

IMA-Grand Rapids Chapter Newsletter

**Winter 2009
Issue**

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Student Night

Tuesday
February 9, 2010

University Club
of Grand Rapids

4:30 p.m.
Networking

6:00 p.m.
Kim Korth, IRN, Inc.
"The Economy and
Future of the
American Auto
Industry"

Tuesday, January 19, 2010

Chapter Dinner Meeting

5:45 p.m.-7:30 p.m.

The Pinnacle Center (3330 Highland Dr., Hudsonville)

Tim Mroz, Vice President of Marketing and Communications for The Right Place, Inc., will present "21st Century Manufacturing" at the Tuesday, January 19th Chapter Dinner Meeting beginning at 5:45 p.m. at The Pinnacle Center (3330 Highland Drive, Hudsonville). This dinner meeting will be co-hosted with APICS (The Association for Production Management) Grand Rapids Chapter.



We all know that the face and future of manufacturing is changing. But more importantly, without significant shifts in both culture and practice, the U.S. risks losing its competitive edge. 21st Century manufacturers are embracing this and realize that global commerce, innovation and investing in talent are keys to successful growth. Utilizing these practices, from design through delivery, is critical for the U.S. to retain a leadership position in the global marketplace. Learn what some local manufacturers are doing to maintain their position in the marketplace.

Tim Mroz joined The Right Place, Inc. in 2008, bringing with him over 10-years of marketing communications and public relations experience. He is currently responsible for leading the organization's efforts to promote West Michigan's business capabilities across the country and the globe.

Tim's formal education includes a bachelor's degree in communications from Grand Valley State University and an associate's degree from Grand Rapids Community College in graphic design. He serves on the boards of American Advertising Federation (AAF), the Greater Grand Rapids Chapter of the Young Non-Profit Network (YNPN, GGR), and is a member of the West Michigan Film Task Force.

DIRECTIONS to The Pinnacle Center
3330 Highland Drive, Hudsonville

I-196 toward Hudsonville and exit (Exit # 62) onto 32nd Avenue. Proceed westbound onto 32nd Avenue off of exit ramp to Highland Drive (traffic light at intersection) and turn LEFT onto Highland Drive. The Pinnacle Center will be located on your left, 3330 Highland Drive.

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President's Message....

Dear Members,

For most of us, the New Year is a new beginning. This is the year that I will loose those 10-pounds, spend more time with family and friends, exercise more, take a class, etc., etc. Looking at our list of New Year's Resolutions can be a bit overwhelming. We try to do everything and, at times, the thought of doing one more thing gets to be too much. Let's be kinder to ourselves this year. It doesn't have to be "all or nothing". Life's worthwhile journeys don't happen in a day.!

As your Chapter's Board begins the New Year, they have put together an impressive schedule of speakers and events for 2010.

Kicking off the New Year on Tuesday, January 19th is Tim Mroz, from The Right Place. This will be a dinner meeting

co-hosted with professionals from APICS (The Association for Production Management) Grand Rapids Chapter. This dinner meeting will provide an opportunity to network with production management professionals. Tim's presentation will provide an update on the face of manufacturing in Western Michigan.

February 9th the Chapter will be co-hosting with IIA (Institute of Internal Auditors) Western Michigan Chapter the Annual Student Night. Kim Korth, of IRN, Inc., will present "The Economy and Future of the American auto Industry" to West Michigan accounting students and the chapters' professional members. Some of you might remember or attended Kim's September Chapter Lunch Meeting presentation, she's back by popular demand!

March 16th's Lunch Meeting will feature Chris Mishler, who will present on spreadsheet controls.

In April, the Board is planning a special networking event that will include electronic business networks as well as an opportunity to network with other professional accounting organization members.

The Board would love to see YOU at these events. They provide an excellent opportunity to build your professional network and obtain CPE credits. Start 2010 by attending an IMA Meeting and making an investment in your future.

On behalf of the IMA-Grand Rapids Chapter Board of Directors "Happy New Year"!!

Sincerely,
Carol Van Dyke, CMA
Chapter President

Treasurer's Report...

As of December 31, 2009

Checking Account/CD's	\$12,101.64
Income July 1—December 31, 2009	\$ 2,132.13
Expenditures July 1—December 31, 2009	\$ 4,304.32
Net Loss for July 1—December 31, 2009	<u>\$ (2,172.19)</u>



Submitted By:
Sheldon Cole, CPA
Chapter Treasurer



January 19th Dinner Meeting Continued....

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AGENDA:

5-5:45 p.m. Networking/Registration
5:45 p.m. Dinner Served
6:45 Presentation

COSTS:

\$ 25.00 Members
\$ 30.00 Non-Members
\$ 15.00 Retired & Full-Time Students

REGISTRATION:

Online at www.imagr.org or
www.acteva.com/go/imagr
email to the Chapter Administrator,
Lisa Hern, at:
alea_va@earthlink.net or
call (616) 308-5433



Save the Date...IMA Grand Rapids Chapter....

Don't miss out on the upcoming Grand Rapids Chapter Programs.
Please SAVE THE DATES for the following:

Tuesday, February 9, 2010

Student Night with IIA West Michigan Chapter
Evening Program at The University Club, Grand Rapids

Tuesday, March 16, 2010

"Spreadsheet Controls" presented by Chris Mishler
Lunch Meeting beginning at Noon
Grand Valley State University, Grand Rapids Campus

April 2010

Networking Event
Details to be announced!

Visit our web site at: www.imagr.org for updated details about the events listed above!

Managing in Crisis-The Worth of a Chief Restructuring Officer

Published: Federal Bar Association
Bankruptcy Section Newsletter October 2009
Written By: Stephen M. Weber, CPA/CFF
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Due to the harsh economic downturn, many businesses are in dire economic straits. Falling demand means less cash flow and deteriorating balance sheets. Vendors are tightening terms and perhaps even demanding up-front payment before delivery. Loan covenants that were waived in prior periods are now being strictly enforced. Due to the overall decline in the quality of business credits, banks may not have the ability to extend additional credit to all borrowers who make the request. Business owners or managers ("Management") must fight so many new fires that their businesses suffer due to lack of attention. In a time of crisis, this can be the last straw and can trip the business into a downward financial spiral.

If one of your clients is slipping into this type of situation, now might be the time for you as their attorney to suggest they consider hiring a consultant to step into the temporary role of Chief Restructuring Officer ("CRO") for their business. There are several reasons for suggesting this step, not the least of which is to keep them operating as a viable business.

- First, the hiring of the right CRO can bring instant enhanced credibility to lenders who may no longer trust management to provide leadership in a crisis situation. Often the most important role of a CRO is to defuse the tension among all the stakeholders and work towards a reasonable solution for all parties.
- Second, the CRO will remove much of the burden existing management has had in dealing with creditors so they can focus on customer service and operational excellence.
- Third, the CRO has specialized knowledge and experience in leading companies back to positive cash flow and profitability while operating companies under financial distress.

When a CRO is initially hired in a restructuring engagement, he or she will focus on a number of areas. The first, cash, is the lifeblood of the business. This must be maintained and protected until the business has been stabilized. Other areas of work the CRO will address include:

What are the overall financial strengths and weaknesses of the company?

In order to quickly get the business back on sound financial footing, it is essential that cash flow is improved. In the short term, receivables must be controlled and non-performing customers collected from and weeded out. Payables must be evaluated frequently and control of purchases centralized in order to stop unnecessary spending. Expenses and capital expenditures must be rationalized in order to stop the bleeding. Unprofitable business lines are often closed immediately.

In the intermediate term, the overall financial structure of the business should be re-evaluated to ensure that the sources and terms of financing match the goals and uses of the business. Does the business have the right working capital mix or should its liquidity be re-evaluated? Does the capital structure mix (e.g. revolving lines of credit, term loans, mezzanine debt and equity) make sense and give the business enough flexibility to operate? Are there assets or business lines that can be sold to raise cash to fund a restructuring plan?

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Managing in Crisis....

Continued from Page 4....

Is there a strong core operation or product that can sustain the business over the short term?

In many businesses, a single customer, product, or product line is the chief revenue and cash producer for a business. When times are good, this revenue stream can help cover up a lot of problems. However, as sales levels fall, it makes sense to evaluate a business's customers and product lines for profitability to ensure that resources are only allocated to those products that help the bottom line.

This analysis can be accomplished in a number of ways including industry benchmarking, break-even analysis, cash flow analysis, and profitability analysis by customer, sales channel, product line, etc. Care and judgment is essential in allocating costs to properly evaluate profitability. In many cases, the results of these analyses differ from the conventional wisdom in a company.

What are the strengths and weaknesses of the company in relation to the industry?

The strength of the business in their given industry as well as the overall industry life-cycle should be evaluated to position the business for success in the future. This will differ depending upon the individual business and industry. Planning for a large player in a declining industry will differ significantly from that of a small player in a high-growth industry.

The job of the CRO is to evaluate the company and assist management with matching the corporate goals, strengths, and weaknesses to the right financial model to operate. Poor choices in the past may have contributed significantly to the situation facing the business now.

Implementation of the turnaround plan.

After the business plan has been formulated, the CRO is now tasked with its implementation. The best plan will not save a business without quick and decisive implementation. A CRO has the experience to guide a troubled business through this process. This includes holding management team members accountable for their parts of the plan, monitoring the implementation of each phase of the plan, and ensuring that sacred cows are not kept from the process if they hinder the overall success of the plan. The stresses of today's business environment are extreme for many businesses in our area. For a troubled business, the window of time to make decisions and implement a turnaround survival plan is short. By hiring a CRO with a proven track record, the chances of saving a business as a going concern are greatly enhanced.

Welcome New Members!

- * David Centers, Grand Valley State University
- * Kristie Warner-Walls, Davenport University
- * Jonathan Schutte, Davenport University
- * Nicole Dunn, Meijer Inc.
- * Melissa Fletcher, Cascade Engineering
- * Timothy Wells, Haworth Inc.



**INSTITUTE OF MANAGEMENT ACCOUNTANTS
 GRAND RAPIDS (MICHIGAN) CHAPTER # 0047
 2009 - 2010 PROGRAM YEAR CALENDAR**

DAY / DATE	SPEAKER	PRESENTATION	TIME	VENUE
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Tuesday January 19, 2010	Tim Mroz The Right Place, Inc.	“21st Century Manufacturing”	5:00 p.m. Registration	The Pinnacle Center 3330 Highland Dr. Hudsonville MI
Co-hosted with APICS-GR Chapter			5:45 p.m. Dinner Served	

Tuesday February 9, 2010	Kim Korth IRN, Inc.	“The Economy and Future of the Ameri- can Auto Industry”	4:30 p.m. Registration	The University Club 111 Lyon St NW 10th Floor Fifth Third Bank Building
Student Night Co-hosted with IIA			6:00 p.m. Presentation	

Tuesday March 16, 2010	Chris Mishler	Spreadsheet Controls	11:30 a.m. Registration	Grand Valley State University 401 Fulton St. DeVos Center
			12:00 p.m. Lunch Served	

April 2010	To Be Announced	Networking Event	To Be Announced	To Be Announced
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**INSTITUTE OF MANAGEMENT ACCOUNTANTS
GRAND RAPIDS (MICHIGAN) CHAPTER # 0047
2009 - 2010 OFFICERS & DIRECTORS**

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