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**Go Against the Flow - Spend Money Now**

As the majority of companies are searching for ways to cut costs and pinch pennies due to the sagging economy, it is time to step outside the crowd. Instead of reducing headcount, finding ways to combine roles so that one person will do the job of two (or more), and cutting expenses, go against the flow and actively search for solid investments for your money and your company's money. Why?

Although it is possible to succeed by doing what all the other companies are doing if you have some sort of competitive advantage, going against the crowd with a solid business strategy can propel your company far ahead of the competition. Typically, when companies cut costs due to concern for the economy and weaker profitability (instead of due to a normal, day-to-day continual search for cost improvement as a part of the culture of the business), it affects their ability to execute effectively. For example, in my experience, one of the first areas affected is people (headcount). So, if the company decides to reduce x number of people without figuring out how to replace the work / business processes they performed, it can easily lead to late customer orders, inaccurate invoices, inventory errors etc. And, unfortunately, each of those consequences can cost the company considerably more than the saved cost of the resource. And, worse yet, it can lead to poor morale, which can affect the remainder of the workforce/ employees, which can spiral into a snowball effect. Instead, invest in your people - they will be one of your keys to success.

While this phenomenon is taking place in your competition, it is an opportune time to take it up a notch in your business - develop and launch new products and services, hire and/or invest in excellent people, improve customer service, implement new systems, invest in your plant and equipment, etc. By taking advantage of this timeframe, you and your company will stand out in the crowd. It is highly probable that your customers will take notice and expand business with you - after all, not only does exemplary products and services get noticed but most people want to be associated with success! Also, this is an opportune time to take business from your competitors. It is a two-edged sword for your competition since not only is it probable that your competitor's service has deteriorated but it is also likely that their customers are struggling with the weak economy also and need an improved level of support during the timeframe.

Of course, standing out in the crowd is rarely comfortable in the beginning. And, it is unlikely you'll be rewarded with immediate results. That is the key to success - investing in success early enough so that you are ready to take advantage of the opportunities that arise due to the weak economy while it is still possible. In my perspective, this is similar to financial investing - buy low, sell high. It sounds quite simple but it is not simple to execute or there wouldn't be so many people buying high and selling low. So, how do you do that?

First, it is important that you have a culture of continuous improvement so that you and your team are continually searching for opportunities for improvement. This will provide you with a continual list of ideas and opportunities for review. Review the return on investment - the benefits to your business vs. the investment required to achieve the benefits. Prioritize based on your business strategy and financial goals. Finally, have the courage to invest when no one else is investing and step up the level of investment during the down-economy type periods.

Before you know it, you'll have achieved the formula for success. You'll be the one spending dollars while everyone else is pinching pennies, and you'll end up extrapolating your profit and the value of your business.

## **Lisa's Tips: Sarbanes Oxley**

The 2002 Sarbanes Oxley legislation (new, enhanced standards for all U.S. public companies) was established in response to high-profile financial scandals (Enron etc) in order to protect shareholders and the general public from accounting errors and fraudulent practices. However, implementing SOX in a meaningful way for an organization is far from a no-brainer. A few tips include:

1. Understand your business - what are your key business processes? Understand and document those processes, from the financial risk and control perspective. Do not worry about the rest.
2. Materiality - this is another way of saying, focus on the 80/20. Focus on those areas that have a large potential financial impact on your business.
3. Understand risks - there are endless financial risks in any business. The critical element is to understand which risks are important to your business. Key controls are required for those risks.
4. Understand controls - how does your business mitigate the key risks? What options / tradeoffs exist to mitigate the risks?
5. Think about what makes sense - it is quite possible to throw out strict, irrelevant rules and instead think about what makes sense for your business - what is logical (remember risks, controls and tradeoffs). Then, it is just a matter of putting it into an appropriate communication format for SOX.
6. Evidence - a key word for SOX. Regardless of whether you have the best processes, it might not matter - evidence is the key. In many cases, if you execute effectively in your organization, your processes will not need to be changed. However, it is likely you'll have to add evidence so that you can prove it to your auditors.
7. Segregation of duties - although logical and part of other aspects of SOX, I've given this a separate bullet point because it is often one of the more challenging aspects for smaller, flexible organizations to achieve. Remember, logic works so long as it is backed by evidence!

## **Recommended Reading**

["Biography of the Dollar: How the Mighty Buck Conquered the World and Why It's Under Siege"](#) by Craig Karmin - it is a scary yet informative book on the history of the dollar. I thought the author provided interesting insights into economic history and how it relates to the dollar. Many of the insights can be applied to business and investing.

### **LMA Consulting Group**

2058 N. Mills Ave, PMB 532

Claremont, CA 91711

Main: 909-630-3943

Fax: 909-625-5603

[www.lma-consultinggroup.com](http://www.lma-consultinggroup.com)

[landerson@lma-consultinggroup.com](mailto:landerson@lma-consultinggroup.com)