



# Reimagining the Manufacturing Workforce for Productivity and Profitability

Manufacturers and distributors are operating with record inflationary pressure amidst a supply chain crunch. On top of that, many are experiencing disrupting transitions of finance and accounting staff, as the workforce shifts post-pandemic. The COVID crisis served as a wake-up call for many manufacturers, emphasizing the importance of engaged workforces, scalable workflows, and system automation. This recording will discuss workforce disruption and the strategies creative manufacturers are implementing to stay productive and profitable.

**Find additional resources on our event page:**

<https://www.claconnect.com/en/events/2022/reimagining-the-manufacturing-workforce-for-productivity-and-profitability>

**Here is a transcription of this session:**

Michelle Steck: Hello, and welcome to reimagining the manufacturing workforce for productivity and profitability presented by CLA I am Michelle St. And I'll be the moderator for today's presentation. And, um, for those of you who do not know about CLA we are a national firm with over 120 offices nationwide, and we service all sorts of industries. But today we're focusing on manufacturing and distribution, which is a primary industry that I myself work in. Um, we are experienced in delivering integrated services of wealth, advisory consulting, outsourcing, audit, and tax to help our clients succeed professionally and personally on this slide, this is just our legal disclaimer. It states that the information in today's presentation is general. And if you have specific questions, please reach out to your CLA professionals.

Michelle Steck: Today's presenters are myself. I'm a principal with CLA and I work again primarily with manufacturing and distribution companies and their owners. I am joining you today from our Canton Ohio office, uh, where we're preparing for the pro football hall of fame events, uh, at the end of this month. And beginning of next, along with myself, today's presenters, all service manufacturing and distribution clients. You'll be hearing from Thomas Schultz, HR consultant, located in green bay, Wisconsin, Brenda VIN, a principal from Minneapolis, Minnesota, and Michael, ER, the managing principal of digital service residing in west Hartford, Connecticut, our learning objectives today, we plan to outline some inventive practices to attract and retain some top talent, identify new ways to automate and analyze can help with price and cost flexibility opportunities to implement, to alternative staffing strategies, to support your business and reduce stress, identify opportunities to automate or outsource routine or complex tasks. So your teams can focus on strategic initiatives and recognizing how to make better decisions regarding suppliers by utilizing delinquency report in meaningful data dashboards. And with that, I will go ahead and turn it over to Thomas Schultz, our first presenter.



Thomas Schultz: Good morning, everybody. And hello from green bay, Wisconsin, the not so frozen Tundra yet here this morning. Uh, one thing before I get started, uh, and that is there is a downloadable PDF that is available for you. And I would be encouraging you to take a look at and download that PDF. The PDF is entitled human resources, assessment of the attract to retain phase of human resources. That document's a pretty, pretty helpful document. And I'll be echoing some of the things that are in that document through the next several slides, as you think about, uh, recruiting and retaining at no point in our history, has that been more difficult? And in the recent census that was done, uh, if you liked the last five to eight years, you're gonna love the next 10, because unfortunately, uh, from the census perspective, the population still isn't quite putting itself at a position where, uh, the head count's gonna be coming through.

Thomas Schultz: And that puts a lot of pressure on every single industry, not the least of which is what I would consider the backbone of our country manufacturing. So what I'm gonna do is talk a little bit about, um, when you think about recruiting, what are some of the things that you need to be thinking about? And I'll let you look at the slide, but if you could, uh, also glance over at the PDF that, uh, is, is, is attached. You'll notice that there's four columns on that PDF. The first one says attract. And when you think about attract, what I'd like you to think about is I'd like you to think about the word commodity commodity, as you think about recruiting today and going forward, especially when you think about the great resignation that all of us have at least heard something about, unfortunately, maybe most of us have also experienced through staff, you know, turnover.

Thomas Schultz: It's important that as you look to restock your talent, you do so in a way that doesn't make you look like everybody else. And so the word commodity is a word that I want you to remember, because if you, as an employer are doing things like everyone else, you're a commodity. And what happens then is you get brushed over. So what I need you to be thinking about is I need you to be thinking about how are you talking about the cool things happening in your workplace? How were you talking about how people who come into your workplace contribute? How are you talking about the career path or the opportunities for personal and professional growth within your organization? Think of it this way. When you go and you buy an automobile, if, if you're a person that goes and buys automobiles, rarely do you just, you know, look at a picture and go, I want that one.

Thomas Schultz: You might not pick one that you like sitting in the steering wheel might not be in the right height, the stick shifts and the controls may be all wrong. Or when you think about recruiting and you think about attracting, you gotta kind of think, how do I give those applicants a little bit of an experience about who we are. So when we talk about organizational culture, here's a couple things that like you to remember be visual. Your website should not be boring. That's called commodity your career's page. Shouldn't open to black and white rolling text. Have it reflect who you are, have it talk about the realities of what you, you bring when it comes to engaging with your client. With, with these applicants, they ought to kind of see kind of who works there. It was a client that I was working with that, um, I was doing a tour of their location and one of his, uh, staff had this beautiful, beautiful, um, uh, tattoo on the lower right hand calf okay.



Thomas Schultz: Of his, of his right leg. Okay. I know that sounds a little weird, but it was pretty, it was cool. I said, you know, a lot of folks here, they bring a lot of culture, kinda reminds me of that tattoo. Well, they wanna taken a picture of the guy's calf <laugh> and putting that on the website. And you might say, well, that's kind of weird by way. They do that because no one else is. And frankly, it's part of the openness that they had within their company. And they're trying to make it an experience that is not one that everybody else does. You know, the slide talks about the fact that, um, when you talk about recruitment, it starts with everything except compensation. You know, as, as most of you have kind of walked around the area, which you've noticed is, is that you can probably find signs that say now hiring, you probably find also signs that say, well, we're hiring at this wage or this wage or this wage.

Thomas Schultz: You know, when people have no other way of judging you, they start with how much you're paying. So please keep that in mind. Now, the second word that you'll notice in that PDF and it relates to this slide is the word recruit. Now I use the word commodity for attract. I wanna talk about recruiting for a minute, cuz the word I want you to remember is capability. Now capability doesn't sound like this. Hey, tell me about your experience in, Hey, tell me when you've done this. Hey, tell me when you've done that. Because back you're back to being a commodity. Everybody says that what I'm asking you to think about is I'm asking you to think about questions that engage the applicants, get them thinking about themselves in your job, get them thinking about how they will respond based on their experience in your setting.

Thomas Schultz: Now, if you're thinking to yourself, how do I do that? Well, you know, I'll give you one example. Just one example. Let's say you're hiring an HR person. It might sound like this here at Schultz, Inc. Uh, we have a brand new startup, human resources, uh, team. It it's, it's completely new and congratulations. You're gonna be the person to kind of get us started. You know, as you think about starting a team, right from the foundation, what experiences have you had that you would apply here? Now there's a lot more of those kinds of questions, but here's the problem. Most employers in recruiting act like commodities and they come across boring to applicants, board applicants, don't come to work for you. The ones that are engaged and can envision themselves in the job, they tend to come work for you kind of like kind of like buying a car when you sit in it and you feel what it feels like and you drive it. And it sounds like the right thing and all the controls are in the right spot.

Thomas Schultz: So the first group was commodity. Don't be one of those. The second is capability. Make sure you're doing that. Let's continue on. When you talk about attracting people, couple of things need to happen. You need to think about work, life balance, but I'm gonna turn that on its head for a minute because you will probably cause people's heads to pop off because they will say to you, there is no work life balance anymore. So here's what I'm asking you to think about pace. When you're talking with applicants, stop talking about work, life balance it's overused, and frankly people are burnt out on it. And they only think about, you know, work at the expense of life, life at the expense of work. When in reality, you should be thinking about what pace should you be holding? Sometimes it's more with work. Sometimes it's more with life, but it isn't one at the expense of the other.



Thomas Schultz: It's one choice over the other. The other things that you see on the slide also apply. I'm I'm not gonna, I'm not gonna read all those to you, but these are things that kind of keep in mind as you're thinking about not being a commodity. And as you're thinking about how do you create capability? How do you ask about capability? All right. Let's see if you guys are still out there, I'm gonna push a polling question out to you. And I'm gonna ask you to, uh, use your, your, uh, use your mouse to select, uh, and answer the, this polling question. The polling question reads this way. Do you hear candidates for hire, ask for any of these when considering a position? If I could just check the ones that you feel like apply, what I'm gonna do is I'm gonna go over to the survey tab and start taking a look at the survey results and see what you folks wind up saying. I'll give it just a few minutes and then we will talk just a little bit about it.

Thomas Schultz: Wow. I see a lot of, I see three people saying work life. Oh, okay. Now we're starting to populate. Looks like we got a nice blending of answers with work life. Certainly being a primary one, leading the pack, as it looks from those of you who are, who are choosing to answer. So thank you for that. You know, as you think about it, um, work life balance, right? And perks, if you will, they tend to be among the most important. So if you are interviewing people, if you're trained to create, um, uh, stick, okay. Within the folks that work for you, how are you trying to create those connections? And by way, those connections is the third area that I like to talk about. All right. The third area, the slide talks about metrics. Okay. Metrics are normally legging. Okay. Meaning something has to happen first and then you get to measure it.

Thomas Schultz: Okay. Well, um, what you see on the screen are important metrics that if you're thinking about a human resource measure, these are good ones to kind of think about. Okay. And I, what I would like to speak to though, believing that you'll take a copy of these slides and you'll go ahead and look up the definition of each one of these. As you see appropriate, I wanna make sure I'm adding the right color to it. And it's the word connected to connected to you? Let's connect it to you. Well, I said commodity in the first one, right? For recruit or for a track, rather I said, capability for recruit. I've got this. It ease going. Right? So with hire it's connect Diddy, how are you connecting with people? What measures are you measuring that ultimately tells you I am creating stick. This organization is creating stick. There's things that get people engaged. And it's those things. When you measure them, those are something called leading metrics. And those leading metrics actually are more predictive to your ability to retain staff. So the first word was commodity for attract. The second word was capability for recruit to third word was connected to, for hire. Let's go to the last one.

Thomas Schultz: Talk about retention. Now look, there's a lot of information on this slide, but here's kind of the heart of what I want you to take away from, uh, from what I'm gonna share other than what you can read. Okay. On the screen. In the fourth column of the document that I have attached, the word is Rere recruit and it relates to this word retention. Now you gotta be careful how you say this. Okay? You gotta be careful how you say this because it, it could sound a little bit sluggish. Okay. But attract the word I wanted you to remember was commodity. Don't be a commodity recruit. I said, capability, interview people so that they see themselves in applying their capability, working for you in the higher column, I said, connect, toity, connection, connect to tea, create connect to tea in the fourth column. It's recruitment.



Thomas Schultz: The word is communication. Careful how you say that communication itty. Yes. How are you communicating with people? How are you informing them? How are you making them part of your organization? That includes things like rewards, how you pay people and yeah, you have to be competitive. No doubt about that at all. If you're not competitive, you're, you're not gonna be able to make it, but it's also stay interviews. I'm gonna give you two stay interviews and I'm only gonna repeat them twice. So I hope you can write quick. Here's the first of two stay interview questions that I love to use with clients. Here's the first one. What's one thing that you think I need to know about your experience here that I wouldn't otherwise be able to observe from you.

Thomas Schultz: What's one thing that you think I need to know about your experience here, that I would not otherwise be able to observe. Here's the second question. What's the one thing that if we could do just a little bit better would make your experience working here better. What is one thing that if we could do it just a little bit better would make your experience working here just a little bit better. You know, I, I do surveys with clients and I use those two questions a lot and you'd be surprised at the mountains of information I get. Um, and it's quality information because it's what I refer to as targeted questions. It's not, it's not huge general, general broad questions. There's a fantastic job. There's a lot more certainly that these slides provide. And again, I'm going to encourage you to, uh, to download, uh, the, the, the document that, um, that is is attached.

Thomas Schultz: You know, what we're seeing, uh, today is a lot of hybrid workforces, those hybrid workforces look like this. Alright. Number one, it talks about employees have a new sense of worth. Well, that's true. Um, here's the thing. Most organizations today, they have paid a premium for staff. I'm starting to see that tip a little bit. Um, as organizations have started to say, I'm kind of tapped out, but employees do recognize that they bring a lot of worth. Um, and you're gonna have to acknowledge that and make sure that you're competitive with it. The second, um, you know, holding talent accountable is an effective leadership technique. That is one that needs to be trained. Don't assume your leaders know how to do it. I don't care how long they've been leading. I don't care how long they've been managing. There's a real skill to holding people accountable and it doesn't involve ordering them around. The third one is, you know, frankly, where the office is <laugh>. And what we're finding is is that the office is new and in not all cases and especially in manufacturing, it can't be done remotely. So there there's going to be some premium attached to that. Maybe it's benefits, maybe it's pay, maybe it's something else.

Thomas Schultz: Um, the, the pressure that we're seeing is that when people are work remotely, there is a little bit of a pressure to always be available. But some of the more recent studies have shown that people who work from home, they see themselves as free agents. And that should be a little concerning to employers because free agents tend to leave. And finally, that it's really important that you create those connections. Remember that communication I told you about in that fourth column, and it's not always with a purpose sometime it's just for connection. Now I know I've thrown a lot. I know I've thrown a lot at you. As we're talking here, I'm gonna turn it over to Brendan curves. Uh, Curver. Who's gonna take it from here. I am available after, towards the end of the session for more questions, Brendan.



Brendan Kurvers: Awesome. Thank you so much, Thomas. Uh, really intriguing info there. Uh, good morning. Good afternoon, everyone. And thanks so much for, for being with us here today. Uh, as Thomas mentioned, my name is Brendan KRS and, and I have the, the luxury and opportunity to serve several CRA clients, uh, through the lens of fractional, uh, fractional consulting through kind of a, a, a CFO standpoint. Um, so as you can imagine, uh, I'm thrilled to talk about some alternative staffing solutions today. Um, as we are thinking about kind of this reimaged workforce, um, as we continue to go down kind of this post pandemic world that we all live in.

Brendan Kurvers: So really today we're gonna, we're gonna be focusing around that the finance and accounting standpoint, um, but really what I want to encourage everyone to, to do. I think about some of these fractional solutions in all facets of the business. So think about sales and marketing. Think about really that again, that accounting and finance piece think about perhaps your sales team. And there's a lot of intriguing ways to combat some of the struggles that Thomas was discussing, uh, just for the, for the first 15, 20 minutes of this presentation. So let's, let's really talk about the accounting profession as a whole. And, and when I say accounting, please know that I'm, I'm referencing really that full body of accounting and finance work. So who out there is struggling to find resources today. And when we think about strong, skilled accountants and finance practitioners, is it really an easy thing to find that right, PA uh, that right price with what you're expecting from a budget standpoint?

Brendan Kurvers: It's a tough question that we ask a lot of the clients that we serve. And for those who answered, yes, we are struggling. You are not alone. So to really get things kicked off here, we've put up a little bit of a timeline, a little bit of a chart. And what we are trying to, to emulate here is if we think back to 2008, accounting and finance professionals were at an all time high, why we were coming through the, the 2008 market crash. And we found that there was traditionally very low on, uh, unemployment rates across the accounting and finance world flash forward to 2022. It doesn't matter if you are a private business, a publicly traded business or a CPA shop such as, uh, CLA we're all struggling and facing those issues of hiring or attention employee burnout, and really sometimes inadequate expertise on that accounting and finance side.

Brendan Kurvers: So what do we do from here? Thomas talked a lot about some ways that we can kind of attract talent, retain talent, but what if we don't all those those systems set up today? And what if we're working towards that? What are some alternative solutions that we can start to think about? Well, one of those that we're seeing tremendous growth within CLA and within the marketplace is through the concept of, of outsourced accounting and finance and, and really another buzzword that you'll hear a lot in the marketplace is, is fractional services. So what exactly does that mean? And what are some of the, the benefits and, and drawbacks of, of an arrangement like that? So, let, let's talk a little bit about that. So you're sitting there as a, as a leader in, in your business today, thinking about ways that you can strategically be able to get the right people in the right seats, but you're, you're perhaps having a, a tough time doing that at the time being.

Brendan Kurvers: So knowing that there is these fractional services out there, why might you be inclined to go down that path? Well, some benefits of a fractional, uh, type of



relationship is firms such as CLA are responsible for the staffing. So we got great leaders like Thomas that are helping us get out there and find the right people that come into, come into our family at CLA and ultimately be able to have those folks serve our clients. What does that do for you as a business leader while it takes that burden off your internal team of having to go find that talent, having to retain that talent and ultimately all the other fun, ancillary things that come along with having a full staff under your roof. So above that, you also have the opportunity from an industry perspective of, you know, our staff folks, all the way through our CFOs that are coming into a fractional relationship.

Brendan Kurvers: They've seen several manufacturing clients, they've worked on several manufacturing clients. They have that industry expertise on day one. And you have the opportunity, uh, as, as someone who is benefiting from those fractional services to really leverage those efficiencies. Additionally, you have the potential for cost savings. You're really paying for what you consume, depending on the size and the growth ER of your business. You may not need that CFO full time. You may not need that controller full time, and we can really work with you and, and, and find that happy medium in order to get you what you need when you need it at a price that fits your budget. Now, on the flip side, what are some challenges that may come up from a fractional arrangement? Well, typically in a manufacturing distribution setting, we, we at CLA really like to think of, of these types of industries as still being somewhat paper intensive.

Brendan Kurvers: And I'm sure Michael, who's gonna be sharing some stuff, uh, later on here is probably chomping at the bit to talk more about that. But what is some of the risks that we see, uh, with, with our manufacturing distribution clients? Well, the resources that we would be, you know, kind of offering up from a fractional standpoint or that outsource standpoint, they aren't typically always on site every single day, which can create challenges, systems accesses. You're working with a third party that, you know, might not be in your four walls. You may not have the most robust IT infrastructure system. And there may be some, you know, onboarding that, that takes place there. And then ultimately you don't necessarily do the direct hiring of these staff, right? So that can be a little bit of an uncomfortable situation, but let's, let's talk about where this can really be successful.

Brendan Kurvers: So we've talked about some of the pros, some of the cons that we've heard, but, but why fractional, why outsourcing? Why is this a good option? Well, let's talk about a couple of different ways that we have served clients over the years, and that we're starting to really pick up some great traction and seeing a lot of common themes as we're stepping into walking into some of these outsourced or fractional relationships. So knowing that everyone on this call is gonna be in a different, uh, type of trajectory with their business, let's really look at it in three different buckets. So for those folks out there that are perhaps in a scaling and growing business, you know, some could call it a startup, let's call it really that, that early stage business. A lot of things we hear from, from clients we serve in this space, Brendan accounting is not our focal point of the business.



Brendan Kurvers: Like we don't want to deal with this. We need someone to help us. Perhaps back office tasks are starting to fall behind that bookkeeper that was working, you know, 10 hours a month to close up the books, perhaps that isn't sufficient enough anymore for the needs of the business. Maybe you're starting to get some of that late insufficient information that is you as a business leader, you're not able to really interpret the financial results and make, uh, those proactive decisions that are gonna help things like cash flow, um, that are gonna help things like really be able being able to build that enterprise and being able to build up that balance sheet. That's gonna make you look really good for, you know, perhaps a banking relationship or some future investors, fractional relationships sound like a great opportunity to get in and, and plug into some of these areas.

Brendan Kurvers: As you're continuing to build your business, we serve a variety of clients in this space. And the nice thing that we always hear back, kind of that positive feedback that we hear back is we were able to get the information when we need it at a cost. That is way less than kind of the, the overwhelming overhead that we were thinking about. If we were gonna be hiring a full-time controller CFO. Okay. So that's a startup. So again, let's think about more of that mid-size business. So we're, we're continuing to scale, you know, we, we're starting to generate some strong EBIT, a we're building up our balance sheet. We maybe have that banking relationship we're looking to per perhaps bring in different investor pools or look to ways to really continue to propel that growth. Well, usually there's somewhat of an established finance or accounting team in place there.

Brendan Kurvers: So you say, Hey, Brendan, I mean, we already have an accounting team in place. Like why would we ever do fractional? Well, we've got some great opportunities to supplement your current team. You know, if we're trying to get that senior accountant to a controller level, we could bring in a controller that helps bring that person along. So what are, again, what are some of the common things we hear in kind of that mid, that mid-size company? Well, we've got an established accounting practice, but we need some work on really polishing it, you know, making it look pretty and getting onto a really solid closed schedule, a solid information gathering schedule, and really being able to report out on a timely manner for our leaders of the business, to be able to really make those proactive decisions for the future. Now, the common thing we hear from that is really that cost benefit.

Brendan Kurvers: I really think we need a controller or a CFO, but I don't know if we're quite ready to really, you know, put out that, you know, college, six figure, um, salary or whatever it is that the market is demanding today. So again, we can come in in situations like that and a fractional relationship could come in and, and really help supplement whether it is kind of upstream on the concepts of, Hey, we need some help at the top, call it that controller CFO, or, Hey, we have a controller. That's a little overwhelmed that controller is spending far for too much time on the detail work. We need this individual to really propel and help with more of the financial, uh, projections, et cetera, kind of that higher level value add type accounting. Well, we at CLA as well as other fractional type of service providers out there can supplement at that analyst level, think that AP clerk, that AR clerk level, and that's some other ways that we kind of slice and dice and really bring fractional to our clients.



Brendan Kurvers: So some of you are probably sitting there saying, okay, you talked about startups, you talked about kind of this midsize, what about a well established business? You know, we've, we're kind of just continuing to go down the path. Well, we come into a lot of relationships like that as well. And some of the things that we think about there is really the strategic alignment. Where is the future? What does the succession strategy look like? Is there a need for a little bit more of that long term planning or forecasting? We can absolutely help on that front as well. And we've done it, uh, time and time and time again. Now other fractional service providers out there absolutely can do the same thing that we at really like to think of the clients we're serving in kind of these three buckets. So now you're probably wondering, okay, Brendan, I kind of get, I kind of get the idea here.

Brendan Kurvers: Okay. Fractionals great. It could be a good opportunity for us, but really what does that mean? So you, as business leaders can really think of an implementation, uh, of, of a fractional or of an outsource concept through really three areas that, that we kind of think about how we serve clients. And those three areas include what we like to call the execution engine, the analysis engine and the growth engine. So let's start with the execution engine. So really when we think about execution, that's our day to day accounting, right? The AP analysis, the AR analysis inventory, EV you know, every manufacturing, company's favorite asset, uh, fixed assets, sales, and use taxes, you know, all of that kind of day to day entry of accounting data that helps us get our books and records up to speed. That is really where fractional services can come in on.

Brendan Kurvers: You know, whether it be a couple days a week, whether it be a couple of hours every day of a week and get those tasks done in a meaningful timeframe in order to really set the books up, to be able to be used for the next two engines, your analysis and your growth engine. So let's talk about the analysis engine. That's more of your reporting monitoring and, and really value added accounting work. So think dashboards, benchmarking, process improvements, audit preparation, bank, uh, bank, relationship management, and compliance, support, all things that a fractional relationship could help you with. But last but not least, let's really think about the growth engine. A thing that is extremely important as we're through really these interesting times, post 10 pandemic, we're all dealing with the impacts of inflation who really knows what the next 12 months look like. I think it's a, it's a little bit of an enigma for all of us, but what's one way that we can combat that.

Brendan Kurvers: Well, it's through robust forecasting and budgeting processes through strong cashflow planning, and really being able to turn that up a notch is something that we've been encouraging. A lot of our manufacturing clients to think about if they're not doing it today, and if they are doing it today, what are they missing? And, and we can really come in and, and help supplement what the team is doing. Train the team on some techniques that we've used across the industry. And, and ultimately if it's just for a short period of time that you need, you need that fractional support. That's wonderful. If it turns up being more of a long term support stack, that also works. So just you as a business leader, continue to think about this outsourcing and fractional support as your play pin. Like you can kind of use it, how you need it to be very successful with your business and your growth trajectory.



Brendan Kurvers: So we gave you about a 10, 15 minute crash course in fractional services. We obviously talked a lot about the accounting and finance profession and, and how those fractional services can be used. But again, as we kinda spoke at the top of the top of the presentation here, these considerations can be used across all the pillars of your business. So think about this from a solution standpoint, for HR, for marketing, for sales, and even at the executive level, we at CLA work with a lot of these other fractional service providers and would be more than happy if, if, if it's not the accounting and finance piece that you're kind of looking into, we'd be happy to make connections in the marketplace with all those other ancillary services as well further. Many of you may be thinking, but Brendan, you talked about adding a lot more headcount through fraction. We're talking about trying to stay profitable. We're trying to talk about, you know, being able to kind of manage our workforce. So what are there other solutions that you're aware of that, that we can help ease the burden on our teams while also building enterprise value and keeping our head count somewhat similar? The answer is yes. And with that I'll transfer or I'll, I'll transition the mic over to Michael Michael, take it away.

Michael Pelletier: All right. Great. Thank you, Brendan. So, uh, I have the, uh, fortune of, uh, you know, talking about something that I have a, a real big passion around, and that is automation. And, uh, you know, it's, it's really around taking tasks that are routine and making them, uh, simpler, uh, making them just kind of run, uh, so that an individual can spend their day focused on more value added activities, as opposed to just, you know, road, data entry, for example. Um, so before we, uh, we dive into the topic and, and start to, uh, uncover some of the, uh, opportunities that, that exist in this space. Uh, let's, let's start over with a poll here. So, uh, we'll launch a, a poll question here and, and really the question that I'd like to get some, uh, feel around is, you know, whether your organization has adopted software within the last two years, uh, to help ad efficiency. So pretty simple question, let's see what, uh, what we get for the answers here.

Michael Pelletier: All right. Starting to see some answers come in. So it looks like, uh, looks like we've got about, uh, a 75, 25 split in terms of, uh, organizations that have absolutely done something in the last two years. And, uh, those that have not wait another few seconds here, just to allow a couple more folks to, uh, answer. Okay. We're, we're dropping down a little bit. We're about, uh, 70, 30 now. Okay. Well, I think, uh, I think we've got a, a good representation of the group here, so let's go ahead and, uh, and end the survey here and get back to the slides. Um, so, so that's not, um, the, the response that, that you've all provided is not, um, wholly dissimilar to what we've seen, uh, in the market. Uh, there are definitely organizations that have, uh, taken on some type of new software solution to automate some aspect of their business in the last couple of years.

Michael Pelletier: Um, as they look for ways to, uh, you know, either avoid, uh, the need to bring on an additional resource or simply, um, retool the existing resources they have. And when we think about technology solutions, uh, oftentimes there's a focus on the accounting space, right? And so there are plenty of solutions in this space, uh, whether it be, uh, some cloud based accounting solutions like intact Acumatica, NetSuite, and so on that can, uh, you know, really, uh, lift up the capabilities of an accounting department, uh, because they have various, uh, capabilities that are, are able to be used to automate, uh, you know, various common postings as an example. Uh, and then there's other solutions be it, you know, from build.com or Expensify for, you know,



managing, uh, expenses, payables and, and so forth that can again, take away from the day to day, uh, tasks that, uh, your staff may need to, to undertake.

Michael Pelletier: Um, but what about those other spaces? What about the specific things that your organization does that may be different from what the next organization does? So if there isn't a canned solution, um, there are, uh, ways to automate various business processes that are unique to your business. Um, within just a simple, um, uh, you know, focused effort, you know, a day, um, there are, uh, technologies that can be brought to bear, uh, the likes of the power platform from Microsoft or the NEX workflow cloud that, uh, can allow a very rote and manual process that perhaps was plagued with, uh, errors, uh, from a data capture perspective, uh, perhaps was plagued with lack of transparency. So you fill out that form and then it goes and sits on somebody's desk and, and maybe they do something with it. And after they're done, it goes, sits on somebody.

Michael Pelletier: Else's the person who submitted that request two weeks later is wondering where that request sits, um, with an electronic form and workflow solution. You can simply go and look, you know, online, uh, in the, uh, in the, the workflow portal to see where things stand, check on the status of it, know who to follow up with if it's still sitting with someone. Uh, so there are, uh, a number of different solutions that could be put in place, um, using technologies like this that, um, you know, can, can automate, uh, some of that data collection and some of the approval processes. And you can even go so far as to connect those, uh, systems together. So for example, if there was a request for, uh, time off as an example, um, well that request could be captured, could be approved, and then once approved the HR system could be updated automatically for that employee for the day or days that they have requested time off for.

Michael Pelletier: Um, so you can further remove, uh, manual interaction, uh, from these systems. And so while, uh, electronic forms and workflow are one way that, uh, organizations can automate, uh, and we could probably spend a whole hour, <laugh> talking through, uh, different solutions, techniques and approaches here. Um, what I wanted to do was, uh, transition to, uh, a couple of other, uh, case studies that, uh, represent, uh, specific solutions we've delivered, uh, to our clients that have, uh, been beneficial, uh, you know, especially within the context of managing the need to add additional resource. So the first one we'll focus on is, uh, automation, uh, and skew analysis here. So our client was a meat manufacturer and, uh, they had a couple of challenges. Uh, firstly, uh, they had a, a very large complex and it often broke <laugh> spreadsheet that they were using to capture data on a monthly basis.

Michael Pelletier: And they were using the spreadsheet to, uh, keep track of, uh, the products they had purchased, um, for the raw materials, you know, various cuts of, of meat poultry or, or fish, for example, and then, uh, what the actual market price, uh, should have been, what the plan was. So a variety of different, um, attributes about the products that they use to manufacture their goods, uh, that, uh, can vary, uh, in price and quantity month over month. And as they continue to try and forecast each month, uh, this became a challenge because forecasting on a monthly basis wasn't, uh, suitable, uh, if there was an increase in cost to say pork bellies, that was something that they would really only get visibility to at a, at a macro level, uh, a month later after they had



seen what they had actually purchased. And so this made it difficult to then pass the price along to their customer, uh, or at least some portion thereof.

Michael Pelletier: And so, um, the fact that it was both hard to keep this data correct, but also up to date with more frequency than a month, uh, was the real core of the, uh, the challenge here, um, ancillary, but also relevant is the fact that the individual who was managing this process was spending a, a good deal of time on it. And they were in line to be promoted to, uh, controller. And if they were gonna be taking on, uh, new roles and responsibilities as the controller, they needed to shift the responsibility here to someone else. And it was again, very complex spreadsheet, lots of challenges, uh, and trying to get sort of the, the, the knowledge around how to use it, how to keep it up to date, um, was going to be a, an issue, uh, from, uh, a continuity and sort of succession planning perspective. So this is what the, uh, the organization was faced with.

Michael Pelletier: So we worked with them to, uh, come up with a solution that was both, um, supporting of the complex nature of the data that they were capturing, uh, but also, um, recognizing the need for simplicity and the need for, uh, an end user to be able to go in and, and simply put in something like a, a fixed price for a particular item, if, uh, if that happened to be the, the need. So we created a, uh, a SharePoint site. Uh, this is a, a basic document sharing and, and, uh, online list management, uh, solution, uh, it's part of the Microsoft office 365 platform. So we created a, uh, a simple site that had, uh, some, some what we refer to as controlled spreadsheets that had some of the lookup data and information that they wanted to be able to customize on a weekly basis as it relates to, um, their pricing models or how much shipping might have cost for certain, uh, suppliers and so forth.

Michael Pelletier: And then we also married that with the actual data from their E R P, which was dynamics ax in this particular case. And, uh, that was the information that, uh, we were able to use for actual, you know, products sold. Um, we combined all of that information into a power BI dashboard that allowed them to, um, as frequently as the data was updated, which, which we were doing on a weekly basis based on the, the cadence of their business, um, was automatically updated. So there was no more need to go into the spreadsheet to manually update data, manually update information. The only time they were doing anything manual was if there was a, a specific need, I E there was a, a price change or a, a way the shipping formula was being calculated that, uh, they needed to, uh, track and manage in that, that controlled, uh, spreadsheet.

Michael Pelletier: Now subsequent to this, um, the second iteration, uh, of the project was now that we had all of this detail around the raw material, we incorporated their, their bill of material, essentially their, their, their recipes, uh, for making the final end product and this way through a separate dashboard, if there was a \$2 per pound change in the cost of pork Bell's forecast for the next, you know, four or five weeks, we were able to, uh, demonstrate in a visual, uh, what products that was going to impact because pork belly was part of the recipe. Uh, and so that allowed them to be very agile in terms of understanding pricing impact and overall profitability on a, a skew level so that they could then work with their customers to determine if there should be an adjustment made. So, uh, so long story short here, um, the gentleman, uh, who is being, uh, you know, next in line for a controller, was able to take on his role, um, step away from this

manual process. And now, uh, weekly updates to the data are available, which has made them, uh, uh, able to respond more, uh, effectively to the market and, uh, the resources that, uh, have been, uh, sort of backfilled to support what this individual was doing are now able to focus on higher value, add activities. So they feel like they have a more rewarding job, uh, as well.

Michael Pelletier: Uh, so next, um, example that I wanted to talk through, uh, deals with some, uh, supply chain, uh, challenges, which many of you might, uh, be struggling with, uh, today yourself? Um, so this was a, a discrete manufacturer and, uh, they were looking at their business and orders that they had sitting in their pipeline that they could not ship. And the reason they couldn't ship 'em out is because they had parts that were necessary to complete the final assembly, uh, or a sub-assembly or whatever it happened to be. Um, but they had parts that were key to being able to create their finished good, the challenge. And I think the number was somewhere around 150 million worth of, uh, product of sale that, that they could not, um, you know, take advantage of if you will. Uh, and the, the reason was that identifying parts that could yield the biggest benefit was difficult.

Michael Pelletier: So imagine if you will, that you have a, a particular screw and that screw, you know, has certain, uh, characteristics in terms of both, um, its size dimensions, uh, and its, you know, uh, material that is made out of hardness and so on. Um, if that screw, which you had been sourcing from supplier A can be sourced from supplier B, well then great go source it from supplier B, but you don't know if you should necessarily be pursuing a purchase with a different supplier. You don't know if there's a product that could possibly replace something unless, you know, which products to be looking for. And so that is what we spent our time working with this manufacturer on we, um, we worked with them to export, uh, some inventory data. So what, what they had on hand and, and what was on order, um, along with any of the order data.

Michael Pelletier: So what products that they had, um, you know, gotten orders in from their customers for, uh, as well as the bills and material around all of that. And we created, uh, a dashboard that basically unrolled those bills and material and those component parts to figure out which parts had the most sign, most dollars basically tied to them, uh, as it relates to the products that they could be selling and shipping out the door. And so this was sort of a, a game changing, uh, solution for them because now they could, you know, just basically look down a list and see, all right, here are the top 10 items that will, will lead to the most significant, you know, return, uh, on a, on, on a revenue basis, if we can find them, um, or maybe the dollar amount is significant enough that we can go back further in the process to engineering and re-engineer the end product, so that it's still functionally equivalent, uh, but doesn't rely on a particular part.

Michael Pelletier: And so, uh, in taking on that, uh, activity, they were able to identify those parts that had the most significant impact on revenue. They were able to use that information to identify alternative sourcing options and simple design changes, and this, uh, freed up, um, millions of dollars, uh, of revenue, uh, or not freed up, but, but led to, I guess, you know, the, the ability to execute on fulfilling those orders, uh, which, um, which has just been, you know, tremendously significant for them. Uh, so, uh, so the point here is that whether it's, um, a business process that is very rote that, uh, an individual doesn't



really wanna participate in because it's, you know, just data entry, um, whether it's, uh, working with, uh, data information, uh, to, uh, make a particular business process, more meaningful, actionable, and, um, you know, lead to better profitability within the business. Um, all of these things center around, uh, data and automation and, and how an organization can do more with less, without having to necessarily hire additional, uh, individuals, allowing those individuals to focus on higher value added activities. So hopefully, um, you've found some value in, uh, what we've talked through today, and I'm gonna hand it back over to Michelle for, uh, some wrap up.

Michelle Steck: Thank you. You guys did a great job. I was taking notes the whole time. <laugh> for what I can do here internally at CLA at my local office. Um, I think we have about five to seven minutes for some questions. Um, I think we're all gonna come on screen here and, uh, got some questions for you guys. So, uh, let's go ahead and start with Thomas Thomas. How would you advise leaders to respond when an employee wants to work remotely, but cannot?

Thomas Schultz: Yeah, I think that's a, that's a great starting question. And especially in this industry, that's one of the things that is, is going to happen. You know, I think the, the way that any leader response has to be based on what's happening, the nature of the work, the focus on the customer, but first acknowledging, uh, what the employee is asking. I mean, first and foremost, if a, if a leader does just kind of goes right past the question and just answers the question, no, you can't cuz we, we work here. Um, there's a, there's a gap that's left and that gap that's left is that acknowledgement. And so first and foremost, the way I would be responding is, you know, I'm, I'm hearing you, there's a lot of growth in terms of people working from home. And, you know, we look as an organization for opportunities to do the same, if it's possible in your particular case, you know, in this current job, it really isn't. Um, you know, there are some other opportunities you might have, um, based on your skills. Maybe we can talk about that, which may open up some doors for you to work from home. So just one thought

Michelle Steck: That's great. That's great advice. And I do think it's very relevant. I know it's relevant to a lot of my clients, especially for those that are on the plant floor. So, um, Michael, how have you managed concerns about being automated out of a job?

Michael Pelletier: Huh? That's a, that's a great question. Um, often when we come into a business, um, it's, you know, at the direction of say, uh, a CFO, a COO, a CEO, you know, someone, someone in a leadership role who, um, has, has the vision, uh, you know, sees the opportunity. And, and then we start working with, you know, the manager or the line leader or whoever it happens to be, you know, within the business, um, to understand how the process works and, and what's what, what needs to happen. And, um, the most important thing that we have found in terms of, of success is, is helping that individual, uh, or individuals as the case may be, uh, understand the why, um, because if they understand why it is that we are looking to at the discretion of their, you know, business owners to automate some particular, uh, business process, um, they quickly turn their perspective around from, oh, shoot, you know, uh, if this gets done, uh, then I don't have a job anymore to, oh, wow. I can see how this could have a, such a significant impact to our business. Um, there's two or three other things that we're not talking about that we should be focusing on because if we can get those things automated,



then I can spend my time, you know, talking to our customers more or I can spend my time, you know, looking for, you know, some different suppliers or whatever the scenario might be. So it's really helping them understand why and, and painting that, that future state for them clearly. Um, and that really turns 'em around.

Michelle Steck: Yeah, I think that's great. I think it's definitely comforting when, you know, you're not gonna lose your job just because of automation and absolutely it changes the way your job works, um, and gives you more opportunities. I feel like so Brendan, um, right on the topic of people not having jobs or losing their jobs, what do you think is the most important thing when you don't, when you need that fractional relationship? How do, how to be successful at that?

Brendan Kurvers: Yeah. Yeah. It's a, um, it's an interesting question that we hear a lot of, of clients that we serve here at CLA and it's an important one to, to think about before you enter into that relationship, it can be a little clunky, it's different. It maybe isn't how you've always done business. It's not, it's not kind of that centralized workforce that you're used to, but I think the, the biggest thing from just a perception standpoint as a leadership team, when you're, when you're contemplating this concept, UN fractional is where we as fractional individuals coming in from an outsourcing standpoint can provide the most value is when we are really thought of as an ancillary part of the team. So what does, like, what is the key concept that we need to be thinking about on that? It's all about communication. So, you know, where we sometimes can fall short is we're doing accounting in a vacuum, right?

Brendan Kurvers: We're doing the books and records, but we're not really in tune with what that strategic vision is. We are, you know, perhaps doing a cashflow forecast, but we don't know exactly what the next week is gonna look like because the owner has something planned that isn't, you know, kind of out there and, and fully, um, vetted. So I think the simplest way to answer that question is, is communication is key. And to really think about this outsource team as a, as an offshoot of your current team and being able to bring those individuals in, perhaps that weekly meeting that the management team is having, like that is extremely important just for that outsource individual to really understand the makings of the team and to really drive a successful relationship.

Michelle Steck: Great. So I think from all those questions, the, the key thing I took away there was communicate. So it sounds like effective communication can solve everything. Absolutely. So, um, I think that's about all the time that we have, uh, thank you everybody for joining us. Um, you'll see our contact information there on, uh, the last final slide. If you have any questions or if there were questions that we didn't get to, someone will be reaching out to you. Um, so thank you everybody. And I hope everybody has a great day.

Brendan Kurvers: Awesome. Thanks everyone. Thank you.

The information contained herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the



presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgement. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

[CLAconnect.com](https://www.claconnect.com)

CPAs | CONSULTANTS | WEALTH ADVISORS

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

