



# CONSULTANTS IN MINNESOTA

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## Call For Articles

Can you write a few paragraphs on an interesting topic related to what you do for a living? ICCA of Minnesota is looking for articles for this newsletter, for our web page, and for submission to larger-circulation journals.

Please help!

Send articles or story ideas to [editors@icca-mn.org](mailto:editors@icca-mn.org), or call us at 612-245-ICCA.

## Getting Paid

By Jack Rose

You've completed the work, billed the client, and now your receivable is creeping toward the ninety-day late point. The client isn't responding to payment reminders and isn't "in" when you phone. What to do now?

The above scenario, although scary, is one you ought to have in mind from the beginning of the contracting cycle. You're in business to make money to feed your family. Getting paid is a major, if not the major, objective of your business. Here are a few pointers. Consulting veterans know them by heart, and in many cases have learned them from painful personal experience. Novices, ignore them at your peril.

### Before you start work, document deliverables and estimated costs

Prepare an engagement letter, also known as a statement of work, or proposal. (This document can flow directly from the needs assessment you did when trying to land the business.) State the milestones in terms of the customer's business, not computerese. Indicate what anticipated costs are associated with each deliverable.

Your engagement letter should include a promise on your part to invoice regularly and timely (see below), and state the client's obligation to keep current on billed amounts. There should be a clause that states you will stop work if payments are in arrears by a certain amount. That amount should be whatever you feel you can afford to lose.

Sometimes it's tempting to just wave your arms and assume everything's going to be rosy. Folks who let that happen end up working for nothing. Never assume; always ask. Never expect the client to know something you believe is obvious. "You're supposed to

know that" will not be well received.

### Document hours worked

At the end of each day, or more often, write down the hours worked, with a paragraph description of what you did that day. If you work onsite, write the information on a timesheet and get it initialed and dated by your client. Otherwise, email the information to your client once a week or more frequently.

The alternate scenario is ugly. You haven't reported your activity for a few weeks. Now you're trying to reconstruct from your appointment calendar, your inline source code comments and your e-mails what days you worked, how many hours you put in, and what you were doing. It's amazing how quickly you can forget.

## Next Meeting

Tuesday

November 16, 2004

[PRIME Hotel Bloomington](#)  
[Minneapolis Airport](#)

Topic: Free Stuff

Mentoring 5:30PM Dinner 6:30PM

Members \$25 Non-Members \$35

Bring a prospect, two for \$30!

RSVP 651.257.2570

## Speakers Wanted, Free Stuff

By Jack Rose

The original speaker has cancelled for our Tuesday, November 16 meeting at the Prime Hotel Bloomington.

Please check your Rolodex and see if you can suggest a substitute. All help is appreciated. Write to [vicepresident@icca-mn.org](mailto:vicepresident@icca-mn.org) or phone 651-214-5053.

We will introduce Shelly Hochstein and Corey Russman of *The Processor*, who will have sample issues and complimentary subscriptions for anyone interested.

[www.processor.com](http://www.processor.com) .

## SARBANES-OXLEY: CHALLENGE AND OPPORTUNITY

### **The Facts:**

In October 2001 the Enron scandal broke. Followed quickly by similar scandals at Global Crossing, World Com, Tyco International, Qwest, and others, considerable financial damage was done to investors and an already struggling economy. Of even greater consequence, the public's trust in America's corporations and business leaders was severely shaken.

In response, Congress literally rewrote the rules for corporate governance, disclosure and reporting. With President Bush's July, 2002, signing of the Sarbanes-Oxley Act, our country's business environment was fundamentally changed forever. Good corporate governance and ethical business practices were no longer simply admired management philosophies, they became the law.

### **The Problem:**

With countless pages of legalese, the Sarbanes-Oxley Act of 2002 puts legal definition around good corporate governance and how companies are to comply. Not surprisingly, new and proposed SEC rules relating to Sarbanes-Oxley are complicated and will be costly to implement. As such, companies cannot afford to underestimate the task ahead.

Section 302 the first of Sarbanes-Oxley's multi-phased implementation is already in place. It makes company CEO's and CFO's personally and explicitly responsible for their company's disclosure controls and procedures. Additionally, certifying executives must state that they have disclosed to their audit committees and independent auditors any significant control deficiencies, material weaknesses and acts of fraud.

Section 404, the current phase, mandates an annual evaluation of in-

ternal controls and procedures for financial reporting. To comply, utilizing the five components of internal control in the COSO framework, companies will need to develop an individualized approach to reporting and compliance and then assess the effectiveness of their internal controls. Section 404 also requires that company independent auditors must issue a separate report that attests to management's assertion as to the effectiveness of the company's internal controls and procedures.

### **The Real Problem:**

The clock is ticking!

U.S. companies that have equity market capitalization over \$75 million and have filed an annual report with the SEC will be required to comply with Section 404 requirements for fiscal years ending on or after November 15, 2004. All other issuers, including small business issuers and foreign private issuers, will be required to comply for their fiscal years ending on or after July 15, 2005.

For public companies, Sarbanes-Oxley compliance is not negotiable and any delays in complying may have serious consequences ranging from significant fines to jail terms. Private companies and non-profits, though not legally required to comply with Sarbanes-Oxley, are likely to find that failure to adhere to the Act's guidelines will ultimately impact their public image and access to capital.

So regardless of your organization's current legal structure, to ensure the long-term health of your company, making Sarbanes-Oxley compliance a top priority is now clearly a necessity rather than an option.

*The clock is ticking!*

## SARBANES - OXLEY CONT.

### The Resolution:

While seeming somewhat overwhelming, the task at hand is manageable. Most companies already have some semblance of an internal control structure in place. Most have also already implemented some level of monitoring. However, this is likely to represent a starting point not the end point. At many companies, significant gaps exist between the employees performing control activities and the executives who make strategic governance decisions.

To close these gaps, thereby enforcing management's responsibility for corporate governance, companies must recognize that the environment in which they operate has dramatically changed. The new world demands more effort and accountability. Companies must also recognize that this new world will require significant alterations in the procedures and practices as well as the day-to-day lives of their senior executives and the people reporting to them. Numerous considerations will come into play including integrity and ethical values, management philosophies and operating styles, organizational structures, board roles and responsibilities, and employee and management commitment to excellence.

While Sarbanes-Oxley makes your obligations clear, it also opens a realm of new opportunities. By effectively navigating this new landscape, companies will have the potential to revise and realize new corporate visions. Op-

portunities will exist to achieve new levels of corporate excellence. Forward-thinking executives will learn to employ Sarbanes mandated changes to better drive improved business performance.

### How Strategy1 Consulting Can Help:

Strategy1's structured approach to Sarbanes-Oxley compliance has not only assisted companies assess their internal controls and identify deficiencies, material weaknesses, and opportunities for improvement, but has also helped them realize that a strong internal control structure can drive greater business success. Our performance excellence, strategic planning, and organizational alignment expertise along with our experience in leading corporate and IT assessments, led us to quickly recognize that through better decision-making, more effective and efficient business operations, and preventing the loss of corporate resources, companies can gain competitive advantage.

Forward-thinking organizations will recognize Sarbanes-Oxley as an opportunity. They will rethink the way they do business and rather than simply comply, they will thrive.

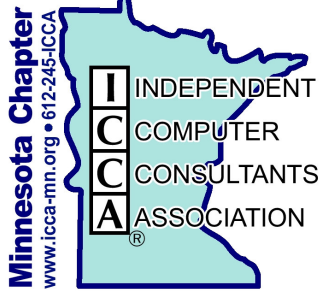
[ed. Note: This is a marketing piece written by Paul Boldischer and Brent Willi for their company Strategy1 Consulting.]

*Forward-thinking organizations will recognize Sarbanes-Oxley as an opportunity*

### November Quote:

*“ There is an old saying: Do not pray for tasks equal to your powers; pray for powers equal to your tasks.”*

*-G. W. Bush, 3 November 2004*



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## ICCA-MN Proposed Change in Meeting Date

by Bill McTeer

I'd like to propose we change the monthly meeting date to the second Thursday of the month, effective with the February meeting. There are two parts and two reasons for this change. First, the Tuesday, Wednesday, Thursday rotating meeting day is hard to track, hard to publicize, and hard to explain to prospective members. Second, virtually all of my meetings now cluster in the third week of the month. Obviously others may have other conflicts. At the October meeting, we took a poll of those present and got one conflict on the second Wednesday, which could be solved by going to second Thursday. The chapter officers would need to make the change official, so if you have conflicts with this proposal, please let them know at or before the November meeting.

## GETTING PAID CONT.

### Document milestones achieved

Don't be afraid to brag a little. Write a memo to the person you report to. Let him choose whether to copy it up the chain of command. Remember it's your job to make him look good. Every minute you spend taking care of these details is a minute spent taking care of your customer – and it pays off in prompt bill payments and repeat assignments.

### Beware mission creep!

When you are asked to do something substantially in excess of the original scope, write a memo outlining your understanding of the requested change and estimating the impact it will make on cost and schedule. I call it the "oh-while-you're here" syndrome. I've even been asked to stop by the client's home and figure out why his wife's or kid's computer is misbehaving.

My accountant has a sensible policy about these things. If there's a question he can answer in fifteen minutes or less, the extra consultation is on the house. If you start using up his time with demands unrelated to what you engaged him for, he'll aggregate the extra minutes and invoice you for them – but he'll tell you first, before you enter the billable zone.

### Bill regularly

... whether or not you are working through a broker. Clients hate surprises! There's nothing wrong with semi-monthly, or even weekly, invoices. When there's an old balance, include a statement – this avoids the "oh, I thought that was all I owed you" excuse. Include copies (marked "duplicate") of time sheets and milestone reports related to the time you're billing. Too much information is better than not enough.

### Be ready to walk

Some clients will use any excuse to delay paying you. The project hit a technical snag. We didn't get your last two bills. The guy who signs the checks broke his arm. Sometimes a bad client will threaten to hold up payment on work you've already done, in an attempt to blackmail you into doing extra work for nothing.

Your consulting hours are your stock in trade. Don't give them away (unless you want to). Be calm, polite, firm, and businesslike, set a stop-work date, and stick to it. Otherwise you're throwing good hours after bad.

*When You Hire One of Us, You  
Get Our Collective Knowledge and  
Experience*