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Outline of course and approximate time stamps

- Introduction and the courage to negotiate 00:00
- Lawyers and negotiations 00:48
- Negotiations and ethics 00:52
- Being informed/know the other side 1:03
- Various tactical approaches 1:17
- Perceptions and people 1:27
- Seeking more dimensions to negotiate 1:32
- MFN clause 1:40
- Foreign exchange and negotiations 1:44
- Intellectual property trick 1:46
- Financing unusual assets & other topics 1:50
- The business case 1:57
- Real estate creativity 1:58

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Outline of course and approximate time stamps

- ▶ Service business payment alternatives 2:02
- ▶ Bonus personal life tips 2:16
- ▶ Royalty 2:20
- ▶ More tactics 2:28
- ▶ M&A 2:37
- ▶ Don't take no for an answer 2:43
- ▶ Use of options 2:54
- ▶ Risky financing creativity 2:56
- ▶ Union negotiations 3:07
- ▶ Some more tactics ideas 3:10
- ▶ Tax auditor negotiations 3:13
- ▶ Comprehensive negotiation case 3:25
- ▶ Negotiating your own salary 3:44

Note about electronic material

- ▶ This course material contains a number of **fill-in-the blank key points** that keep attendees engaged and participating
- ▶ You have the option of **printing the material** and taking notes during the presentation, or **taking electronic notes**
- ▶ We suggest you make sure you print the material large enough to read and take notes on
- ▶ We **cannot provide conclusive instructions on how to take electronic notes** in the pdf file on each registrant's device, because of the wide ranges of combinations of pdf software that registrants may have, in addition to platforms, i.e. MAC or PC, tablet, etc.
- ▶ Send an email to the instructor to get completed slides after watching the video, spriddle@bell.net

SEMINAR INFORMATION

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PD Course 169

HOW TO NEGOTIATE WITH YOUR SPOUSE AND ALWAYS WIN!

6



PRACTICAL FINANCIAL NEGOTIATION TIPS

www.practicalpd.com

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PRACTICAL

PD

Are you hearing me?



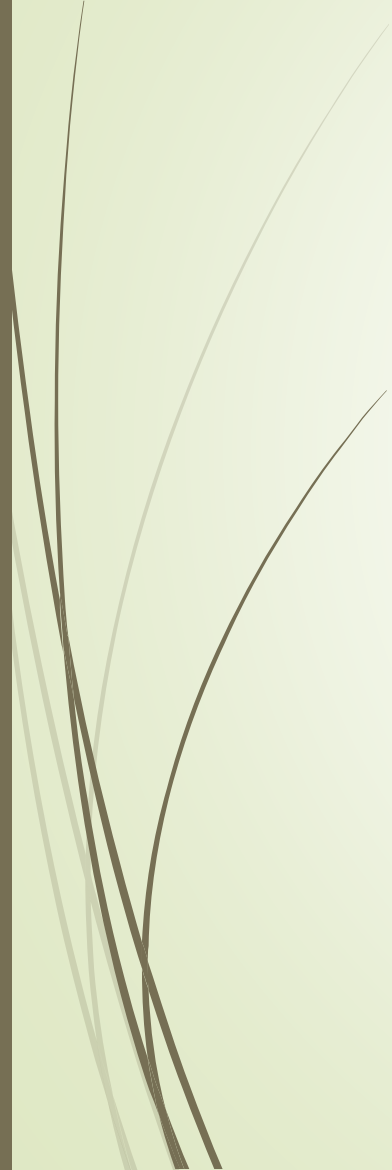
Introduction

- PD videos are torture, but I know you have no choice!
- I am not really a teacher, I am an active CFO...
- But I don't talk well...
- Accountants should be good – smart financial tactics – a sto
- Note: I don't believe money =



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Where am I?





All my live seminars/webinars have an opportunity to win prizes

- For showing you are awake
- For being the top participant
- Leaving camera on
- For best answers
- For jokes; and
- More

All my live seminars/webinars have an opportunity to win prizes

I can't do that on the self-study version
BUT, send me an email with:

- example of how you plan to apply a tip
- another tip idea
- useful feedback
- clean relevant joke

and you will enter a draw for a prize
spriddle@bell.net



CPA Quebec new ethics

- Effective date of changes, May 9, 2024
- The only impact on this course is one Rule number change, the content is effectively the same
- Rule 34 general ethics, now Rule 26
- The Handout and Completed slides have been updated, the video will be updated later



New rule 140.4

- \$47 fine if you access a sports or news website during this session, my software is checking on you!

Introduction

- ▶ Let us get to know each other
- ▶ My background
- ▶ You can e-mail me in the future with questions, ideas, jokes...

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Stand up and sit down if you

- You were born in this province
- You follow me on Twitter



Stand up and sit down if you

- ▶ Have any A/R over 90 days
- ▶ You enjoy negotiating
- ▶ You are a great grandmother
- ▶ You are a morning person
- ▶ You thought about naming one of your children ____

Stand up and sit down if you

- ▶ You have ever participated in a “calc off”



Stand up and sit down if you

- ▶ You have seen incompetent people promoted in an organization
- ▶ You have a defined benefit plan, guaranteeing you a secure income in retirement
- ▶ You have visited all ten Canadian provinces
- ▶ You once lost a cell phone
- ▶ Your organization follows Ho Ha accounting principles





Stand up and sit down if you

- You **negotiated** a prenuptial financial agreement with your spouse, prior to the wedding



Introduction

- ▶ Let us get to know each other
- ▶ My background
- ▶ You can e-mail me in the future with questions, ideas, jokes...

Have we “met” before?

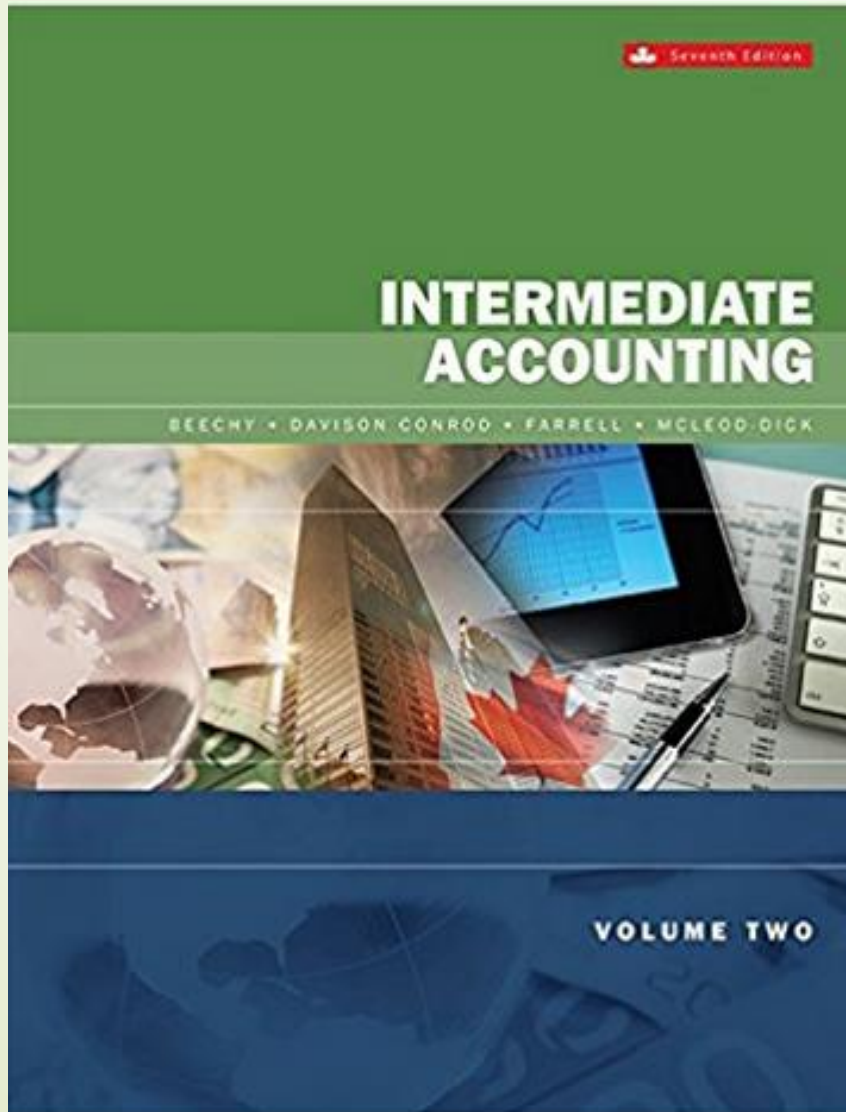
Sample simulation –2010 2

Simulation 1 (70 minutes)

Dave Bumstead and Roger Steward founded the Fruit Depot Inc., (FD) a fruit and vegetable business, seventeen years ago in a medium-sized Canadian city called Hayden. It has grown to operate four stores, specializing in medium to high quality fruits and vegetables, at very good prices. Three of the store premises are leased, and one is owned. The partners have funded most of their expansion from retained earnings. The business has also added bakery outlets in each store 14 months ago and started selling milk and butter products three years ago. This is the only business the partners have ever owned. Dave is 43 years old and Roger is 46 years old.

It is now July 30, 2010. Six days ago, Steward shocked Bumstead by saying he was exercising his rights under the buy-sell clause in the shareholders' agreement and was asking to be bought out for \$1.2 million. Steward would like to semi-retire while pursuing some other interests, such as construction. Under the terms of this clause Bumstead has 30 days to decide whether to buy Steward out or force Steward to buy him at the same price. He has \$248,000 that he could use toward the purchase, but he would have to finance the balance. Rogers said he might be willing to finance part of the purchase.

Have we “met” before?



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A personal career highlight

- CFO, Burger King



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Chief Frying Officer, Burger King, St. Laurent Blvd, Ottawa



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By the way, I am Mr. multi-ethnic, multi-cultural...

My published cases including

- ▶ Fifty plus published cases, with negotiation elements...

Recently

- I simultaneously negotiated with **12 CPA bodies** for presentation/video of my new 2 hour webinar **Practical Tips to Get Through a Cash Crisis**
- Various deal structures, lengths, partnering options and more



You may be interested in this course

- ▶ How to negotiate your way through a tough cash situation, all kinds of tips
- ▶ Over 1,200 have signed up for it in a few weeks after I created it

Comments on course

- ▶ I feel you gave a good cheat sheet to any of the participants to help their companies survive through the current Cash Crisis
- ▶ Good to have practical tips, real life examples – not just for during a pandemic but other times of crisis as well
- ▶ Your seminar was a great review of tools and things available to a company in this difficult cash flow time
- ▶ Well presented, like the questions and instant feedback
- ▶ It was very informative and thought provoking
- ▶ I was a 30 year Banker, leading corporate lending teams for a big 6 Bank, and found the information very on point and would be useful for people having to deal with their Bank in this environment
- ▶ For myself personally the accounts payable ranking really stood out - it was helpful to see it laid out the way that you did it
- ▶ I'm gathering my virtual learning kids around to watch this. Better than any other entertainment
- ▶ **It was a good session, slides had good content, you have a personable delivery, this is good stuff (Licensed Insolvency Trustee)**

DIIS – (De-icing Information System) SUREWx

- DIIS = Holdover Time Determination System (HOTDS)
- System consists of numerous sensors enabling the determination of:
 - Rate of precipitation
 - Type of precipitation
 - Ambient temperature
- System measurements used to generate an accurate holdover time (HOT) for each departing aircraft based actual conditions

MANAGEMENT BUYOUT DECEMBER 2015, over 30 airline customers, 100,000 pilots use it



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My other CFO job...one business line of ours

Reclaimed Vintage, Wood Products

"Reclaiming the past to build the future"



wood-source.com

Seminar background

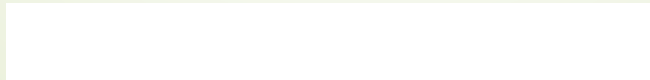
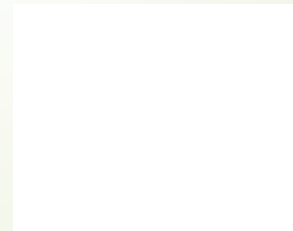
- ▶ I have created several other courses for financial leaders, providing tips based on my experience
- ▶ They all include specific, useful, financial negotiating tips
- ▶ I had more negotiating tips, so I came up with this half day course

Topic background

- ▶ Early in my career, I would have said technical knowledge are the most important factor for career success
- ▶ I have since realized that just about everything you get in life and business is via negotiating and this may be more important than technical knowledge
- ▶ However, education \neq good negotiator
- ▶ Lots of accountants don't negotiate!

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An example - the accountant who didn't negotiate!



41

In his hotel bed...



42

A bed bug!



FOR ME, THIS IS A GREAT OPPORTUNITY TO NEGOTIATE!

43

A bed bug!



A bed bug after it has had a blood meal.

- For him - he sleeps in the bath!

Always politely complain on airlines and in hotels

- I have got:
- Free food on flight, since late, others weren't getting
- Coupon for rude hotel employee
- Extra meal vouchers for late plane
- \$300 extra coupon for late flight..

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An accountant who did negotiate

- He wins a two week trip for two to a sunny destination at a football game, but has 6 kids...
- He negotiated a trip for four for one week



Note



- All of you used to be amazing negotiators and (lawyers)! When was that? When you were kids!
- You can go back to negotiating again!

Negotiating

- You fail with 100% of the negotiations ideas you don't try or ask

Example

- The snacks at a Montreal hotel are not very good...
- I would not have negotiated to cook them instead of the hotel
- But my wife did...



Your negotiations

- Most of your negotiations may be internal
- You may not negotiate directly with those outside the organization
- But, you can give your colleagues a **stream of ideas**, even if you are not involved, even if they don't ask for them!
- Some of you may be public accountants or consultants, who help your clients negotiate

Ideas for my colleague

- Aviation systems business
- Customer is just looking at the overall price
- I say “tell them it works out to 7 cents a flight (or something like that)”
- “Tell them we are fixed cost business if it is to you advantage in negotiations, when they want price decreases”

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Another colleague



- Took a photo of a famous airline's competitor taking off in a snow storm, when they were grounded - their competitor had our system
- Famous airline became a new customer shortly after
- You would all know the name...

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Polling question

- ▶ Do you like negotiating?

Polling question

- ▶ Do you like negotiating?
- ▶ Typically only 10-20% of the class
- ▶ I like some aspects of it, some I find a pain....

We are not talking about



- Getting good financial negotiation results through good looks, personality, charm and cheating will not be taught today
- If you/I were really good at the above, we would have become lawyers, politicians, TV stars, sales people...
- (It is hard to teach the personality side, generally you are born with it)
- I depend more on logic and creative deal structure ideas, and unusual tactics

Some negotiation successes

- Airline
- Projectors
- Cases
- But I have had failures

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This company was thinking of hiring me

This company was thinking of hiring me

I am thinking:

- 20 person start up
- Seems to be in a good space
- CEO is not flaky like some are
- They will likely get bought out one day
- I will get say 2-3% of the company in stock options
- I want a clear buy out deal, I didn't have a pre-determined one last time, so it wasn't smooth

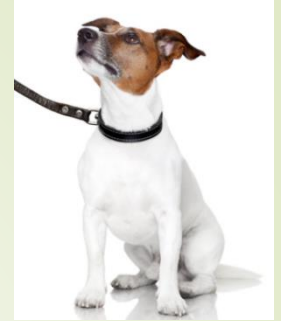
I hope you can use my negotiation tips, directly or indirectly

- ▶ A veteran's CFO's takeaway – a deal in New York closed during the seminar from a tip
- ▶ A young controller's application – he told he got what he asked for in a certain situation, the next time he saw me in a seminar – I will tell you the tip later

BE CREATIVE

- Creative thinking tips are illustrated in this seminar and in all my seminars
- In my **Practical Tips for Controllers & CFOs** seminar and **Practical Tips for Not-For-Profit Leaders** seminar, there is specific training on how to think creatively out of the box

Sales negotiations



- Good sales people are creative, but often need to be “leashed” (company rules, ethics)
- Give the sales people clear parameters or they may give the shop away, if top-line compensated
- Help them with good standard agreements
- Tips on controlling the sales function are provided in my **Practical Brain-Storming – Top Ten Trouble Spots and Other Useful Topics for Financial Leaders** (Quebec/Ontario title) **Ten Practical Topics for Financial Leaders** (outside Quebec/Ontario)

Note

- ▶ Even if you can't use my tips directly, they **will expand your mind about negotiating**, I am confident!

Key points

- I can't cover every possible type of negotiation situations and approaches
- I have never been to a negotiating course
- I have learned from the school of hard knocks plus from colleagues
- Mainly financial negotiations tips, but I do have some other tips, unusual tactical ones
- Apply my tips by analogy if necessary, to your situation, use the principle or the idea, or the thought process, because your situations will be different, get inspired!
- We will practice with a few mini-cases, all from real life

Key points from world's most famous negotiation course

- Be ready to walk away
- Don't be in a hurry (sometimes you are)
- Don't give without getting in return
- Don't take issue or behavior personally
- Don't be afraid to ask for what you want

Interesting

- I have asked 500 plus CPA who have attended live, give me a **good one sentence** negotiating tip from your experience
- I have yet to get a good one...

Some good ideas rubbed off on me

- Some great colleagues have been very creative, giving me ideas...
- An example, a discussion about a division with a President I used to work with and the new CEO
- The CEO said, "this division is worth "nothing"
- The President said "OK, I will buy it"
- A President of another company's idea, buy a house with shares of a private company

Former President

- *I have not attended Stephen Priddle's speaking sessions and seminars, but what I do know is that he is a strong Chief Financial Officer.*
- *I hired Stephen to be the company's CFO and he reported to me. I found him to be extremely trustworthy and ethical, creative, hard-working and technically strong.*

Former President

- *Stephen was well-respected by his fellow employees, even in difficult situations. He was very important to the company in many areas. These ranged from strategy debates, to saving lawyer fees and other costs, from writing/editing critical documents to raising government and equity/debt funding.*

Former President

- *I have over 30 years of business leadership experience and he is one of the best CFOs I have worked with. I expect those who attend his seminars and conference sessions to benefit from his knowledge and experience.*
- Mike Sparrow, P. Eng, MBA

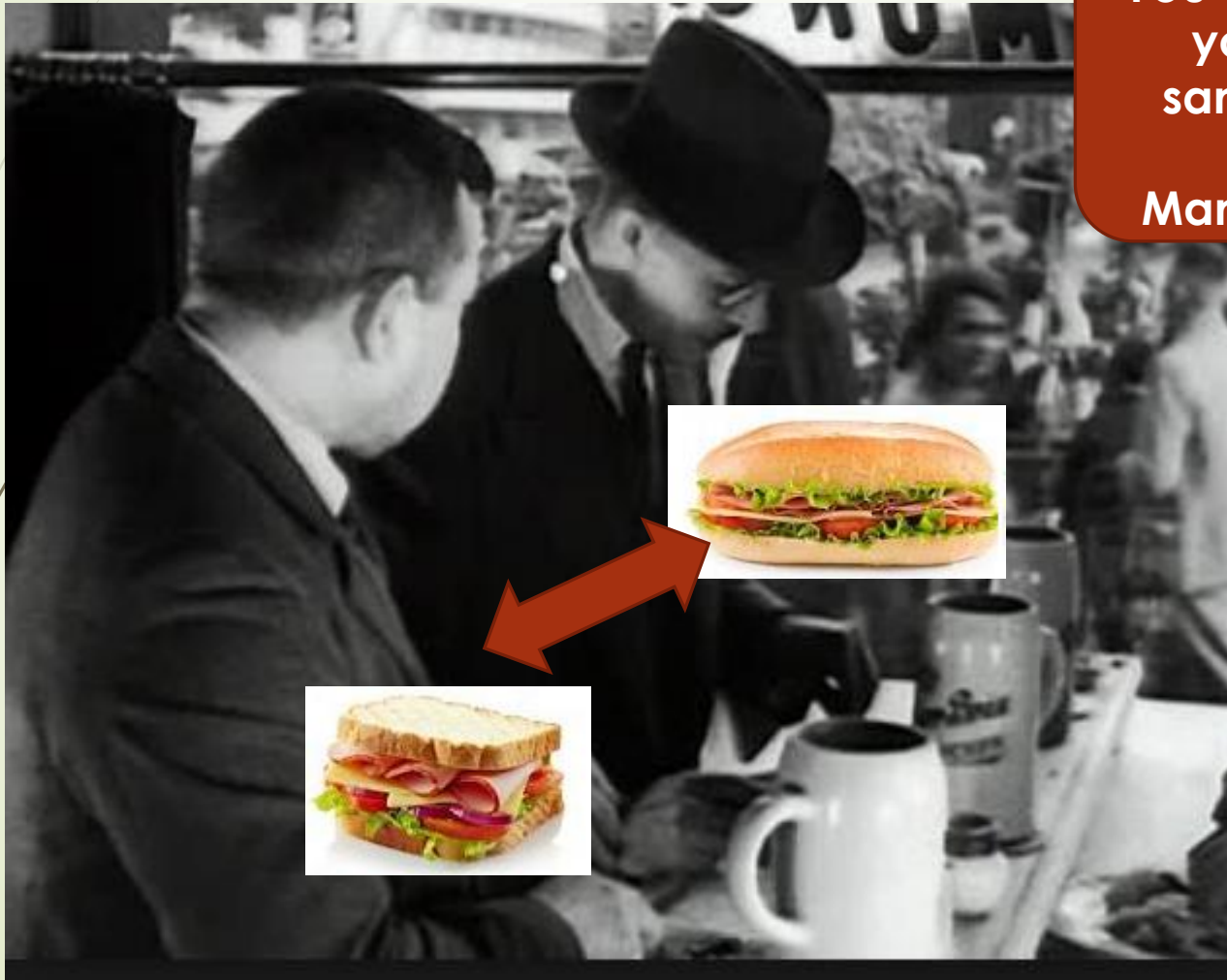
A side point

- Most studies show cooperative negotiations work better than adversarial (I don't all believe studies, but I think this is true)
- Don't be a jerk when you negotiate
- There is one business situation, when I don't negotiate hard, when do you think that is? Single mums, widows

Lawyers & negotiations

- Don't let them cause delays
- Are they raising sound business/legal points or a waste of time?
- Is the document too long? (shorten it)
- They often find ways out of deals/around rules!
- Can they give you negotiating tips?
- (Tips on minimizing legal fees and managing lawyers in my **Practical Tips for Controllers & CFOs** course as well as **Practical Tips for Not-For-Profit Financial Leaders**)

NOTICE
You cannot eat
your own
sandwiches
here.
Management



Negotiating with very large organizations

- Sometimes the large company's negotiators will say "it will take months to get the detailed contract through legal, but we could sign a short form contract quickly without legal"
- You may be able to use this to your advantage - sign the short form agreement
- But only do it if it doesn't increase your company's risk

Thoughts on ethics & negotiating



- Some feel that we should say/do whatever it takes to win
- (A President's claim)
- However, we must comply with our code of ethics while not breaking any laws
- This means no lying or bribing
- Our information can't be false or misleading – due to our professional standards (Rule 205, Quebec 34)
- We don't like negotiating with liars
- What do you do if they are? Be skeptical, ask for support for all claims

If you do find they lied

- You may be able to make a claim against them
- Example: a recent house purchase by my son

Ethics mini-case

- It is early March. Your company is negotiating a contract with some level of government for work to be done in June.
- Their negotiator says in order for you to get the contract they want a bill from you dated March 31, their fiscal year end.
- How would you respond?
- I love sending bills, of course I can give you a bill dated March 31
- But it **cannot** state that any work was performed prior to March 31, we don't create false information
- It could say: advance payment, contract payment, fee, deposit, pro-forma, estimate

And give us a signed contract as well...

Statement from management in an annual report of famous public company

- “The Company has identified a large volume of payments* made in connection with these contracts as well as other payments for which the Company has not been able either to establish a valid business purpose or to clearly identify the recipient.”

*** over a billion dollars**

Suppose you told your boss that

- “Our company has spent \$40K and I don’t what it was used for or where it went”
- Do you believe what this large public company was saying?
- What did they actually mean?

The result

- “Officials from Siemens traveled the globe with suitcases full of cash, paying more than a billion dollars in bribes to win lucrative public works contracts in countries such as Argentina, Brazil, and Venezuela” (Washington Times)
- Who was primarily to blame?
Politicians/officials demanding bribes



Who got hurt?

- Primarily your average family paying too much to travel on the subway, etc

The result

- ▶ “The German engineering company now will pay a total of **\$1.6 billion in fines** to U.S. and German authorities...Siemens’ pattern of bribery was unprecedented in scale and geographic reach” Source: Washington Times

Note

- Some would say “you can’t do business in some countries without bribing”
- I would say then don’t do business in those countries...
- Or submit your bid and expose the other’s bribery if you don’t win...
- Ethics = success
- (Confession: I used to be a little unethical, before age 21...)

Note

- This was 0.25 verifiable hours on ethics, but not for CPA Quebec (they say too small a fraction)

If you need a lot more verifiable ethics hours...

- Attend my webinar, **Practical Tips for Controllers & CFOs – The Case Course**, **1.5 of verifiable ethics hours**, very practical teaching, many case studies, how to deal with ethical issues and get around them...

Ethics – More Than Just the Code

A new 2 hour video course that explores some different ethics issues

- The rules/contract allow this - but is it right?
- Ethics problems between departments in the same organization
- Major Canadian CPA ethical lapses that are not well known
- The unreported revenue dilemma
- Will the auditors back you?
- Sanctions – should private companies punish players from certain countries?
- The subordinate who lies to you & the colleague who exaggerates
- ▶ Can you work there - industry and country?
- ▶ Blackmail and ethics
- Approaches to diffusing difficult situations
- All kinds of specific examples and stories

**Available starting Sept 1
2022 on the CPA Quebec site**

Be well informed before you start negotiating

- Negotiating with customers, but we didn't know much about the competitor's product, so I told them to buy one and test it carefully!
- Is not providing all the information to the other party during negotiations acceptable? I think yes
- Don't answer if there is no advantage to doing so
- Undress slowly?

Make sure they don't know too much about you



- ▶ Two examples:
 - ▶ Taxi fare negotiations (Thailand), my local friends said hide, while we negotiate the fare for our ride
 - ▶ Power plant negotiations (team is in a hotel in other country, negotiating with the potential buyer, we are at head office)

Outside Canada



- Know the local business practices
- You may have to be willing to try different ways of doing things in other countries, be creative, but stay honest!

Information shared during negotiations

- A company I worked for, before my time, had a negotiation with a supplier concerning some specialized sensors they made, during which they how they could be used to create a unique system technology
- A few years later, the same supplier starting building competing systems, the only competition for the company
- Problem: No non-disclosure or non-compete agreements were signed

Know the other side

- Find out who the real decision-makers are – (it may not be the people you are talking to)
- Is the CFO involved?
- You should know what is the accounting, commodity tax and income tax impact, etc, on both sides, it impacts decisions
- What is their main motivation?
- (It is not necessarily what is best for their business/shareholders), as we learned in business school

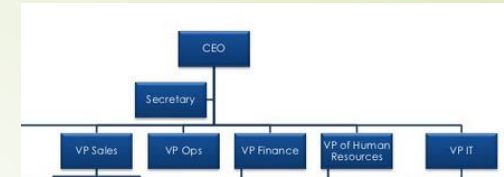
Their motivation may be:

- Do less work
- Internal politics
- External politics
- Win power struggle with other person/dept
- Build their empire
- Not get laid off
- Look good
- Fight for their piece of the budget
- Close to retirement so
- Bonus based on _____?
- Other ideas?

Get leverage if you help them when they blow it

- ▶ Customer makes a pricing or other error - I could hold them to it and embarrass them in front of their boss
- ▶ I don't hold them to it and save them from embarrassment, but use it to say you owe it to be nice to me in another negotiating area...

Know the other side



- ▶ Create the organizational chart if necessary
- ▶ Sell to the right people: power plants, 7 year sales cycle, who should we spend time with? The second in commands who will be making the decisions in 7 years
- ▶ What budget line or lines does it sit on their side? Who owns those lines? My VP Sales doesn't want to talk to any one who doesn't have a budget!
- ▶ Pull a credit report on them, it might reveal weakness you can exploit
- ▶ Check: www.importgenius.com for imports/exports of competitors and European public financials disclosure

Timing and other

- Let them fester sometimes, something good may happen
- *“Never forget the power of silence, that massively disconcerting pause which goes on and on and may at last induce an opponent to babble and backtrack nervously.”* (Quote by - Lance Morrow)
- But keep them warm (don't lose them)
- Depends on the situation

Purchasing negotiations

- They are professional negotiators
- They want to be able to tell the boss, they pushed your initial offer down
- They are busy
- Help them save face
- Understand their approval processes, to help you negotiate

Scenario

- We want to charge the customer a fee for each client location served
- Client balks, says they can't handle that high a cost for some locations, due to budget reasons
- Solution: Lower costs for some locations but also a system access fee, head office fee, or whatever so we still get the same revenue...

You work in government

- You are the “gorilla” with your financial strength and purchasing power and credit strength
- But creativity is not usually encouraged and RFPs are fixed
- The man credited with saving billions for the federal taxpayer, an accountant, how did he do it? Tell the federal government to start taking purchase timing discounts, 1% 10 days, net 60 days – they didn’t before...
- Lesson: sometimes the obvious is missed

Government accountants

- ▶ Check out my new course **Practical Tips for Government Accountants**

Barter

- This sometimes works
- I have experience in it, construction and heavy equipment industries
- Barter purchase, you don't need to find a customer to get the sale, to get the money to buy, you just get the sale through the barter
- We build the oil refinery for you, we agree to buy \$ of oil over next 20 years from you at a lower price

Any negotiations as the other party's year end approaches

- Many companies want to maximize cash or maximize revenues at that date
- Use this to your advantage in negotiations
- Also quarter ends for public companies

“Scope creep” negotiations

- Definition: client keeps after our technical staff for small additional pieces of work on fixed price engineering contracts
- Technical people often just do the additional work in my company
- What should happen: Management review and change order and a new price (just like construction & other fields)
- My solution skits at all employee lunch, with our engineer, correctly dealing with attempt by client to get more work, without paying more

101

Example

Can you re-write
the code so it
deals with X44
exceptions?



102

The “new” person angle



Negotiations – the new person on the block

- New sales representative
- New bank account manager
- New insurance broker
- Eager to please when you first meet them
- Use this to your advantage
- A bank example

Practical Tips for Controllers & CFOs – The Case Course

Negotiating an actual bank offer to finance:

- Security, interest rates, guarantees, covenants, margining, fees and costs, bank outs and veto rights, financial reporting & more
- 110 tips on all kinds of points
- **Foreign exchange management** is also covered in this course

General leverage in negotiations

- ▶ I say that your current position is not acceptable
- ▶ My boss says your current position is not acceptable
- ▶ Our CEO says your current position is not acceptable
- ▶ Our owner says your current position is not acceptable
- ▶ Our Board says your current position is not acceptable...
- ▶ Use high profile owner for key calls related to negotiations

Don't take too much advantage of them, even if you can...

- My father said: *"You must never try to make all the money that's in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won't have many deals."* (Quote by - J. Paul Getty)
- An example

Perceptions and people

- Consider personality of persuader
- Example

Perceptions and people

- Consider personality of persuader
- Example



Perceptions and people

- Consider personality of persuader
- Example



Note

- My best ever tip on how to persuade your boss, your colleague, your spouse or others, is found in my half day course **Practical Brain-Storming – Top Ten Trouble Spots And Other Useful Topics For Financial Leaders**, which was created before this course

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Teamwork



Meetings – team work

- Should you outnumber them or not?
- Arranged seating to your advantage
- Meeting tip, where it is just you - have your experts accessible, doing researched for you, checking on things, answering questions

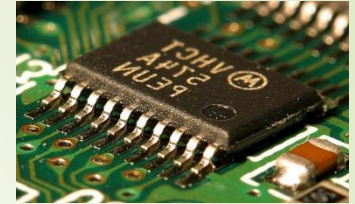
By the way

- Speakerphone etiquette means you should always identify to your colleagues, who is listening
- A President used to not do this, resulting in embarrassing situations..

Seek more dimensions to negotiate

- The more dimensions surrounding an issue, the easier it is to find creative financial & other negotiation strategies
- There are a generally less dimensions surrounding a sale of goods, than services, packages of goods and services, or complex projects

Dimensions mini-case 1



- Your salesperson is trying to sell something that is practically a commodity to a customer, a very standard computer chip, who could buy almost the same thing from others
- What are the negotiable dimensions surrounding it, other than price and quantity?

Overall

- Relationship
- Years in business
- Friendly to deal with, not giant co like Intel
- Reputation, organization credibility & advice
- Product quality, (although small, since a commodity)
- You can brand/label it
- You can advertise us, and get a lower price
- Test results on quality, output, etc
- Software throw-in
- Free samples
- Right of first refusal on _____

Overall

- Exclusivity for a particular: ____?
- Package with _____
- Maximum defect guarantee
- Made in Canada
- Green version, environment friendly
- Recyclable, biodegradable
- Can be used as ____ if obsolete
- Different colours
- Heat resistant
- More reliable
- Play golf with us...

Try this

- Throw in things that cost you little or nothing, but the other party won't know that

Logistics

- ▶ Complete supply chain management
- ▶ Shipment location
- ▶ Delivery location
- ▶ Storage
- ▶ Recycling old product
- ▶ Ease of ordering, EDI system
- ▶ Lead time, JIT
- ▶ Delivery dates
- ▶ Free delivery
- ▶ Return rights and restocking charges
- ▶ Lot sizes
- ▶ Shipping terms (risk)
- ▶ Packaging
- ▶ RMA (return) process – simple and efficient
- ▶ Re-stocking options

Pricing and payment

- Pay only if you sell (consignment)
- Payment terms (prepay to extended credit)
- Long-term contract versus short term
- Payment discounts
- Volume rebates/loyalty points
- Pay based on cost-savings
- Obsolescence protection
- First rights on next generation chip, for a price
- Choice of currency
- Pay by credit card
- Pay via barter
- Pay with Bitcoin or other crypto-currency
- Competitor price matching (MFN clause to be explained soon)

Note

- Don't worry if you are not getting all these different ideas
- In the live sessions, 25 people will get maybe 15 different dimensions

We will help you

- ▶ Product warranty, if applicable
- ▶ Training, service, instructions (bilingual)
- ▶ Customization
- ▶ 24/7 support, 1-800 line
- ▶ End user promotion
- ▶ We will program the chips
- ▶ Application assistance
- ▶ Advertising
- ▶ R&D assistance
- ▶ Inclusion of freebies
- ▶ Pricing advice
- ▶ Useful sales reports
- ▶ Help with sales
- ▶ Joint venture to do _____
- ▶ We donate 1% of proceeds to charity
- ▶ Others?

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But two more

- Sustainable version and



The lesson

- There are always more dimensions than you think, even in a simple sale/purchase
- These can all be used for negotiations

MFN clause

Why?

- Incent customers to buy from you
- Confirm you have the best deal when buying
- Are you familiar with this type of clause?
- **Most Favoured Nation** clause, “we will not sell this to anybody else at less than we sell to you”
- Buying “you will not sell to anybody else at less than your price to us”
- Good to have a volume condition, when used on the sales side

How to incent customers to buy

➤ Drawbacks:

- Hard to track promise - systems
- Can cause problems if there is an offer for a higher volume at a lower price
- Product definition can be tricky
- Sales may not plan to honour it (ethics)

Best promised to the customer with the highest volume possible (Walmart)

You could always provide a rebate to ensure you honour it (MFN promise to Canadian Tire at \$11, you start selling to Walmart for \$10, you rebate Canadian Tire \$1 per unit)

Foreign exchange \$

- ▶ Consider the other party's foreign exchange situation, to help your negotiations
- ▶ Example: You buy from a Euro supplier
- ▶ They buy in Swiss francs from a Swiss supplier
- ▶ You find out that the Euro has strengthened versus the Swiss Frank
- ▶ You should ask for a price reduction because their cost has dropped
- ▶ What about the other way?
- ▶ US companies often don't think about exchange in negotiations, to their detriment. Why? The US dollar is so dominant and they don't transact in other currencies
- ▶ (Overall foreign exchange management covered in my **Case Course**)

Intellectual property negotiations

- We have created some intellectual property (IP) but our customer wants to own for business reasons, we want to own it for tax reasons
- A neat solution I have seen:
- Your company keeps ownership of the IP, but grants a perpetual, exclusive, transferable license to the other party
- Good idea: a periodic intellectual property brain-storming session with your IP lawyer

Selling – what about costs?

- A major customer knew our COGS for the new product (the cost would be hard to derive – they probably got an unauthorized copy of the business plan). They tell us our COGS and ask for a price reflecting a low margin
- Response: the cost is irrelevant it is the value that is the key
- How else could we respond? We must recover our huge product development costs (drug pill example)
- Sometime use cost plus industry reasonable average mark up
- If you are selling cost-plus, try to get a broad as possible cost definition, i.e. include direct and indirect overhead (opposite if buying)

We are selling a new device we have invented

- Selling price about \$3M
- It is an Electron Accelerator

The problem

- The customer finds it cannot finance this equipment, because the bank worries that there would be no value if re-possessed, no resale market for an unusual, unique, new device
- What should we do?

Solution (not ideal)

- We agreed to buy the equipment back, if the bank re-possessed and could not get a certain value on resale
- Enabled us to get the sale, but what is the draw-back? We can't recognize revenue on the sale, because we could have to take it back any time, and it is a liability hanging over us

Joint venture negotiations



- What do you bring to the table?
- Watch out for elephant partners
- Many possible structures, separate legal entity, informal, contractual
- Remember tax implications if incorporated joint venture, a CCPC is better
- <https://contracts.onecle.com> for lot of real joint venture agreements, and all kinds of agreements

Joint Venture Agreement

- [Investment Program Agreement - Prudential Investment Management Inc. and Ashford Hospitality Finance LP \(Jan 22, 2008\)](#)
- [Investment Program Agreement - Prudential Investment Management Inc. and Ashford Hospitality Finance LP \(Jan 22, 2008\)](#)
- [Limited Liability Company Agreement of CityCenter Holdings LLC - Mirage Resorts Inc. and Dubai World \(Aug 21, 2007\)](#)
- [Omnibus Agreement - Micron Technology Inc. and Intel Corp. \(Feb 27, 2007\)](#)
- [Joint Venture Agreement - Wuhu Chery Technology Co. Ltd. and Great Genesis Holdings Ltd. \(May 2006\)](#)
- [Joint Venture Contract - Shandong Quanxin Stainless Steel Co. Ltd., Zibo Mingtai Recycled Resources Co. Ltd., Zouping Huatong Copper Industry Co. Ltd. and Terra Nostra Resources Corp. \(Mar 26, 2006\)](#)
- [Memorandum of Agreement - Publishing and Broadcasting Ltd. and Melco International Development Ltd. \(Mar 5, 2006\)](#)
- [Joint Venture Contract - Shandong Terra Nostra-Jinpeng Metallurgical Co. Ltd. \(Dec 16, 2005\)](#)
- [Master Agreement - Micron Technology Inc. and Intel Corp. \(Nov 18, 2005\)](#)
- [Master Joint Venture Agreement - Evergreen Solar Inc., Q-Cells AG, Renewable Energy Corp. and EverQ GmbH \(Nov 4, 2005\)](#)
- [Technology Transfer Agreement - Australia PV Science & Engineering Co. and JingAo Solar Co. Ltd. \(Oct 24, 2005\)](#)
- [Joint Venture Operating Agreement - Napster LLC, Tower Records Japan Inc., Nikko Principal Investments Japan Ltd. and Napster Japan Inc. \(Oct 14, 2005\)](#)
- [Valuation Agreement - Hebei Jinglong Industry and Commerce Group Co. Ltd., Australia PV Science & Engineering Co. and Australia Solar Energy Development Pty Ltd.](#)

A good line in extended negotiations

- Is this is a closing conversation?
- Sometimes you want to create a deadline for a decision somehow

The other side – help them with the business case

- You may need to help them calculate savings and benefits
- You know their CFO will probably cut the numbers in half!
- Don't forget soft numbers, estimate or put in a range
- Don't forget other factors, safety, esthetic impact, environment, etc.
- You may or may not be able to charge them for these (easier in Europe)

Real estate negotiation - creativity

- We want to rent property over a five year period
- It needs quite a lot of improvements
- We have money to cover the improvements
- We want some real estate capital appreciation

Financially creative negotiated solution – no rent payments

- Agreement: Enter in a five year “lease” with no rent, but we will pay for property improvements at our discretion. At end of lease, lessor will pay us half the increase in value, based on property appraisals at the beginning and end of lease
- Lessee motivated to do high payoff improvements early on
- Lessor, doesn't have to pay for improvements in cash, but doesn't get rent

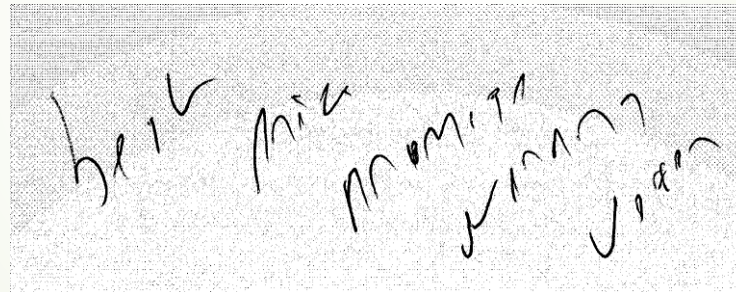
Financially creative negotiated solution example

- Initial value \$7M
- Five year lease
- \$1.8M in improvements
- Value in five years: \$9.4M
- Increase in value \$2.4M
- We get \$1.2M in cash
- Rental cost \$0.6M, a good deal for us
- (could have pre-determined the values)

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**Some people think my writing
is bad**

It is not that bad! - sample



Preparing for the UFE, the CA final exam – I write many practice exams

Actual marker comments:

- ▶ You probably missed marks because your writing is illegible
- ▶ Handwriting is terrible
- ▶ You must learn to PRINT this is totally unacceptable
- ▶ Steve, you have probably heard the readability comment before
- ▶ Your handwriting is atrocious
- ▶ You are gaining a reputation with the markers. People want to avoid your paper
- ▶ 95% of the paper is illegible
- ▶ I can assure you that if this paper was submitted at a UFE, it would not even be graded!

Preparing for the UFE, the CA final exam – I write many practice exams



- Wait, my handwriting is disability, is should be afforded special consideration under the Human Rights Code
- It is too bad I couldn't have written it on the computer...

Mini-case 2



- Business Soloigy Inc.: designing customers' new high tech product to be sold in future years
- Trying to sell to private company customers that have high growth prospects, but limited finances, generally start-ups
- We normally do work on fixed fee contracts, billed net 30
- We need to increase sales
- What are some options? (we are willing to take some more risk)



Ideas

- Try to cover our direct costs with cash fixed fee
- Take deferred payment of some of the fee , charge high interest (factor the A/R?)
- Creative financing tip! EDC Insurance for 1 term receivables. Lesson: it is always worth asking...
- Set up Soloigy Finance Inc. and....
- Take some of the fee as a royalty, when it starts selling (also % of profits, or margin)
- Demand good upside based on forecast due to risk and back end timing





Sweat equity!

- Take some of the fee as shares of the start up company (or stock options) – check applicable securities laws
- Barter – can they pay us in part in goods?
- Charge less, but keep the right to use the design for a product of ours in certain markets (not competing)
- You pay us only when you collect
- Joint venture with them, we get to sell the product in one market
- Keep certain IP rights
- Some combinations of the above

Examples

- \$200K fee to design electronic product, our cost \$110K
- Forecast sales 500 units a year
- Charge them \$110K plus \$150 per unit royalty
- Charge them \$110K plus \$200K of shares
- \$200K fee delayed for 6 months, but with 15% interest due to the risk

Watch outs!

- Doing royalty projects means we take much longer credit risk re payment
- It assumes some of the other company's manufacturing risk, selling risk, exchange risk, raw materials risk, market risk, etc, none of which we are in a good position to understand
- Do we have any expertise at this, in identifying likely winners in markets other than ours?

Taking shares

- Means we are operating like a venture capital investor, do we have the expertise?!
- Lots of issues with private company shares :
 - Valuation
 - Shareholders' agreement restrictions
 - Being a minority shareholder
 - Liquidity and more(At least ask for a Board seat)

What did we do?

- ▶ Board said we cannot take more than $x\%$ of revenue per year in shares

Also indirect assistance

- Offer them sales or SRED assistance
- Help them get financing

Do this through:

- Introductions
- Meetings with lenders/investors

Wait, there are no royalties in my industry?

- Why not create royalties in your industry?
- Construction co takes royalty on rental property they build
- Basically they will get some kind of conditional payment (based on occupancy?)

Wait, there are no royalties in my industry?

- Why not create royalties in your industry?
- Construction co takes royalty on rental property they build
- Basically they will get some kind of conditional payment (based on occupancy?)
- Build for \$10M instead of \$11M, but a royalty of up to \$400K a year for 4 years, based on occupancy

Ethics and royalty accounting

A CEO's question:

We just completed a design for royalties deal. Can we record the revenue on estimated future royalties, now?

Answer: No, the revenue is not earned until they start selling!

Future royalties

- What is the risk (ethics)?
- The other party can not fully report sales, to reduce royalty payments
- A solution that once worked electronic tracking of production

Two gangster stories



A fund-raising investor meeting

- ▶ Part way through, our President realized the potential investors were likely



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The gangster and the bookkeeper



Some bonus personal life negotiating tips

- Negotiating for a used vehicle backlog repairs coming if repair history is light, a lemon if costly repair history
- Negotiating to buy a house Negative building inspection report
- Negotiating rent with your kids OK, no rent, we just share costs (better for tax)
- Negotiating with your spouse love/respect/cooperation/unselfish....
- Negotiations with the in-laws (same)

My three year old grandson is looking like a very good negotiator

- Always says “should we go play outside?”, when he means “I want to play outside
- I say, “why don’t you take this food home (he doesn’t like this food)
- He says “Grandpa, I will let you and Grandma eat it”
- We both want to eat the snack
- He says: “Grandpa, that would be unhealthy for you, so...”

One grandfather was a good negotiator

- The neighbour says “I will sell you this coat for \$15”, have a look at it
- He takes it and says, “I will consider it a gift”

Mini-case 3

- Xlaon Inc. wants to sell a product, using some of our IP, through a license to sell in Germany, exclusively for five years. Their proposed royalty rates on shipments are:
 1. Royalty would be 6% for two years, then 4% thereafter; or
 2. 9.5% for one year only, royalty free after
- What information would you ask for and what are some financial negotiation angles and?

Some questions to ask

- ▶ What is the product's life expectancy? Is there a feasibility study? Does it impact our products/markets?
- ▶ Need to understand their forecast sales (hard to evaluate them) Compare with comparable product's sales
- ▶ Do an NPV with the forecast sales and a risk-adjusted discount rate
- ▶ What is the definition of sales (gross, net)? What about returns?
- ▶ Is there a royalty withholding tax for payments from Germany to Canada (check treaty)
- ▶ What currency (hedging?)
- ▶ What about other countries?

Key points

- They will be in the position to delay shipments to reduce royalties, under each proposal
- Perhaps there should be royalties during the entire 5 year exclusivity period
- You need to find another party to sell in the country if they don't sell much or go bankrupt
- Do this with a floor royalty level, otherwise they lose the license
- Principle: take people's rights away if you are not making money, so you can make money another way
- Do this with your distribution agreements, it isn't just necessary for royalty agreements

Other ideas

- Lower rate but longer or perpetual
- A royalty cap, but other terms different
- You may want some control over pricing
- Or, royalties on units, not sales revenue
- A higher royalty rate, but more technical help, or other low-cost throw-ins
- Create a joint venture with them
- You need to protect the company from royalty games – not reporting sales
- How? Audit rights or reports required so that you can tie in your test purchases to the sales report they required them to give you!

COURSE PURCHASE REPORT – AUTHOR – S. PRIDDLE

<u>Date</u>	<u>Customer</u>	<u>Price</u>	<u>Payment method</u>	<u>Course</u>
Oct 5-20	-	-	Visa	Practical Tips to Get Through a Cash Crisis
Oct 7-20	-	-	Visa	Practical Tips to Get Through a Cash Crisis
Oct 8-20	-	-	Mastercard	Practical Tips for Controllers & CFOs
Oct 9-20	-	-	AMEX	Practical Tips for Controllers & CFOs

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**Obviously we need an auditor
joke**

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Audit junior joke – during file review



The bottom line approach

- I have sometimes used it
- Let's not beat around the bush, my bottom line is X for Y, and I am not willing to discuss anything, do you accept this or not?
- It can work in some situations, but be careful, they may walk away

I am willing to negotiate a royalty with you, bottom line approach!

- Tell someone you know to attend any of my video courses with CPA Quebec to August 31, 2021
- www.practicalpd.com for more information
- If they register and attend, and you send me an e-mail saying you sent them, I will pay you a 20% royalty
- Just send me an email:
“___” attended/purchased course ___ on date at my recommendation, please send me a royalty cheque

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Alertness exercise

- ▶ Read the next slide, when I reveal it, out loud

**AND
THEY LIVED HAPPILY
EVER
EVER AFTER**

Pricing

- Pricing is part of financial negotiations
- We need to help our colleagues in all kinds of ways
- Easy: impact of pricing
- Harder: creative pricing strategies
- We will cover some today

A pricing strategy

- Consider some part of current payment to be creditable against future sales, motivates higher payments now
- \$600,000 for 2020, but \$40,000 is creditable if you buy/renew for 2021
- (there will be revenue recognition issues)

Pricing perceptions/optics

- More or less lines in a price quote? It depends
- Should you pass through a cost so it is less noticeable?
- Best illustrated with an example

Price quote

- One year of services \$61,000
- (our fees \$55,000 plus \$6,000 charged by the airport)

- One year of services
 - Set-up \$10,000
 - Training \$12,000
 - Data charges \$33,000
 - Plus pass through of charge from airport (\$6,000)

- (Note they may want to argue about every line now)

World pricing expert comments

- ▶ AT Kearney's world price negotiation expert's big tip from a lengthy conference call:
- ▶ You must offer many alternatives pricing in negotiations, a Honda to Mercedes options

ATKearney

Collection negotiations

- Recognize and use any leverage you have, examples:
- You don't own the goods until you have paid in full
- Who has the product drawings?
- Turn off the power in the capital city!
- Withhold after-sales service
- Complete versus incomplete projects

Collection negotiations

- Small receivables that are lagging, just ask for post-dated cheques or payment via credit card
- Consider accepting payment in kind
- Threaten collection agency
- File a lien

A negotiation

- World famous company you all know
- We are their potential supplier, selling data to them
- They wanted audit rights to look at “ any or all books and records” when they ask
- A possible response:
 - No, if not a cost-plus deal!
 - Very limited if it is, but only on the costs
 - Who does the audit? Our auditors or their auditors but preferably not their people due to commercial sensitivity

Meet them halfway

- Sometimes a good strategy
- *“The fellow who says he'll meet you halfway usually thinks he's standing on the dividing line”* (Quote by - Orlando A. Battista)

A common strategy

- ▶ They want to pay \$9,000 probably and start with a \$7,000 offer
- ▶ You start with \$12,000 and are ready to move as low as \$10,000
- ▶ You go back and forth and settle for half way

A common strategy

- I sometimes do this
- But sometimes, I don't want to go down, I reserve a hard plausible reason for not going down further
- Eg "That is lower than I sell to anybody else, so I am not going any further...."

Half way and sharing success with the other party

- The concept is to show the customer's savings from product/technology software
- Then offer to share it with the client
- You pay me a % of the savings, you keep the rest
- 50% seems a reasonable split... hard to argue against this
- Sort of a success fee

Numbers example

- ▶ We can demonstrate that our product/service will save you \$40K per something
- ▶ Let's "split" the savings, so you will charge you \$20K per year
- ▶ In real life, pay us 50% of the savings of the new type of electricity generating plant, versus the plant which uses the existing technology

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Saving on new tech power plant, versus reference power plant



Pickering (nuclear)

Lambton (coal)



- Once I got a text in the middle of teaching a course from a colleague
- Someone wants to buy the company, can you call me...

- Small business, take advantage of under the table sales, pay based on income tax reported sales and profits
- Don't pay for synergies, improvements you bring to the table (exclude from valuation)
- Challenge them to justify their valuation
- Show them a slightly pessimistic valuation from an independent party

M&A deal structuring

- ▶ Try to make agreements that are not too complex or find ways to simplify complex structures

Deal structure – M&A

- We buy 80% of the one share class, at a favourable price,
 - Under the deal the vendor will get:
 - 80% of the dividends/proceeds of a sale of the business in year 1
 - 60% of the dividends/proceeds of a sale of the business in year 2
 - 40% of the dividends/proceeds of a sale of the business in year 3
 - 20% of the dividends/proceeds of a sale of the business in year 4 on
- (a kind of an earnout)

The lawyer's structure

- Must deal with the asymmetrical dividend/payout deal versus actual share ownership
- Complex share redemption formulas
- Intricate dividend formulas, to take into account all kinds of possibilities
- Huge legal fees, three months of work
- Final solution, about 30 pages long, very hard to follow, multiples classes of shares, article changes, and more

Then it hit me – a two line solution (after the deal was signed)

- The vendor gives power of attorney to the purchaser to vote 80% of vendor's shares
- Advance agreement to sell 20% of the shares per year to us, until the vendor only owns 20%

Then it hit me – a two line solution (after the deal was signed)

- The vendor gives power of attorney to the purchaser to vote 80% of vendor's shares
- Advance agreement to sell 20% of the shares per year to us, until the vendor only owns 20%
- Our star M&A lawyer agreed it would work and achieve the same deal as complex structure

Need a couple more lawyer jokes

➤ Q: What do you call a smiling, sober, courteous person at a lawyer's conference?

➤ A: The caterer.



➤ Q: Why are lawyers like nuclear weapons?

➤ A: If one side has one, the other side has to get one. Once launched, they cannot be recalled. When they land, they screw up everything forever.



Bureaucracy negotiations - don't take no for an answer

- I was challenged by a COO earlier in my career, to never take no for an answer
- Do we sometimes accept no too easily?
- Bank loan
- Firewood ban
- Fraudulent wire instructions
- Airline



Small Business Loan program

- ➔ Revenues under \$10M
- ➔ Up to \$1M

Canada Small Business Financing Program

Find a loan for your small business

This is a loan program in collaboration with financial institutions. If you are looking for other government financial incentives including grants or general information for small businesses, please access the [Canada Business Network](#).

Note: Program was expanded in the 2021 budget...

✓ Equipment

✓ Business Vehicles

✓ Renovations

✓ Commercial Property

✗ Working Capital

✗ Inventory

✗ Labour

✗ Advertising



NOTICE

**DUE TO CERTAIN BEETLES,
FIREWOOD FROM WEST OF
HIGHWAY 35 IS STRICTLY
BANNED IN THE PARK**

**BY ORDER - ONTARIO PARKS
MANAGEMENT**



Situation



Have you received one of these?

From: Michael Chaput <Michael.Chaput@SureWx.com>
Sent: May 5, 2018 3:13 AM
To: Stephen Priddle
Subject: Re:T Request

Hi Stephen,

Hope your day is going well. I will need you to process an international bank to bank wire transfer for me today. What would you need to get it done?

Regards

Michael Chaput

Fraudulent wire instruction stories my seminar attendees

- 20 year veteran Controller of Montreal public company wires \$500,000, insurance covers, **employee retained**
- Employee violates policy in Bermuda company, wires money, **gets fired**
- Lady in my seminar hears that colleague has wired money to China based on a fraudulent email and...**and gets the wire stopped, after it has left the company bank account...**

I also once heard

- Insurance covered a fraud, because procedures were followed or something like that....

From: Stephen Priddle <spriddle@surewx.com>
Sent: January 2, 2020 5:58 PM
To: Michael Chaput <mchaput@surewx.com>
Cc: fraudinvestigation@rcmp.ca <fraudinvestigation@rcmp.ca>
Subject: Re: Request

Sure, I will send the wire soon, can you give me your bank information, how much do you want?

STEPHEN PRIDDLE, CPA, CA, CMA
VP Finance & CFO
SureWx Inc.

t: 1 514 225 2192 ext 401
f: 1 800 606 1730
www.surewx.com

From: Michael Chaput <mchaput@surewx.com>
Sent: June 21, 2016 9:33 AM
To: Stephen Priddle <spriddle@surewx.com>
Subject: Request

I need to sort out a financial obligation. Let me know the bank details i need to send to you to make an international wire transfer.

Michael.

Bureaucracy negotiations - don't take no for an answer

- Sometimes people think they have authority on something, but they don't
- Challenge them
- Always go up the authority hierarchy if necessary
- Don't tell them to break rules/laws
- Be polite
- Offer a bribe for cooperation (an ethical bribe)
- Should you use this internally? Any examples from you?
- Don't apply this in all situations, for example marriage and family

Have this bribe ready on your mobile device

CEO

Organization

Dear _____,

I am sure you would like to know about outstanding performance of your employees in the eyes of this customer.

I am writing to commend your employee _____, who went above and beyond the call of duty today, to help me with _____. You should be very pleased with _____.

Yours sincerely,

Title, organization

c.c. Site head & direct boss

Other thoughts?

- Some would say “don’t bother” – I would say it depends on the matter
- A person asked, “do you enjoy doing this?”
- Answer: “sometimes, but not always,
but I do enjoy telling the stories
later...”

Use of options – M&A

- We will sell you an option to....., expiring on...
- We will buy an option to....., expiring on...
- Useful in a number of areas, for example:
 - Land acquisition
 - Agreement extensions

Use of options – M&A

- Real life: Giant company is thinking of acquiring us
- Shareholders sell a 3 year call option to buy all shares for \$18M for \$2M
- Shareholders get money now and other company is happy
- But what are the watch outs for us? Caps value for 3 years and will scare potential acquirors away
- But what is the watch out for them? We stop driving value up, when it approaches \$18M

Financing negotiations

- *“Borrow money from a pessimist, they don't expect it back”*
- We are going to talk about some negotiating strategies for risk financing, as more creativity is needed

Financing mini-case 4

- Some investors want to put money into a high risk company, that is too early stage even for venture capital and is short of money to pay interest
- A government lender has the first security interest but it is not too large
- They want to get their return as the business is successful, but they want part of their investment to be fairly safe
- The business is selling product, with low volumes, 1, 2, 4 a year, etc.

Mini-case 4 notes – one option

- Give them a secured loan, since they want safety
- (They can't get ahead of the government lender in security)
- “Interest” could be paid in product royalties!

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I have never heard of deal exactly like this

- Although the feds do royalty loans, principal and interest paid back by royalties

Federal government to give \$372.5M in loans to Bombardier

Mor... based company has been requesting \$1B in federal funding since 2015

The Canadian Press | Posted: Feb 07, 2017 5:45 PM ET | Last Updated: Feb 07, 2017 11:37 PM ET



'Bombardier is back,' Innovation Minister Navdeep Bains said during Tuesday's announcement. (CBC)

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Weather

Severe weather warnings or watches in effect for:

[Qusoatq](#) [Kangloosuluaq](#) [Lac Raquin](#) [Salluit](#)

Montréal	Québec	Longueuil	Mirabel
			
-6°C	-9°C	-6°C	-7°C

The company will repay the loans through royalties on each aircraft sold. It's the same system used when Ottawa provided \$350 million for the CSeries in 2005.

Mini-case 4 notes – another option

- ▶ Give them a secured loan, since that is what they want, although they can't get ahead of the government lender in security
- ▶ Interest paid in warrants to purchase our common shares, which may go up a lot in value
- ▶ Like convertible debt, except they don't have to get rid of the debt to get the equity upside
- ▶ I have never heard of this structure in a private company context with warrants instead of interest, usually it is interest plus warrants

Specifics

- \$1 M secured loan, back-ended repayments
- Warrants to buy 200,000 shares at \$2 = current market price, exercisable in next five years
- Accounting: not an interest-free loan, high implied interest rate must be recorded, and the equity valued (financial instrument rules S. 3856, Part II of the CPA Handbook)

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Financing mini-case 5

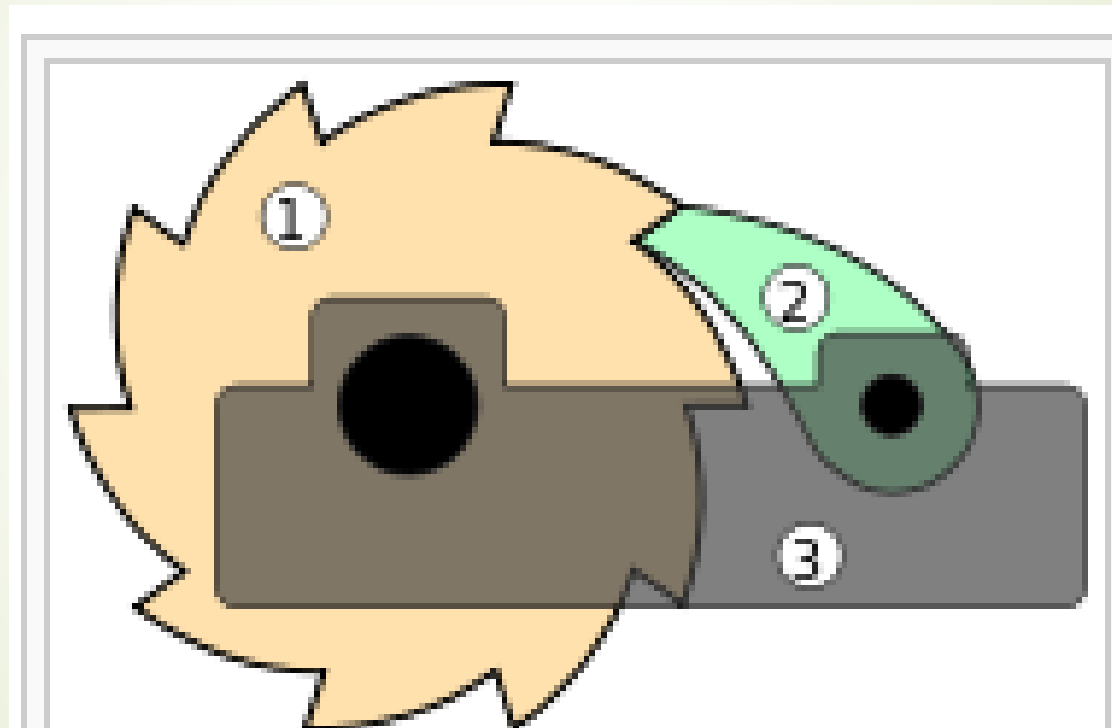
- Your young company is looking for risk money at \$3 per common share, and you forecast \$20M in sales \$2M pre-tax profit in two years
- Venture capital investors are tough on valuation, only want to pay \$2 per share and are skeptical you won't meet your forecast in two years
- How can a deal be achieved?

A possible response

- ▶ Put the money in at our asking price, but your percentage of the company will be adjusted by additional/less shares if we don't meet our forecast/exceed our forecast
- ▶ My company did this once on a big venture capital deal
- ▶ The venture capitalists agreed but insisted the adjustment clause could only move in their favour, not ours, regardless of results – we called it the ratchet clause
- ▶ We then focused on trying to get of this clause, because we thought there would be a major company buy out soon

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Ratchet – it only moved in the investor's favour



Possible formula

- Share issue adjustment:
- Total shares issued
 $(\$20M + 3 * \$2M) / (\text{actual sales} + 3 * \text{pre-tax}) \times \# \text{ shares originally issued}$
- Example of missing target
- $\$18M + \$1M$ – formula $26/21 = 1.239$
- 23.9% more shares get issued for missing targets

An alternative

- The opposite, money in at \$2, price goes to \$3 if we meet our targets
- Put money in at \$2, remaining shareholders or company get some kind of cash earnout based on performance
- General point: deal with uncertainty in negotiations with conditions that move

Another financing option, how do we negotiate it?

I just got this email

▶ DEAREST ONE,


Greetings to you.

I got your contact through an international promotion board in the internet in my search for some one to do business with. I am **PRINCE DAVID SOLOMON** a citizen of the Republic of Sierra-Leone in West Africa.

My father **KING EGOBIA SOLOMON**, was the director of Sierra-Leone Gold and Diamond Corporation and also the KING of my village. There was a **gold and diamond** mining company located in my village which was controlled by AMERICAN business men. During the recent outbreak of war in my country, **my father was killed by rebels** that are loyal to Fondéy Sankoh when they wanted to loot the corporation strong room. All the security men and key officials who resisted their

I just got this email

- ▶ All the security men and key officials who resisted their advancement were killed and large amount of precious stones taken away. After the death of my father, I was instructed by my village chiefs and family elders to give account of my father's administration as the first son and PRINCE according to our tradition. As I was arranging things in my late father's bed room, I came across some documents and personal letter hidden in a constructed secret safe under his bed. **Those documents are about a trunk box containing the sum of US\$4.5 million** which he deposited in a private security company as family valuables at ABIDJAN COTE' D IVOIRE

- 
- ▶ According to the content of the letter, the security company does not know that the box contains money. This recalled my memory. At several occasions, I will come back from school and met my father with some white men discussing in low tone. After their departure, I will ask him , who are those men? And he will answer me, they are Americans that just came into town. While I was still at my country , I contacted the security company about this and **they confirmed existence of such box.**

- 
- Right now ,I have left my country due to renewed outbreak of war and the constant attack of rebels to my kingdom. My mother who is a Togolese has returned to Togo with my younger brothers and sisters. I'm sending you this message from Abidjan to solicit for your assistance to help me start a new life. I'm inexperienced when it comes to international investment or transferring such fund abroad . I'm just an undergraduate of mechanical engineering . I still want to further my education. If you can help me to move this fund to your country, for meaningful investment. **You stand to reap 15% of the total fund for your assistance alone. You are also to manage the remaining 85% for our mutual interest. I just need you to send me \$50,000 USD.**

Your urgent reply indicating your interest will help me to stop further search for help. Moreover, remember to keep this as confidential issue between us due to the popularity of my father. Awaiting your correspondence. Please you can be much faster because of the resent problem here in Abidjan for the successful conclusion of this transaction please.

Yours sincerely,

- 
- Right now ,I have left my country due to renewed outbreak of war and the constant attack of rebels to my kingdom. My mother who is a Togolese has returned to Togo with my younger brothers and sisters. I'm sending you this message from Abidjan to solicit for your assistance to help me start a new life. I'm inexperienced when it comes to international investment or transferring such fund abroad . I'm just an undergraduate of mechanical engineering . I still want to further my education. If you can help me to move this fund to your country, for meaningful investment. **You stand to reap 15% of the total fund for your assistance alone. You are also to manage the remaining 85% for our mutual interest. I just need you to send me \$50,000 USD.**

Your urgent search for **15% x \$4.5M USD x 1.31 = \$884,250** to stop further confidential issue between us due to the popularity of my father. Awaiting your correspondence. Please you can be much faster because of the resent problem here in Abidjan for the successful conclusion of this transaction please.

Yours sincerely,

I found the place on the map



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Should I go for it, the payback could be about 10 times?

Truth is stranger than fiction

- A Canadian professional accountant told his client to send the Prince \$50K to help release the funds!
- Shockingly, his client never got their \$884,250!

check co-signed a cheque payable to a certain company knowing that this payment contravened the terms of a loan agreement between the concrete company and a public mutual fund company. Mr. Sneek co-signed 12 cheques payable to persons or parties who were not arm's length to the concrete company when he knew or should have known these payments contravened the terms of the loan agreement between the concrete company and the mutual fund company. Mr. Sneek did not personally benefit from his actions but the misconduct placed the concrete company in violation of its financial covenants. Mr. Sneek was fined \$8,000, charged costs of \$8,000, and suspended from membership for 12 months.

Deane Brian Stinson, Sault Ste. Marie, was found guilty of one charge under Rule 202 of failing to perform his professional services with integrity and due care. Mr. Stinson, as president of a company providing financing procuring services, was retained to assist in raising \$1.5 million in funding for a corporation. Mr. Stinson informed the corporation that he knew a member of the royal family of Sierra Leone who had been forced to flee to Côte d'Ivoire and was looking to invest his fortune. The corporation, at Mr. Stinson's request, paid a number of fees over an extended period of time for the release of those funds, including bank costs and government levies. Mr. Stinson forwarded these fees to Côte d'Ivoire by wire transfer to individuals who represented themselves as agents of the prince. No money was ever received by the

Disciplinary notices - CA Ontario, 2007

- DB Stinson, CA
- On a finder's fee arrangement to find his client financing
- The "member of the Royal family of Sierra Leone" was advanced money by his client, but no money was ever received by the client!
- Stinson was disciplined for failing to provide "services with integrity and due care "
- Who was Stinson?

check co-signed a cheque payable to a third party company knowing that this payment contravened the terms of a loan agreement between the concrete company and a public mutual fund company. Mr. Sneek co-signed 12 cheques payable to persons or parties who were not arm's length to the concrete company. He knew or should have known these payments contravened the terms of the loan agreement between the concrete company and the mutual fund company. Mr. Sneek did not personally benefit from his actions but the misconduct placed the concrete company in violation of its financial covenants. Mr. Sneek was fined \$8,000, charged costs of \$8,000, and suspended from membership for 12 months.

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Polling question

- ▶ Do you have workers that are unionized?
- ▶ Usually in the 50% range

Union negotiations

- ▶ An idea I have seen:
 - ▶ Treat your employees kindly and respectfully, don't be adversarial
 - ▶ Try to get a more pragmatic, less aggressive union
 - ▶ Pay everyone above the union pay scale, make it irrelevant
- ▶ Also give them some shares, then they may not be able to stay in the union...

Mini-case 6 – a contract

- Basic idea:
- The customer is to pay you \$30K per month for 8 month season each year, adjusted for your equipment's performance in the month, net 30
- Performance measurement calc's mean the bill doesn't get out until 10 days after month end

Improvement

➤ How could this contract be improved?









Improvements

- Pay up front, no performance adjustment, improves cash flow
- Bill net 20
- Pay monthly, every month of the year, then only 8 months gets adjusted for performance, spreads cash flow
- Or adjust performance in arrears a month, or as of the 20th of the month
- Or have a monthly invoice on the last day of the month, and a performance adjustment invoice/credit on the 10th

Improvements

- Adjust performance just once a year
- Estimate monthly adjustment and do actual adjustment at year end
- Remember revenue recognition issues for accounting
- Note: You may be able to finance the stream of payments from a credit-worthy customer

Service negotiations

- Airports vary by winter severity and volumes
- Some airports are hubs, with a huge amount of traffic
- Our service reduces winter storm on-time problems
- How does one price a product for negotiations that helps winter operations, at these airports?

Solution

- A grid for pricing
- High volume, high snow, high price
- High volume, low snow, medium price
- Low volume, high snow, medium price
- Low volume, low snow, low price

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Negotiating with tax auditors



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The lemon-squeezing bartender



**\$500 IF YOU CAN SQUEEZE OUT MORE THAN
TWO DROPS AFTER HE SQUEEZES THE LEMON**



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The lemon squeezer



Polling question

- Has your organization been audited by CRA in the last three for anything (income tax, commodity tax, SR&ED, payroll taxes)
- Usually about 50%

Negotiating with tax auditors

- No unethical approaches
 - Freeze them
 - Bribe them



- Or bomb them....



Negotiating with tax auditors

- I once faced the longest ever Ontario PST audit
- Never worry about them if you are ethical
- Remember, they probably failed their accounting designation exams...
- Treat them with respect even though they are sometimes dumb!
- Make their job easy, they just want to close the file on schedule, with a few adjustments

Negotiating with tax auditors

- File a request for their documentation supporting their proposed adjustments
- Use powerful analogies to win arguments
- Show them what you possibly could have claimed, but didn't
- Flatter the scientist who is doing the SRED technical review
- An idea for the slow refund payment situation
- A ten year tax auditor heard this and said: "you are bang on"

Example

- ▶ Tax authority wants to tax foreign company because of a single device that sits in their country, for all the profits of the company
- ▶ Analogy: That is like saying a city planning consultant that does a project involving research, analysis, surveys and some traffic measuring equipment, makes all its money from the latter...

Useful clauses

- “Right of first refusal” clauses negotiations can be useful
- A business example
- Negotiating pricing for exclusive US distribution rights on new product, the first market we are attacking with a new product
- How could “right of first refusal” be a negotiating tactic to get better pricing?
- Offer them the right of first refusal on the European distribution rights, to get better pricing on this distribution agreement

Software license negotiations

- Example, our people need to use some software only occasionally, on a few projects
- Negotiation tip: ask for time-based license as opposed to a perpetual or a cloud license
- (If you are selling, offer the same)

Future payment/action risks

- An important future payment must be made, but it is at risk, considering insisting on a letter of credit from a bank to support it
- Insist funds be put in trust with a lawyer, to ensure other party does things, it can't back out

Comprehensive case 7

- Set in the aircraft de-icing world, I need to give you the background

Explanation



- If there is anything on the windshield of your vehicle left outdoors, they are de-icing the aircraft at the airport (freezing rain, ice, frost, snow)
- It is illegal and dangerous to fly with contamination on the wings

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The current process to de-ice a plane, expensive, poisonous hot glycol (delays flights)



1 Airport deicing fluid runoff to be reduced with \$19 million treatment system

Posted Mar 28, 2013



A Gerald R. Ford International Airport worker sprays deicing fluid onto a passenger jet. Some residents have been concerned that deicing fluid causes a smelly biofilm to build in a nearby creek that eventually empties into the nearby Thornapple River.

The invention

- Cheap
- Non-toxic
- No environmental impact
- Reduced need for recovery infrastructure
- Can be done while loading the aircraft
- Patented

Note

- **Aircraft de-icing:** clean the wings, unregulated
- **Aircraft anti-icing:** there is active freezing precipitation, apply coloured glycol to surfaces, shears off on take-off, pilots often call it de-icing, but strictly speaking it is different, all kinds of laws govern its use

Comparison of Snow Results

FEBRUARY 24, 2010

217	FIN NUMBER	207
A320	AIRCRAFT TYPE	A320
CHINOOK	PRE-DEICING APPROACH	N/A
CDF	DEICING APPROACH	CDF
884	GLYCOL EMPLOYED (L)	2293
6	TOTAL DEICING TIME	10

Glycol reduction = **1409 litres (61%)**

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Small aircraft and engine de-icer



Testing Montreal airport

Comparison of Pushback to Wheels-Up Time

GATE 50	SIDE-BY-SIDE AIRCRAFT	GATE 51
AC 1850	FLIGHT NUMBER	AC 1806
273	FIN NUMBER	209
A320	AIRCRAFT TYPE	A320
6h30	SCHEDULED DEPARTURE TIME	6h30
CHINOOK	DE-FROSTING APPROACH	CDF
6h33	PUSHBACK TIME	6h28
06R	DEPARTURE RUNWAY	06R
6h44	WHEELS-UP TIME	6h59
11	TOTAL TIME (MINUTES)	31

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That's different, let me take a photo! (Ottawa airport)



Comprehensive case 7

- ▶ Company has developed a new aircraft de-icing process, that should save airlines operating cost money versus the existing de-icing process (carried out by the airline or a sub-contractor), plus provide harder to measure on-time benefits, as well as being environmentally friendly
- ▶ The company is trying to sell the trucks to them for \$1M per unit, COGS is \$600K. The airline would use it to de-ice aircraft. At an operating cost of \$300 per de-icing, it will save them \$3,000, 100 times a winter (very conservative)
- ▶ The airlines are trying to be cheap and don't want to pay the asking price and are a little leery of new technology and seem to have a budget problem

Required: Suggest financial negotiation strategies so the company make money from the equipment

The same basic scenario

- Your business has created a new machine that you want to sell for \$300 that will easily get rid of a homeowner's dandelions for years, they just run it for 2 hours, 10 times during the summer, it has operating cost of \$4 each time it is turned on, and is more environmentally friendly than the chemicals they use now, which cost \$20 per application, 5 time/year. How can your business make money?



Help them with the ROI of the investment

- Cost \$1M
- At an operating cost of \$300 per de-icing, it will save you \$3,000, 100 times a winter
- One year pay back, \$270,000 on operating costs only
- Fuel burn on delay, crew time, reduced cancellations, less aircraft needed
- What other factors should be in this?
Salvage value old equipment and revenue stream from de-icing other airlines

AIRLINE ROI ANALYSIS USING NET PRESENT VALUE			
Enter discount rate	11%	Costs incurred	\$ (300)
		Costs avoided	<u>\$ 3,000</u>
Capital cost	\$ 1,000,000		<u>\$ 2,700</u>
Other acquisition costs	<u>\$ -</u>		
	<u>\$ 1,000,000</u>	Deicing events estimate	100
Tax class	10	Annual savings	\$ 270,000
Useful life	6 years		
Net present value before tax shield	\$ 128,149		
Tax shield	\$ 196,434		
TOTAL NPV	\$ 324,583		

AIRLINE ROI ANALYSIS USING NET PRESENT VALUE

Enter discount rate	11%	Costs incurred	\$ (300)
		Costs avoided	<u>\$ 3,000</u>
Capital cost	\$ 1,000,000		<u>\$ 2,700</u>
Other acquisition costs	\$ -		
	<u>\$ 1,000,000</u>	Deicing events estimate	100
Tax class	10	Annual savings	\$ 270,000
Useful life	6 years	Net revenue from deicing others	\$ 60,000
Net present value before tax	\$ 128,149	Disposal of old trucks	\$ 200,000
Tax shield	\$ 196,434	Tax shield impact	\$ (57,419)
TOTAL NPV	\$ 477,164	Crew time, fuel burn, environment	\$ 10,000

- Also airline fleet will be used more efficiently, less planes in winter

Another method

- The drug dealer approach
- Free sample get addicted



Another method

- Free use of the equipment for a short period of time, to show it works, but then they must make a decision by a certain date
- Or, they have to buy, if certain performance parameters are met
- They buy it, but we are penalized if it doesn't work well
- We offer to buy it back under certain conditions

Find a different customer

- What about a third party de-
icing contractors?
- What about the airports?
- (In your negotiations, can you find a different customer)

Price differently

- May solve some budget line issues
- Training or set up for \$200K
- Unit for \$800K
- Total still \$1M

Another idea

- Lease them the equipment, perhaps so it would not be classified as capital if it's a capital budget problem
- Negotiate many lease clauses:
- Length, renewal, bargain purchase option, lease-to-own, etc.

Share savings - pay per use solution

- Give them the equipment to operate, but charge them per successful de-icing, say \$1,500 each time, x 100 times
- This takes away technology risk and makes the charge an operating cost, not a capital cost
- Another variation - \$1,000 each time, plus \$50 per minute of time saved

Share savings - pay per use solution

- We could provide some personnel
- But what are the drawbacks? (them) lack of budget certainty (us) We must finance the equipment

Retaining ownership brings a financing problem

- We have to finance the equipment, if we can't sell it
- We are not very creditworthy, but the airline is more creditworthy than us
- The pay per use revenue stream from the equipment would not be that certain
- Financial institutions don't want to finance us...
- What should we do?
- Have a floor amount they must pay

Solution

- A floor in the pay-per-use agreement
- Say \$80K minimum (it does increase the customer's risk)
- A financial institution may financing a \$600K asset, where there is a minimum \$80K annual cash flow from a major airline which is assigned to them or even paid directly to them

Note

- ▶ Don't worry if you are not getting all these...
- ▶ Your negotiating mind is being stretched by them....

Sell a different way

- Propose a contract where we will operate the equipment we own, we will become your de-icing service provider
- You pay us and we will do 100 de-icing per year, for \$2,000 each
- Possible union staff issues/savings

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The union issue – the Halifax trial



Another approach

- ▶ We will refurbish your existing trucks to become steam de-icing trucks for \$400,000; or
- ▶ You can refurbish your existing trucks to become steam de-icing trucks for a \$200,000 technology fee

Hybrid approach

- Could possibly mix some of the approaches
- Eg, they lease and we operate
- Pay per use for two years, then must buy
- Payments partly conditional on weather or other factors

Another idea

- Sell them to aircraft manufacturers, who throw one in with a \$40 million aircraft



Finally

- Another approach, but make money on a maintenance contract
- Prepaid maintenance even better

More negotiation ideas

- Use airline competition to incent airlines to try the method, get ahead of their competition (exclusivity period?)
- Joint venture agreement with the airline to _?
_?
- Help them get a government green grant since this is better for the environment or carbon offsets
- Unleash the environmental movement for support!
- Barter with them or take shares
- Sell or license them the IP

Coming back to the dandelion example (fictitious)

- Your business has created a new machine that you want to sell for \$300 that will easily get rid of a homeowner's dandelions for years, they just run it for 2 hours, 10 times during the summer, it has operating cost of \$4 each time it is turned on, and is more environmentally friendly than the chemicals they use now, which cost \$20 per application, 5 time/year. How can your business make money?



Dandelion application – other side of negotiation

- Sounds good and environmentally friendly, but does it work?
- Give them a free trial to see if it works
- Lease it to them for \$80 per year
- You will do it, but customer will pay only if successful at \$9 per time (need definition of success)
- Do it for them at \$15 each time (service model)
- You can buy their old chemicals, they don't need them any more

What is the key idea here?

- ▶ Don't worry about de-icing equipment sales, but learn from the concept of creating different business and financial angles to get a deal, and changing business models

Clean cold comfort

An Ottawa startup believes its 'tempered steam' de-icing system could save the air industry \$800 million a year. But first it must thaw the wallets of stingy investors



Chinook is hoping to land a deal soon with Air Canada that could potentially reduce airport delays and and the environmental consequences of using heated glycol to remove ice and snow from planes.

Other topics

- ▶ Is there any other type of negotiation you want me to hit? Send me an email

Negotiating your own compensation – current job

- Some tips you may be able to use
- I have used them myself, and helping friends/family negotiate their comp...
- Some don't work very well with very large employers with very rigid compensations scales and rules...

Salary joke

- The HR director of a company hadn't realized how tough an economic situation the region was in, when 30% of the applicant's for a position put "yes" under salary expected on the form
- Sometimes it is a not a crazy idea to volunteer until they realize they need to pay you in a tough situation

Negotiating your own compensation – current job

- “Buy them for they are worth and sell them for what they think they are worth”
- Of course a lot depends on bargaining power
- Tell them, “I make \$ salary, what do I have to do to reach \$ in salary” (to the person who controls the budget)
- Tell them, “as a long-term employee, why don’t you give me a piece of the business in terms of ownership or I am leaving”

Negotiating your own compensation – current job

- You should know the internal salary landscape and whether they can afford your demands (and your predecessor's salary)
- Consider your value versus position value
- If internal salary equity is a concern, ask for non-salary cash compensation, eg car allowance (or more vacation)
- Variable comp/bonus, you should try to define a plan
- Ask for a profit-sharing plan

Polling question

- Who has a profit-sharing plan?
- They are fairly rare...

Profit-sharing plan

- I learn about another company's plan
- I had to develop one
- A useful concept: to motivate people, not open to manipulation, easy to understand and buy into
- The plan we ended up with 10% of pre-tax income equal to everyone

Negotiating your own compensation – current job

- Show them what \$ you saved the company
- Ask for a Supplementary Executive Retirement Plan (SERP) or Individual Pension Plan
- Should you get an offer from another company and tell them to match it?
- Do you want to be the highest paid, and then potentially the first to be let go?
- Negotiate special project bonuses
- Ask for pay for excessive hours
- Offer to adjust pay for company performance/hard times, but get some upside

Remember

- “A raise is only a raise for 30 days, after that it’s just your salary”
- (David Russo)
- I am not driven only by salary...

Polling question

- ▶ Have you ever been down-sized, fired, permanently laid off or let go?

Sale of company clauses and being terminated

- If potential sale, make them pay you to negotiate well and not leave if a potential sale increases your value significantly
- Renegotiate your severance clause, when you know what your colleagues got
- Propose a reorg that gives you the severance package you want
- Request to keep your laptop and phone when you get laid off, most will say yes (also your door name tag)
- Ask for extended time on the benefit plan
- Delay final termination until next year for tax reasons and resume optics

Which looks better job-hunting in 2020 or 2021 and reduces the gap?

EXPERIENCE

Marker Automotive Inc. (2013-2020)

IBM Limited (2004-2013)

Or

EXPERIENCE

Marker Automotive Inc. (2013-2021)

IBM Limited (2004-2013)

Bonus slide

- ▶ You start a job paying \$120K after being off work for the first half of the year, after being unemployed
- ▶ What is the smart thing to ask to save you income tax?

The answer

- You don't want to make \$60K this year, and \$120K next year
- Better to make \$90K/90K
- Ask for an advance on Q1 salary at the end of December
- Income tax saving over \$7K (Ontario)

Stock options

- You can renegotiate these with your employer, so they have value to you:
- You have: 50,000 stock options strike price \$4, expire 2 years, shares likely won't be worth \$4 in 2 years
- Company not doing so well, market \$2/share
- Ask for: 30,000 stock options, strike \$2, expire in 4 years, different vesting, to motivate you
- Ask for immediate vesting if there is a proposed or actual buyout
- (Note: amending the terms may have accounting and tax implications)

I have my best ever negotiate with your boss in general tip in

- ➔ **My Practical Brain-Storming – Top Ten Trouble Spots And Other Useful Topics For Financial Leaders (Quebec/Ontario title)/Ten Practical Topics for Financial Leaders (outside Ontario/Quebec)**

Negotiating your own compensation – new job

- ▶ Some of the previous tips apply
- ▶ If you pay me too high you will be unhappy
- ▶ If you pay me too low, I will be unhappy, so we must find the right comp package
- ▶ Ask for a signing bonus, or pre-determined raises
- ▶ Should you use published salary surveys?
Accounting body or other
- ▶ Foreign parent company idea, if their country is heavy on benefits, ask for the same

Once we were negotiating salary for a new hire

- He was pricing himself \$15K below the market
- We could have just hired him at his ask, but when he found, he would be annoyed
- So we paid him market, \$15k more than he asked
- This made him thankful, loyal...

Bonus idea

- Where the company is deciding, and there is the option, I create a:
- Employee versus contractor spreadsheet
- Most of it can be exactly quantified, except for labour laws and termination compensation and unpaid hours for employees

Negotiating your own compensation – new job

- Negotiate your title as well
- Trade off vacation versus other items
- Get a good pre-determined severance package
- Get the right to work at home (T2200) and some home office costs covered (furniture, Internet, computer & more)
- Get more extras covered, one annual cruise
- Do you have any tips?

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Always ask for an annual cruise in your employment contract



312

That is an accounting cruise!



The image shows a screenshot of the Western CPE website. At the top, the Western CPE logo is on the left, and navigation links for ACCOUNTING, CORPORATE FINANCE, ETHICS, TAXATION, and CPE TOPICS are on the right. Below this is a secondary navigation bar with links for Conferences, Self-Study, Tax Updates, Webcasts, Professional Resources, and Firms & Groups. The main content area features a large banner for the "Alaska Cruise CPE Conference" with the dates "July 22 - July 29, 2018" and the location "ALASKA, AK". A prominent orange "Register Now »" button is positioned over the banner. The background of the banner is a photograph of a large cruise ship docked at a pier, with a forested hillside and mountains in the background.

Western CPE

ACCOUNTING CORPORATE FINANCE ETHICS TAXATION CPE TOPICS

Conferences · Self-Study · Tax Updates · Webcasts · Professional Resources · Firms & Groups

Alaska Cruise CPE Conference

July 22 - July 29, 2018
ALASKA, AK

Register Now »

That is an accounting cruise!

CPE COURSES AT THE ALASKA CRUISE CONFERENCE

Courses are selected when you register for the conference. Click on a course or instructor for more details.

DATE	TIME	COURSE TITLE	INSTRUCTOR	CPE CREDITS	TOPIC
July 23, 2018	7:30AM - 1:00PM	Everybody's Critical Individual Tax Issues In 2018	Mark Mirsky, CPA, CGMA, MST	6	Taxes
July 23, 2018	3:00PM - 5:50PM	World's Liveliest Accounting Update with Rod Redding	Rod Redding, Inactive CPA	3	Accounting
July 24, 2018	3:00PM - 5:50PM	World's Liveliest Auditing Update with Rod Redding	Rod Redding, Inactive CPA	3	Auditing
July 27, 2018	3:00PM - 5:50PM	Key Guide to Revenue Recognition Standard with Rod Redding			
July 27, 2018	7:30AM - 1:00PM	Everybody's Critical Business Tax Issues In 2018			
July 28, 2018	7:30AM - 1:00PM	2018 Hot Topics in Tax Planning			
July 28, 2018	3:00PM - 5:50PM	Understanding the New Lease Standard to Eliminate Off-Balance Sheet Leases with Rod Redding			



I hope you now feel

- More empowered to negotiate, and be creative in negotiating

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What happened to the de-icing technology from Case 7?

What happened to the de-icing technology from Case 7?

- Failed due to a stubborn controlling shareholder who destroyed the company's value for all investors including me – the technology worked (about 84 years old)
- Too bad the gangsters hadn't invested in the business!
- Full, sad story in my **Practical Tips for Controllers & CFOs** seminar



Other webinars of interest

- **Practical Tips to Get Through Cash Difficulties (2 hrs)**
- **Practical Tips for Controllers & CFOs - The Case Course (full day)**
- **Practical Tips for Not-For-Profit Financial Leaders (full day)**
- **Practical Brain-Storming – Top Ten Trouble Spots And Other Useful Topics For Financial Leaders (Quebec/Ontario title)/Ten Practical Topics for Financial Leaders (outside Ontario/Quebec) (half day)**
- **Practical Tips for Controllers & CFOs** nearly 8,000 have attended **(full day)**

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Brand new course

- **Ethics – More Than Just the Code**, 2 hour video, or webinar of 2.5 hours



Two newer courses available, 2 hour webinars

- Practical Work Smarts for Accountants**
- Practical Work Solutions From Case Discussions**
- All available through CPA Quebec as webcast video courses

Course coverage

Heavy coverage *** Medium coverage ** Light coverage *	Practical Tips for Controllers & CFOs	Practical Tips for Controllers & CFOs – The Case Course	Practical Tips to Get Through a Cash Crisis	Practical Financial Negotiation Tips	Practical Brainstorming - Top Ten Trouble Spots & Other Practical Topics for Financial Leaders (1)	Practical Work Smarts for All	Practical Tips for NFP Financial Leaders	Practical Tips for Government Accountants	Practical Work Solutions from Case Discussions
Length	Full day	Full day	2 hours	Half day	Half day	2 hours	Full day	Full day	2 hours
Humour	***	***	***	***	***	***	***	***	***
Improving financial reporting	**	***					***	**	
Bank negotiations	**	***	**	*			**		
Dealing with tight cash			***						
Negotiations	*	*	**	***	*	*	*	**	**
Cost-saving	**	*	**		***		**		
People & management	*	*	*	**	**	***	*	**	**
Business smarts	***	***	***	***	***	***	***	***	***
KPIs	***	**					***	***	
Fast close	**	**					**	**	
Technology/systems	**					**	**	**	**
Strategic thinking	*	*	*	*		**			***
Lawyers/contracts	***	**		*			***	***	
SRED	**								
Taking a new job	***						***	***	
Ethics	***	***	*	*			***	***	*

(1) Outside of Quebec and Ontario, this course is called: Ten Practical Topics for Financial Leaders

Some people ask

- ▶ Can I engage you do some consulting?
- ▶ I am too busy to do any large consulting assignments
- ▶ I may be available for a shorter assignment where I can add value
- ▶ Or pick my brain for a few hours on

Closing comments

- I hope you got something out of the session
- Send me an email to pick my brain (short question) or do LinkedIn spriddle@bell.net
- Let me know if what I taught you leads to a good negotiation idea one day
- Please complete seminar evaluations