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PODCAST EPISODE #6: WHAT I'VE SEEN IN SUCCESSFUL BUSINESSES INTERVIEW WITH KEN FALK, CPA, PARTNER TRANSCRIPT

Kae Wagner – We're here with Ken Falk, CPA and Partner at Ross Buehler Falk. Ken you've been with the firm since the beginning, so would you tell us about the makeup of RBF and your experience during those years. Just tell us a little about yourself and RBF.

Ken Falk – As far as RBF, I think we're a firm that can service so many more clients than what a lot of the clients in our geographical area realize, because we have people that have had the experiences and people who specialize in given areas that allows ME to do what I do which is crossover between the accounting and auditing world and the taxation world to do the consulting business transitions and all those type of things. So I've been with the firm since 1985. In 1985, probably 80 percent of my clients at that time were contractors and people in the construction arena. And since that time I've gravitated and picked up more people in distribution, manufacturing, just have a handful of non-profit clients, but the bulk of my work is with contractors, manufacturers, and a couple of on-line retailers.

Kae Wagner – Okay good. Pretty broad experience there. So in those years you've worked with many, many successful businesses, and what we want to talk about in today's podcast is, as you look back on those years and those clients, what have you seen as commonalities that have made these businesses successful?

Ken Falk – Well the one thing that every successful business has is good strong leadership. And then the other traits that are part of having that leadership, whether it's the individual leading the company, or who he assigns different levels of supervision and management to, that they hold those traits. So your strong leaders, they all seem to be able to have good vision with what they see their current status or situation of the company is and where they need to go; either just maintain where they're at, or to be able to grow within their market and stay very viable and stable. And within the leadership traits, it seems like some of the common leadership traits that I see by the successful businesses, and

this doesn't mean that when you're dealing with the family-owned businesses that are in the fourth and fifth generation, I actually have one going into its sixth generation. You see different traits within the different generations. Not that it's good or bad, but they make sure that they realize their weaknesses and they make sure that they bring people on board to help make those areas much stronger. But the good leadership usually starts with good vision. They're people with courage and confidence, so they're willing to take risks. They know how to get people all on the same page. They have some good strategic planning attributes to their background and they're able, when they do something wrong or incorrect, they have humility and they're willing to admit their mistakes and that they treat everybody fairly.

Kae Wagner – So talk to us about a good leader in relation to financial acumen.

Ken Falk – I've had good financial leaders who really aren't accountants or CPAs by background. They learn what's important for their business needs and what they need to maintain. And most times, it's the gross margin or the product profit making sure that; one, they have a good estimating system that can estimate things before they get involved; two, that there is ongoing monitoring systems of the work in process or the job in process, and making sure they're maintaining everything on time, quality and price. And then three; it's the good managers who are watching overhead and making sure that they don't go too far because sometimes you can get managers who beat down every nickel and dime and the next thing you know, people have the attitude, "well we're not allowed to spend anything." And then that's kind of counterproductive.

Kae Wagner – Right. You need invest to continue to grow.

Ken Falk – Right. Especially with all the technology changes that we're constantly facing. And the good leader is always ready to look at "what changes do we need to make to keep us current with technology and keep us up above our competitors?"

Kae Wagner – Right. I would think in today's world you can lose that competitive edge pretty quickly.

Ken Falk – Yes.

Kae Wagner – So when you look at successful businesses and your involvement with them, would you see as part of good leadership, as part of their ability to be successful, is to be able to have someone like you to rely on or relying on, I guess, what we would call "outside eyes" or that Trusted Advisor?

Ken Falk – Oh yes. That's always something that they need. Because even though you feel that you've had this experience in your line of work, there's always something new, or something that you haven't come across that you need somebody from the outside to be looking at and getting their impressions. Is this the right thing to do? And, of course, if that outside advisor doesn't know the right person, usually they can connect them with the right people that can help them with those types of evaluations or processes. You've got to have an advisor that is willing to admit when he doesn't know anything about given areas.

Kae Wagner – Right. So particularly, I know that you've done a lot of multi-generational or generational transitions. That would probably be an example of where you maybe have a team, or more than just one person when a client would be working on a transition.

Ken Falk – Yes. You definitely want to have a team of people that you're confident and you can rely on to help you through these big transitions, or even the small transitions; to make sure you're not setting up something in the future that is going to be a problem.

Kae Wagner – Do you think, Ken, in today's world, competitive pressures are really tough. A lot of people say that business is harder than it used to be. Do you think that leadership is harder than it used to be?

Ken Falk – That's a given I think, because you have many more factors pulling at you. Just look at the technology aspect of everything. You know, what 20, 30 years ago a business leader didn't have to contend with the people that are doing the online marketing and knowing how to get to their right mix of people within technology and those types of things. And technology has taken us from needing X number of people to do a process to many fewer people needing to do a process. So the way a leader needs to be evaluating: what's the next step? Do we buy the next CNC machine that's \$800,000? And how does that equate with the fact that, okay, if we buy this one now we're probably going to be needing less people, or are we just picking up additional volume? Are we capable of doing another product line that we hadn't done before? And they're all the things that you need to evaluate and position yourself, because it's just not saying, hey, we're ready to buy this million dollar machinery. You've got to have the financing lined up and everything else that goes with it.

Kae Wagner – Right. And I think that you play a role in that too, don't you?

Ken Falk – Yes.

Kae Wagner – In terms of valuations and financing?

Ken Falk – That's one of my strong points, helping people. How do you get yourself set up to be able to present yourself to the bank for this big project?

Kae Wagner – Ken, I want to thank you for that insight. And I know that you will continue to help businesses grow and become even more successful. I know that RBF, with your work, will continue to become more successful and grow, as well. So kudos to you for a great run. And so I want to thank you for our time together. I want to thank you for your insight and hopefully we'll talk soon.