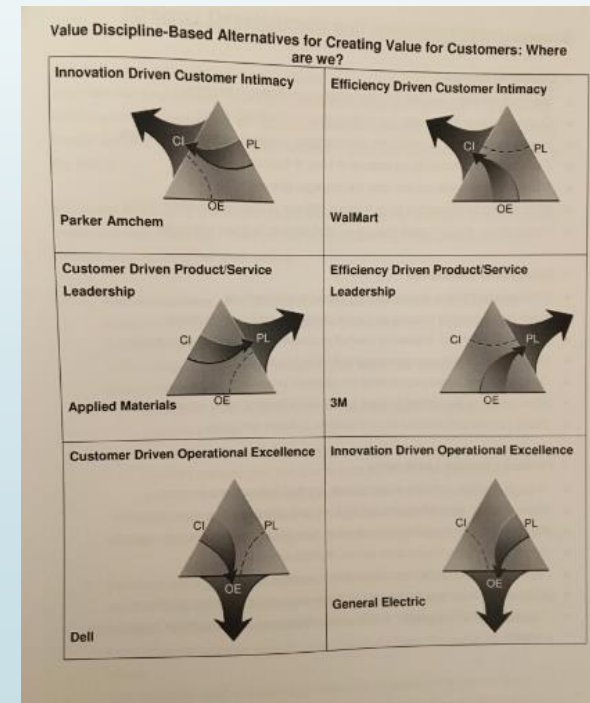
Clerk	It can't do what I am told to do properly
Controller	If we do ___, I might be able to create a work around
CFO	Is this accounting system meeting our needs, or do we need a new one?
CEO	Should we moving to a company wide ERP system, which includes a new accounting system, for a variety of reasons
Board	Is the management team capable of exploiting technology properly to make the company successful at all levels, or do they need help, or new people



With the completed slides, I will send you some more examples of different levels of thinking, mostly Controller versus CFO

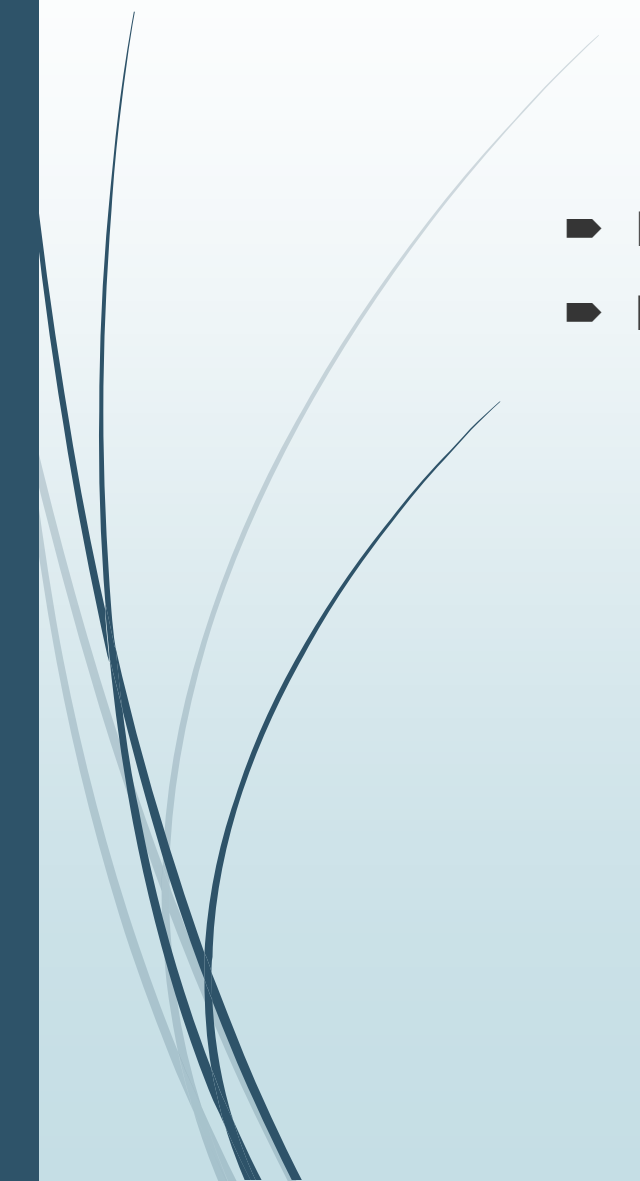
Strategy

- There is are kinds of courses and articles and talk on this
- But often it is diagrams and arrows and hard to apply concepts....



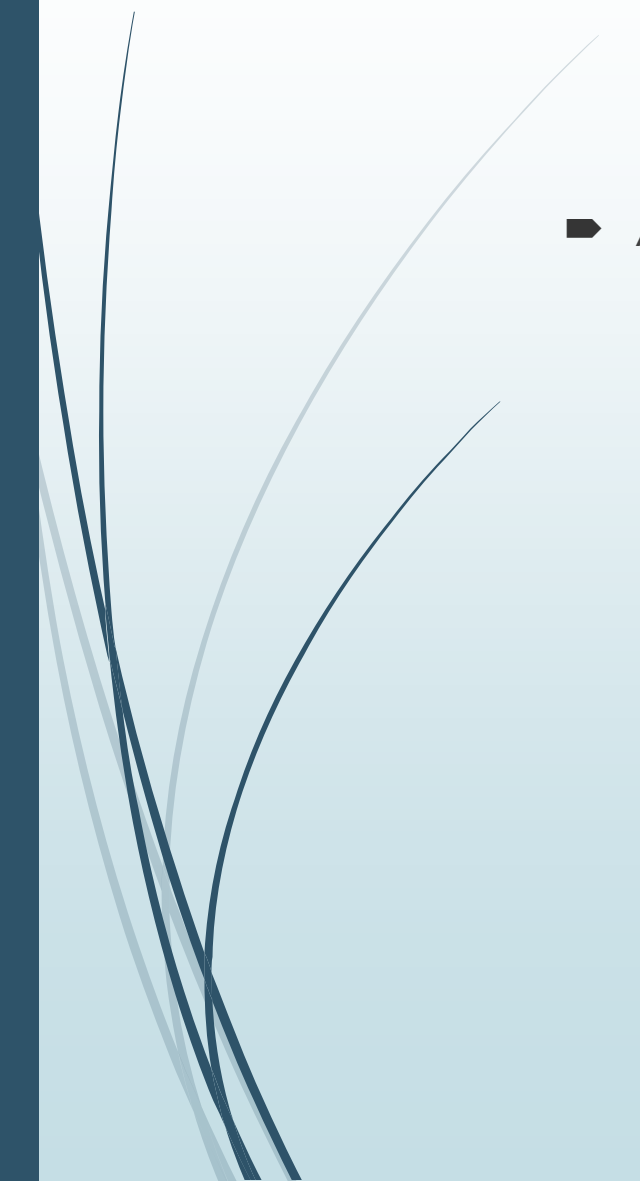


Applying strategy

- By noting the strategic issues in cases
 - Is better than theoretical strategy talk and diagrams
- 



Question

- Are MBAs better at strategy?
- 



Do we have any MBAs here?

What does MBA stand for?

- More Bucks Annually
- Manager By Accident
- Marriage Breaking Association
- Management By Analysis
- Mediocre But Arrogant
- Moron By Acclamation
- Mighty Big Attitude
- Married By Accident
- Most Bossy Attitude



Let's watch a short, classic commercial

- ▶ An MBA colleague told me about it
- 

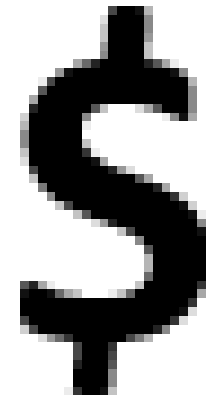


Let's watch a short, classic commercial

- I suppose we could substitute, CPA for MBA, we are too smart and important for lower level tasks!

Mini case #13

- ▶ The CEO and the Board propose buying a small competitor for a fairly high price, and they ask you to organize the due diligence review
- ▶ You are the CFO, what do you do?





Smaller picture answers...



From Lisa : Find a small firm to do it. What do they mean by organize?

From: get the data, show if will make the \$ back

From how: organize team of experts to go through the data



Discussion

- Many would say, OK, I will organize it
- Is there anything special you want me to look out for
- But don't be afraid to think bigger and not be a "yes person"
- **Why** are we doing this, I am not clear on the strategic reasons?
- Maybe removing a competitor, justifies the premium price?
- But sometimes it is good that there be a competitor (customers aren't annoyed when there is always just one option....)
- Can I meet with the CEO and the two most influential board members to discuss, are we sure we want to do this?
- Can I do an analysis to see if the high price is justified? Or get one from an independent valuator
- Or is this strategic, so the price might not make sense based strictly on a valuation?



Real life

- As a Controller, I pushed against a bad acquisition idea by a public company, the CEO, CFO and the Board favoured, but it went ahead
- Both the CEO and CFO were fired later, and the acquiree resold about 8 months later! In between, the acquiree's CEO, became our CEO, but quit after a few weeks
- I pushed against a bad acquisition idea by another company, and convinced the Board not to do it, and it was the right decision...



A strategic thought





I woke up in the night about March 17, 2020 and thought

- COVID-19 is going to have a huge impact on businesses, and CPAs need help in this area
- I immediately put together a two hour course which I called **Practical Tips to Get Through a Cash Crisis**
- There are other courses on this topic, but...
- I am living it - I am the CFO and co-owner of an aviation systems business
- A huge hit, 9 CPA bodies picked it up, over 1,200 have signed up for it
- Take it if you have tight cash, or may one day, or one to be better educated on this area

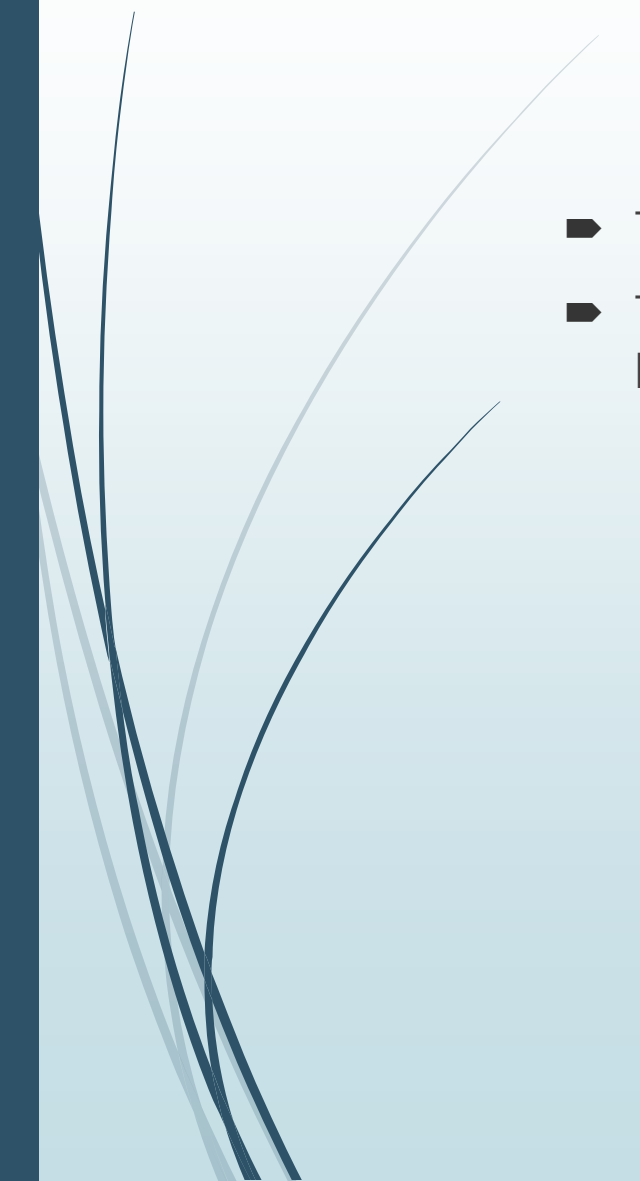


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- Take it if you have tight cash, or may one day, or one to be better educated on this area
- **Available as a video course with CPA Ontario**



Have you ever done a CLM?

- That is a Career Limiting Move
 - Tick off the big boss early on, make a bad impression, which could really limit your career with the organization
- 

Have you ever done a CLM?

- ▶ CLM by a colleague at KPMG – who was the partner?
- ▶ My Business Plan CLM





Have you ever done a CLM?

- ▶ CLM by a colleague at KPMG – who was the partner?
- ▶ My Business Plan CLM, that almost happened, but didn't


Private &
Confidential

Company
Business Plan



I was writing a case recently for a famous organization

- The case reviewers said:
- “Students will never think of all these kinds of strategic and other issues you raise”
- I answered:
- “I am a corporate veteran, and I think of them”
- “Put them all in the solution, and reward the students that do think of even one...”



If you fall asleep, I will wake you up
with my



Exercise time

- Everybody do 50 squats, they are good for you...



Mini case #14

- My company provides airline customers with decision-support information for safer and more efficient winter flying at airports
- Most major airlines are our customers, but few small airlines, and no private aircraft owners
- Can you think of a big picture/strategic recommendation for my company?





How about this?

- There are aviation players that don't benefit from this technology
- Why should only some flights be safer?
- Wouldn't the government, airport or regulator want all players to benefit?
- Therefore, are we selling to the right customers?
- **Find a new customer!**
- Who would that be?
- Airports?
- Government – Nav Canada
- Or even -> sell the whole company to them entirely



Our Services

Our dedicated employees provide services to commercial and general aviation from facilities throughout Canada.

Safety is our top priority.

These services include:



▶ Air Traffic Control



▶ Airport Advisory and Flight Information



▶ Aeronautical Information



Notes

- This is simplified, there are complications
- There are other potential acquirors
- We want to optimize the business more
- We also have our worldwide business, particularly USA and Europe
- But the same could apply there!
- Interesting: a CPA from my 2nd largest customer will be in my **Practical Tips for Controllers & CFOs** course soon

Strategy & vision

- A lot of courses on strategy, focus on vision & mission statement, but everyone defines these differently (can you quote yours?)
- And sticking to these when running a business
- But sometimes you need to change these
- Some examples...



Mini case #15



- ▶ Your private company is smaller and growing and has a strategy of being acquired one day
- ▶ You are the CFO
- ▶ The Board comprised of the CEO and four outsiders, regularly discuss all kinds of issues including strategies to get acquired and company valuation and also discusses many difficult issues and these discussions are minuted
- ▶ Do you have any recommendations for the company?



Recommendations

- Given the strategy, one day potential acquirors will be going through the Board of Director minutes in detail, as part of a **due diligence**
- It would probably **not** be desirable for them to know about all the problems that were debated, strategies to be acquired, valuation and pricing discussions
- No special public company requirements exist for Board of Directors, as this is a private company
- Therefore, only document necessary legal approvals and notes to protect board members in the Official Board of Directors' minutes of the company If necessary, have detailed internal notes on Board of Directors' discussions, kept separately, they are not the legal minutes
- (Also, may have advantage with CRA, never tell them more than the minimum is a good principle)

Mini Case #16 - break out session, 5 minutes

Scenario:

- Your ship has been wrecked
- You have got to a very remote desert island with the other people in your break out group
- No one will know you are missing because of the nature and length of the voyage, for at least a year
- There is some fresh water and a few fish around and some soil
- With difficulty, you can recover only 7 items from the wreck of the ship in beside the island, which will break up completely in the next storm which is imminent
- Your choice of items is on the next page





Your choices are

- A young cow and bull
- Some potatoes
- 30 varied pieces of wood
- Two first aid kits
- 4 hammocks
- Some rope
- Some canned food
- A clean, empty oil drum

Hammers, nails and saw

A tent

Some blankets

A mirror

Some vegetable seeds

A large box of matches

A large number of sheets

An iphone



Your task in 5 minutes in the breakout room is decide what you will choose

- You can also download the list from the Zoom Participants area, as you can't see this slide from your break out room
- (If you have done something like this simulation before, don't participate, just watch your fellow participants at work....)
- One person type them your 7 choices the chat, in short form, when the break out session is over...



What do you think?

Abstract blue lines of varying thicknesses curve upwards from the bottom left corner of the slide.

What do you think?

This time it is
cattle
instead of
pigs...

From Norman Chow: pigs, drum, tools, mirror, seeds

From Shankar: tools

From Ashley: potatoes, tents, first aid, oil drum, tent

From Norman: matches

From Lisa: We were supposed to build a boat

From Lisa: But ideally

From Lisa: I think we assumed

From Lisa: I guess staying on an island is an okay option right now

What do you think?

I didn't say that,
stick to the required!

From Norman Chow: pigs, drum, tools, mirror, seeds

From Shankar: tools

From Ashley: potatoes, tents, first aid, oil drum, tent

From Norman: matches

From Lisa: We were supposed to build a boat

From Lisa: But ideally

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From Lisa: I guess staying on an island is an okay option right now



Questions/Discussion

- How do we decide this, consensus? Vote?
- Will a leader in our group emerge?
- Are the cattle in good health? Is there food for them on the islands?
- Can the cattle mate, which would have long run advantages?
- Is anyone against eating beef, we don't want to cause problems in this area
- Is canned food any good without a can opener? Would the hammer or nails open it?
- Shall we build a tent?
- We want to be reasonably comfortable and storm-proof
- Can we fix the iphone, but even then, probably no cell towers nearby!
- If no one is currently injured, should we skip the first aid kit

What do you think?

From Norman Chow: pigs, drum, tools, mirror, seeds

From Shankar: tools

From Ashley: potatoes, tents, first aid, oil drum, tent

From Norman: matches

From Lisa: We were supposed to build a boat

From Lisa: But ideally

From Lisa: I think we assumed

From Lisa: I guess staying on an island is an okay option right now

Doesn't look like strategic
thinking....!



You should not debate in detail each item on the list!

- Instead you should have figured out your overall strategy FIRST
 - Is your strategy to?
 1. Stay on the island for a year or more, hoping to be picked up eventually; or
 2. Try to seek help/get to an inhabited place in the near term by building a boat and sailing for help
 3. Or split the group, some doing 1 above, and others 2
- Only then, get into to the details of what to pick



Someone said

From Norman Chow : trick case!

A dark grey arrow points right from the left edge. Several thin, curved lines in shades of blue and grey originate from the left and sweep across the slide.

If you don't have a plan, any choices
are OK...





Mini Case #17 (historical)

- You are sitting with the leadership of the USA in July 1945
- Japan must be defeated, but an invasion of Japan, will likely cost millions of lives (Allied military, Japanese military, Japanese civilians)
- You have a powerful new atomic bomb that will destroy square kilometres of a city, the power of hundreds of conventional bombs
- What happened
- The two bombings killed between 129,000 and 226,000 people
- 12 square km destroyed at Hiroshima
- Can you think of a different strategic issue to raise?




My idea

- Since I was about 10 years old I have thought of this
- Drop one bomb on a deserted forest or mountain or body of water
- Then tell the Japanese leadership: “look, we have a single new bomb that just vaporized 12 square kilometres, we don’t want to use it anywhere else....”
- A non-military target idea was actually quickly dismissed, they also didn’t have a lot of bombs
- I would say stop fighting, and develop a few more... then....
- (I don’t want to discuss all the other issues that could be raised here about war and)



Lessons from this

- ▶ Think bigger impact
 - ▶ Get outside the box
 - ▶ Question things
 - ▶ Try to minimize human suffering in a difficult situation
- 

Mini case #18



- My company develops and sells fiber optic systems
- We are very successful and I have been hired to take it public on the TSX
- There is a very large fiber optics components manufacturer which we buy parts from, located nearby
- The company decides to buy us
- The famous CFO of the acquiror says 'the purchase is a no-brainer' in the press release
- Do you have any strategic, big picture comments on this entire situation?



Discussion

- Take the money and run, but the big issue is:
- A fiber optics component manufacturer is now going to be competing with all its customers who use its components, and also make systems
- It is like giant auto parts maker Magna buying Chrysler, and ticking all off its customers (GM, Ford, etc), by competing directly with them
- In real life they had to sort of shut down the acquisition, because of this...

Discussion

- Take the money and run, but the big issue is:
- A fiber optics component manufacturer is now going to be competing with all its customers who use its components, and also make systems
- It is like giant auto parts maker Magna buying Chrysler, and ticking all off its customers (GM, Ford, etc), by competing directly with them
- In real life they had to sort of shut down the acquisition, because of this...





Note it is easier to

- ▶ See the big picture and the strategy issues in a one slide case, than:
- ▶ In the middle of busy work days, with 20 phone calls, 70 emails, and 4 meetings, and 5 direct reports to worry about...
- ▶ I regular try to sit back and force myself to think big picture and strategy



Concluding



- Reach out to me, if you have questions
- You never know what might happen....
- A story of a former student reaching out to me



Other courses of interest

- **Practical for Controllers & CFOs** over 11,000 have taken
- **Practical Work Smarts for All**
- **Practical Tips to Get Through Cash Difficulties**
- **Ethics – More Than Just the Code**
- **Ethics – Where The Rubber Meet The Road**
- **Practical Financial Negotiation Tips**
- **Practical Tips for Not-for-Profit Leaders**
- **Practical Brain-Storming – Top Ten Trouble Spots and other Useful Topics For Financial Leaders**
- **Practical Tips for Government Accountants**
- See www.practicalpd.com for details, all available through CPA Quebec as videos and webinars
- CPA Quebec site link for all my courses is [here](#)



Other courses of interest

- **Practical Tips to Improve Your Internal Financial Reporting**, 1.5 hours
- **Sharpen Your Business Loan Negotiating Skills**, 2 hours
- **Contract Review Tips for Accountants**, 1 hour
- **Practical Foreign Exchange Management**, 1 hour

Closing

- Was the session boring? Thanks for listening
- If you can think of a better name for the course, let me know...
- You can do LinkedIn with me
- You can also email me with questions/comments
- Send an email to spriddle@bell.net for completed slides and **bonus** Controller versus CFO thinking examples
- I hope to meet you in a live course some day, if we have not met already

PRACTICAL
PD

THE CONTROLLER VERSUS THE CFO

Think ceo

Background: I put this together to set out examples of the higher level thinking that a CFO should have versus a Controller, it should be close to CEO-level thinking. If a person is at the Controller level, and is thinking like a CFO based on this, they may be ready to be a CFO. Of course, the Controller of a very large company, should be thinking like a bit like a CFO, of any size company. I am open to comments on it, it is still a working document, and I will add more examples to it later.

Stephen Priddle, CPA, CA, CMA

President

Practical PD, Seminars for Accountants

www.practicalpd.com

343-883-0976

Situation	A Controller thinks	A CFO thinks
One of the two regional A/P units functions quite a bit better than the other	Need to supervise the slower unit more closely, find out what is wrong	Maybe we should offshore the entire function, we need to review the business case for this
The two owners of the business who are brothers, are not getting along at all	Have to be careful with the dynamic	I will meet with them both and see if I can help them resolve their differences, because it is going to hurt the business
Owner approves payment for VP Sales' golf membership	Have a team member prepare the cheque	Put a note about this in the corporate tax file, as only 50% deductible and the same GST limitation, will likely have to include it as a taxable benefit, put it in the cash flow because it was not planned, talk to the owner about giving into all the VP Sales excessive demands

The accounting system won't let me do ____	I can't do my job, what am I going to do	I know a work around, if you delete __ and then enter a penny transaction, it will work, and I have checked and there no internal control weaknesses as a result, and this approach doesn't create any other problems
A bookkeeper colleague makes an error in an area, for 5 th time	Point out the error and tell them to fix it	Tell them to find their error, as this may be more educational. This is the 19 th total error this month from this bookkeeper who is on probation. Is this problem fixable or do we have to let the person go? Would some special training help? If not, how much severance will they get, and can't do this until a replacement is found, I may have a candidate in mind
Noticed owner's spouse cell phone is on the company cell phone plan	That is their business	This is to be booked to the shareholder account - this ensures there is no accounting or tax ethical issue, and need to ensure the shareholder account is not in a DR position at the end of this year, like it was last year, or the shareholder will have a Section 15 income inclusion
The supplier has failed to deliver key services again	Let's sue them	After investigating why, let's consider legal action versus arbitration/mediation which may resolve the issue more quickly and with less lawyer fees
Supplier emails with a note that their bank account has changed	Have A/P department change the bank account in the A/P system	We need to verify that this really is the supplier, it could be a fraud, one of our people must call a more senior supplier employee. We need to review our processes. What is a valid way of a supplier telling you new banking info, (do I want a senior person signing off on a form? Do I want a form from a bank confirming the details? do I

		want to call someone to confirm the change before I enter it in my system? who can enter the info, who reviews the info, how is this all documented? Does my system have way of generating reports about bank info changes that I can review periodically against my manual records/logs?
Purchasing clerks never give the ____ when they need them	I am mad	There is a need for a joint accounting/purchasing training on this topic
Insurance bill has just been received a new policy, next year's technology insurance	Enter the bill to insurance expense, and pay when due	This is a prepaid expense, and a process needs to be set up, so it gets amortized monthly, and this was not in the budget, need to review this in relation to the 2 nd quarter budget amendment
Bill for new laptop is approved by the person who received the laptop	Have A/P enter and pay the bill when due	This is an internal control problem, a lack of segregation of duties. Somebody different from the one who orders should sign for receipt, must look into this further, often a small company problem
Received CRA notice that \$ is due because under payment against CRA revised T4 summary	Must pay the amount soon to reduce interest	Can this disputed by CRA, and contact the payroll service and find out why they didn't deduct enough
Gets a call from a project manager asking for a project number	Give them a project number	Need a process for approving and handing out project numbers, where should the responsibility reside, what are the critical issues
Bank line of credit is at its maximum, during the inventory build period	I will have to manage the cash flow carefully to get around this	The bank will probably give us 10% over the stated amount of the line, but I should ask them, but I do need to look for additional financing for the inventory build period
Consultant proposes a review of the company's purchasing practices, for a week at \$85	Sign the consultant's contract and get them working	Let's do internal checks of the biggest supplier contract compliance, and if nothing,

an hour, the consultant thinks there will be some non-compliance and the company will save money		bring the consultant on on a success fee basis, not hourly, perhaps 20% of 3 months savings, based on last fiscal year's volume with the supplier. does this consultant offer anything different than anyone else who performs the same job? Should I get different quotes and see if I can get the fee even lower or get someone who is better/more qualified? Should I ask for references? How much time will I need to spend on this project and is it worth my time investment?
Safety department asks for listing of active employees with contact info and SINS	Sends over spreadsheet with this info	Contacts head of safety department informing them of our privacy policy and asking why they need this info, how they are proposing to store it, who will have access to it and if there's less detailed info that we can provide to satisfy their requirements. Suggests that perhaps this is a task that the payroll clerk can do as they already have access to this information
A VP agrees to a cash payment to a vendor and coordinators this via a subordinate and expense report (I had this happen for a short-term property rental)	Controller: pays out the expense on the next pay-run	CFO: asks questions of the VP (why are we doing this? What paperwork are we getting? Did they give us an invoice? Did we tell them we only pay by cheque? Why does the vendor only accept cash? Does it make sense for a junior person to be administrating this?). If responses are unsatisfactory, bring up issue to the CEO as this could be an ethics issue (does it hurt our brand, what are we saying to our employees about how we do business, does this make it

		easier for cash kick-backs or the next cash transaction to be larger/have less support)
Customer is just over their credit limit, and 30% of receivable is past due, a sales person knows this customer very well	Tell the salesperson to contact the customer and deal with this	Don't tell the salesperson to contact the customer and deal with this, they need a "bad cop" from finance who will do this, so they maintain their positive relationship with the customer. They should however be consulted for background info, before finance acts
CRA has re-assessed the company again for __	Get the outside accountant to prepare a Notice of Objection again	Should we be using a different accounting firm, should we put our tax services up for tender, or should we insist on different personnel to serve us
The bank makes a \$40,000 error in the company's favour	I am not sure what I should I do?	Let's take the ethical high road and inform the bank, and remind the bank to be nice to us for a long time, as we have been nice to them