

We Thought You'd Like to Know

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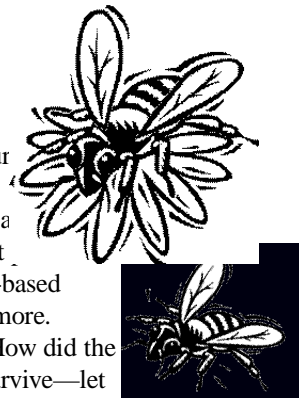
Business literature is filled with esoteric buzzwords describing magical new techniques to transform your business into a smooth-running, profit erhouse. The books are filled with phrases like Benchmarking, Activity-based Management, Core Competencies, Reengineering, and a couple dozen more.

Where were all these great tools when we were in business school? How did the entrepreneurs and managers of the last couple generations manage to survive—let alone succeed—without these ingenious, fix-anything tools in their pockets?

The answer is they didn't. Because they did. Huh?

They didn't have to survive without these tools because they did have them. We've always had them, in fact. Only back then, they didn't have the fancy names and 4-color media publicity designed to make them appear new so you'd buy the book or the tape, or hire a specialist to teach you the new magic on which they happen to be the world's leading authority.

They were simply called "good management." Let me give you a few examples:



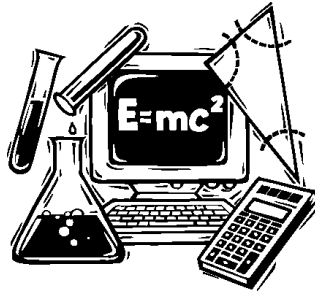
Buzzword:	Translation:	How we used to say it:
Benchmarking	Since you don't have all the answers, compare notes with your peers and look for ideas that seem to be working for them that might also work for you.	Don't reinvent the wheel.
Cycle time reduction	Find ways to reduce the time it takes to develop, make and deliver your products to your customers.	Get your product to market before the other guy does.
Pay-for-performance	Assign goals related to your overall objectives, and then pay people based on how well they achieve the assigned goals.	You get what you pay for, so hire the best and pay them what they're worth.
Reengineering	To accomplish dramatic improvements in process, productivity and quality, you need to make dramatic changes in what you have been doing up to now.	If it's broke, fix it. If it's really broke, really fix it.
Total Quality Management	Find out what your customer needs, then systematically find the errors in your process that prevent you from doing that consistently, and fix them. Work at this every day, a little at a time, until the errors are all gone.	Give your customers what they want, and do it as efficiently as possible.
Value train analysis	Find ways to lower the costs associated with key activities, or differentiate yourself in ways your customers will value, or both	Give your customers what they want, and do it as efficiently as possible.

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Managing People

Now this is tight!

We hear about the tight labor market all the time, and if your company is hiring anyone beyond entry-level positions, you've experienced it first hand. But if you're in the market for high-tech workers, it gives new meaning to the word. The American Electronics Association reports unemployment rates for engineers is a mere 1.6%, for computer programmers a negligible 1.4%, and for math and computer science workers an infinitesimal 1.2%! And get this: the number of high-tech college grads dropped 5% from 1990 to 1996, yet demand for such people is projected by the Labor Department to rise 118% by 2006. That means emerging companies and technology enterprises will feel the pressure tenfold, because they're growing faster than the averages.



What should you do? If you need to hire technology workers, this is exactly the kind of market when you should use a qualified search firm or agency to do the work. Candidates you find any other way, e.g., newspaper ads, are likely to be the bottom of the barrel, and you will have to do the sorting and qualifying, looking for that elusive "needle in the haystack." Then, should you find a really good candidate, they will need to be sold on your company without giving them the deed to the ranch as an inducement. That's exactly what search firms are best qualified to do. These skills are much more necessary in tight labor markets than in easy ones. You are the buyer in a seller's market.

So, in a really tight labor market, go to the experts for help. They are well worth the price.

Vacation sale?

Looking for a new wrinkle on employee benefits?

More small companies are allowing employees to buy and sell vacation days, a Hewitt Associates survey has found. In 1997, 24% of companies surveyed offered workers the buy-sell option, typically limiting the number of days bought or sold to five.

Understaffed employers take note: 24% of employees chose to buy additional time off, while only 6% sold unused leave back to the company. ★

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Well, you get the idea.

It's not our intention in these pages to discount the value of these tools or the consultants who offer them. They do work, if the tool is suited to the problem, and if it's properly implemented. We simply want to point out that you don't need to sort through a basket of trendy new tools to find solutions to your management problems. Good management practices never go out of style. More importantly, they are never really "trendy." The basic tenets of good management appear in phrases most of us readily recognize, like these favorites of ours:

1. Decide ahead of time what you want to accomplish.
2. Focus on your most important things first.
3. Plan your business, then follow your plan.
4. Hire good people, pay them fairly, and use them wisely.
5. You've made a profit when the cash is in the bank.
6. If something isn't working, find the cause and fix it.
7. If something is working, see where else you can use it.
8. If you don't know the answer, get help.
9. You're not done learning until they close the lid.

And that's the truth. ★



The Speaking Circuit

Recent Engagements:

In April Gene returned to Las Vegas to speak to the leaders of the National Employee Service & Recreation Association. In this by-invitation-only session at the site of their annual convention, Gene was called "a perfect fit for the group."

In June, Gene spoke at a meeting of

Consultants West in Beverly Hills on the subject: "Special Circumstances Marketing for Professional Service Firms."

In July, Gene led a facilitated discussion on the subject: "Repackaging Consulting Services in a Dynamic Market" For the Managed Care Consultants Association of Los Angeles. ★



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at the peril of lost data. Companies with networks large enough to justify a full-time, trained network administrator (and networks that were properly set up in the first place) are the notable exception. Unfortunately, that leaves smaller companies, meaning most companies, under-protected.

Today, that is no longer a problem. Tape cartridge backup systems for servers and desktop systems alike are available from 20GB to 70GB capacity, and they are dramatically faster than their smaller predecessors. Tape drives start at \$300 and cartridges start at about \$20.

For laptop users, the option of attaching an external tape backup unit or zip drive isn't very helpful when you're traveling for days at a time. However, several companies now offer reliable backup facilities via the Internet. Simply sign onto your ISP and dial up for about \$9 a month or so. We use one of these (SafeGuard at www.sgii.com), and backup and restore work smoothly, even from your hotel room, if necessary.

The only drawback is that speed is limited by today's modem speeds when you're on the road. We recommend traveling backup be limited to those essential files that you have created or modified while traveling, leaving the big jobs for the office gear when you return.

The technology and the economics are here today. Unattended backup of any PC or network drive is within reach of every company and every traveling employee—including yours. ★

Financial Management Tax-Free Retirement Income AND Legal Discrimination

By David A. Roth

Last year, thousands of businesses discontinued their qualified retirement plan and started simpler plans to reward themselves while attracting key employees. Business owners say a qualified plan has too much red tape and paperwork, and too many IRS-imposed rules and regulations.

If you feel the same way, and if you want to provide benefits to certain key employees without including everyone alike, you'll be interested in a benefit program offered by many major insurance companies.

These programs allow you to provide any employee you choose (or just yourself) with more retirement income and tax-advantaged benefits. And best of all you won't have to deal with the complications of government rules and regulations.

As the business owner or key executive, you'll benefit from this program, through advantages such as:

- ▲ Ability to provide benefits in excess of qualified plan limits,
- ▲ Retention of key executives with individually tailored benefits,
- ▲ Current tax deduction for all corporate costs or income tax-free recovery of all expenses,
- ▲ Freedom from IRS scrutiny and most ERISA compliance requirements.

You'll be able to provide your employees with advantages such as:

- ▲ Income tax-free retirement income
- ▲ Income tax-free pre-retirement death benefits for the employee's family
- ▲ Benefits protected from the claims of corporate creditors

You can build your retirement nest egg by investing in a professionally managed tax deferred account, while all earnings are absolutely income tax-free.

It gets even better! Imagine being able to have convenient access to your accumulated cash during your lifetime without costly Federal tax penalties for "early withdrawal." (Of course, any loans or withdrawals would reduce your death benefit).

Further, imagine having a savings program knowing that, if you were to die today, your family could have access to a multiple of your entire account balance without having to pay income taxes on any profits you may have earned.

Its generic name is variable universal life insurance ("VUL"), and it is an excellent tax and retirement planning tool. A VUL is a very effective investment strategy, which can be molded to your specific, individual needs.

Here's how it works. The premium that is paid by your corporation is deductible to the corporation and taxable to you. It gets split two ways. Part pays the cost of the insurance, and the remainder is deposited into professionally managed "sub-accounts" similar to a mutual fund (often managed by some of the same money managers as many mutual funds) which grows income tax-free. The professional sub-account managers invest to achieve returns that are intended to be comparable with typical stock market returns, which are subject to stock market fluctuations.

This strategy, if done right, is one of the most effective ways of taking additional, discriminatory compensation out of a company. ★

Ed.: David A. Roth is a financial advisor and tax strategist with Liberty Capital Management, Santa Ana. He can be reached for more information at 949-724-8848 or droth@libertycapitalmgt.com.

Personal Stuff

Lifestyle technology

We confess to being hopelessly in love with technology. We want to upgrade our computer equipment as soon as the 90-day warranty runs out on the last one, especially if some “wonderful” new wrinkle or feature has just been announced. So we look forward to some of the predictions of improvements in our personal lifestyles that are predicted for the next 25 years as software gets more sophisticated and processors get smaller, cheaper and faster. We thought you might enjoy these, too, compliments of the World Future Society, Bethesda, MD.

For your home:

- ▲ Intelligent wallpapers using high-tech fabrics will turn every flat surface into an art gallery one moment, a TV/computer screen the next.
- ▲ Intelligent refrigerators will keep track of butter, orange juice, and other essentials: the homeowner can print out the list prior to a grocery shopping trip or transmit it electronically to a home-delivery service.

For your health:

- ▲ “Smart” pacemakers will keep heart patients energized longer by adjusting to transmissions from the heart; miniaturization is expected to allow pacemakers to be tucked into the wrists rather than embedded in the chest muscle.
- ▲ The dentist’s drill will be replaced by a combination of laser treatments, new decay-fighting toothpastes, and chewing gum that cleans teeth.

For your office:

- ▲ More advanced forms of data storage (optical, magnetic memory, etc.) will be standard on most new personal computers within 7 years (tech stock pickers take note).



- ▲ Voice, handwriting, and optical recognition features will allow ordinary PCs to interact “intelligently” with humans.
- ▲ Broadband networks (ISDN, ATM, fiber optics, etc.) will connect more than half of all homes and offices in developed countries within 10 years.

And finally, for you road warriors:

- ▲ Automated highway systems will be commonly (30% or more) used to control speed, steering, braking, etc.
- ▲ Aircraft traveling at more than 5 times the speed of sound will be used for the majority of transoceanic flights.

Investors get the inside story...

We have all heard how Wall Street analysts get information before everyone else does by being part of prearranged conference calls with the CEOs of companies they are following. Now an Internet company is making that information available to anyone. Such availability, as it turns out, has been there all along, we just didn’t know it. BestCalls bills themselves as the Internet investor conference call directory. They provide an online directory that tracks many such meetings, free membership to anyone who asks, ability to enter the stocks you want to follow, and e-mail alerts of upcoming activities. Check it out at www.bestcalls.com. ★

For Your Computer

Color laser printer update

Time for printer shopping again? The ultimate in printing technology for general business use, the color laser printer, is nearing the \$1,000 price point. Network versions of Minolta’s QMS magicolor 2EX come with 600x600 resolution, built-in network interface and most importantly,

plain paper color printing.

With a \$1,299 list price, and favorable ratings from several computer product magazines, these units are worth looking at.

Who should consider them? If you print catalogs in-house that require frequent changes, if you print marketing materials or presentation materials where both flexibility and good looks are important, now

may just be your time to go shopping.

Data storage options update:

Whether you have a 500-workstation network or a single PC, data backup and storage separate from your computer’s hard disk drive has been a continuing issue.

In recent years the size of

hard drives grew faster than the capacity of reliable backup systems. Zip drives are nice for small amounts of data, and duplicate hard drives (or “ghosts”) are a bit inconvenient.

Backup of data tends to be an annoying intrusion on the end of the workday or a chore that often gets skipped, always

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