

Memorandum

To: Clients, Associates & Friends of Pro@ctive CPA
From: Mark L. Wyssbrod, Managing Member
Date: September 2, 2013
Re: Being effective in a changing world

In this memorandum, you will receive information about the following:

- The world is changing
- Being effective in a changing world
- Deadline reminders
- Financial ratio of the month

Please contact me should you have any questions. Turn that frown upside down!

Introduction: The world is changing

The older I get, the more I notice that everything changes. The world seems like a much different place than it did just a few years ago and extremely different from when I was a child. Have you noticed changes as well or would you disagree?

Technology is redefining and revolutionizing how we interact, which includes communications as well as behaviors. For example, a phone is no longer just a phone. A phone has evolved into a camera, video recorder and mini-laptop. Communications have been sped up and styles have changed. For example, texting and social medial posting (i.e. FaceBook and Twitter) have fostered new abbreviations, acronyms, and codes we communicate in. Technology is changing how and where we work.

Human beings, generally speaking, get very uncomfortable with change. We tend to fight change, not trusting its outcome. We want actions and services to be consistent and repetitive; the consistencies are security to us. We are control-oriented species and humans tend to be uncomfortable when not in control. We are creatures of habit after all!

Interestingly, once we incorporate change and determine that the results are favorable, the new “change” becomes our new normal. We spent a lot of time fighting the change, but perhaps we should embrace it.

How much longer are we going to fight change instead of embrace it!? As Winston Churchill stated, “to improve is to change; to be perfect is to change often.”

What have you changed in your business or life lately?

Mark W.

Being effective in a changing environment

I learned the following while attending Don Minges’s course, “Effective Change Management” at the Southeast Accounting Show.

When wanting to implement change, everyone must understand the ultimate goal and their primary means. To reach the ultimate goals, you will need people, resources and time.

Humans can change physically, intellectually and emotionally. Generally, change requires (1) a catalyst that legitimizes the cause, (2) an agent who implements the necessary actions to ensure the change occurs and (3) a target of individuals or groups or an ultimate goal.

How to plan for change?

- Mobilize
 - You must motivate to change individual and organizational behaviors
 - Select a sponsor – the one who legitimizes the cause
 - Select project team leader
 - Review situational data
 - Develop project team member selection criteria and members
 - Resolve logistical issues
 - Conduct team building activities
 - Identify key stakeholders
- Diagnose
 - You must have a reason for change
 - Place
 - People
 - Problem
 - Process
 - Thorough understanding of
 - Issues

- Root causes
 - Culture of organization
 - Degree of change needed
 - Preliminary ideas on possible solutions
- Design
 - You must set expectations and involvement levels
 - Balance of measures
 - Quality
 - Cost
 - Deliver
 - Safety
 - Moral
- Implement
 - You must communication, educate and provide role models
 - Select trial location
 - Local manager supports changes
 - Location is experiencing problems
 - Location you can capture accurate feedback
 - Successful Trial
 - Roll out to entire organization
 - Consistent results
 - Measures of success
 - Rewards provide to project team
- Sustain
 - You must reinforce and intervene when necessary
 - Document all changes
 - Incorporate changes into operations and infrastructure
 - Organization chart
 - IT systems
 - Policies and procedures manual
 - Accounting systems
 - Training and education
 - Rewards system
- When you are leading change, be certain to:
 - Create the case for change
 - Set clear expectations

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Interact With Your Accountant

- Involve individuals
- Communicate
- Provide education and training
- Have role models to observe and learn from
- Reinforce new behaviors
- Interventions applied if team members refuse to change

For more information please contact me or Don Minges at DonMinges@gmail.com

It's time to change,

Mark W.

Deadline Reminder: Important Dates to Remember!

- September 16 - Corporate, partnership & trust extended due date for 2012
- September 16 - 3rd quarter estimated tax payments
- October 1 - Final day to set up SIMPLE retirement plan for 2013
- October 15 - Final individual tax return filing deadline for 2012
- December 31 - S-corporation shareholders (owner of 2% or more) must report their employee benefits in their W-2 (i.e. health insurance, dental insurance, HSA contributions, etc.)
- December 31 - Deadline to set up SEP, 401(k) and other retirement plans. You may need to fund the plans by this date as well

Financial Ratio of the Month

The Inventory Days (ID) is a measurement of the amount of inventory in days you have on hand. If you are a business that works with inventory, this will be an important ratio for you to follow.

The ID equals

$(\text{Inventory} / \text{Cost of Goods Sold}) \times 365$

Generally speaking, the lower the ratio the better (i.e. you are managing inventory effectively). However, too low of a ratio could indicate you do not have enough product on hand to meet demand.

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