Meeting Minutes
TGG Accounting
November 6, 2012

Presenter:
Matt Garrett

Presentation & Notes:
Matt Garrett

- Started own company (football player – broke 2 vertebrae) – changed major
- Ishophere.com – $5M worth of capital – fight with partners, sold company
- Started doing tax work – internship – 9 minutes per return on average
- Interested in the strategic planning arena
- Started a tax consulting firm (w/o CPA) – started late in 2001 (sold to public company in NY)
- 2001-2005 fired 7 bookkeepers – they didn’t know accounting (negative A/R)

Environment in accounting today
- Where you might want to go
- Bookkeepers in this day & age don’t understand bookkeeping
- QuickBooks can spit out a debit & credit
- Realized there’s a huge market to bookkeep for a cheaper cost
  - Less than hiring a full-time controller
    1. Financial statements are important
    2. Use them to make good decisions
- Lack of cash is the #1 reason given for business closing down (cash flows)
  - People jump into forecasting – not on an accrual basis
  - Fired a client – recorded sales as revenue (6 months later – out of business)
  - Cannot forecast cash

TGG Accounting
- Top 5 largest local presence (size wise, big Firm)
- Had 2 businesses out of 170 clients go out of business (Dec. ’08)
  - Providing info to the clients so they can be brilliant
  - Accounting is the tool
  - Run payroll for over 7,000 and $1B in revenues per month
- Hire 20-25 students per year

Question & Answer:
Q: Who is your largest client in the SD area?
A: Since TGG Accounting is currently entirely in SD, we plan on moving/expanding to OC in 2014 – want to be nationwide – average size client has 4M in revenue, charge $3100/mo. – largest client is 75M in revenue – manage their staff members – follow their practices, internal controls, and use their F/Ss

Q: As far as your staff go, are they divided up by industry?
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A: I believe most staff get to CFO in 3 years – do not have industry specific focuses. We have 19 non-profit clients, may also work in the manufacturing or retailing industry – allows one to become more well-rounded, leads to becoming a better CFO.

Q: After your football career, how scared were you about starting a business?
A: I didn’t have a choice and was too naïve to be scared. I had nothing to lose, I wasn’t employable and had to do something. I thought I knew more than I knew and discovered quickly, I didn’t.

Q: What do you think has attributed to your success?
A: Going into a service business and serving others – must care about other people – all business is about serving people – must serve the environment & employees.

Q: It’s the middle of the recruiting season, for those declined, what should a student do in that position to better improve themselves for the next cycle?
A: TGG’s cycle runs on quarters, every time new internships – don’t turn people down for lack of accounting experience – best thing you can do is to figure out what you want to become and become that – must look from an employer’s standpoint – need to want to be there, in the office – you must become who you want to be.
A: Firm tours are important, yes – TGG is a unique firm and you need to hear from accounting people.
Maricar: learned about everyone’s experiences

Q: Do you find students work for a short period of time and move on to other things? What kind of training does TGG have?
A: We recruit a lot, between 22-25 people; there is about a 30% turnover rate for people leaving. We have lost to AKT for audit – hope it doesn’t happen, about the fit – going to try to benefit everyone – networking (serves AKT) – now sending people over to us for referrals.
A: We spend $11K per person for training – 2 training classes per month, 1/5 hours including an exam – efficiency testing every 6 months – want to be sure you’re growing & learning new things – also do teaching training courses to learn more thoroughly – accounting & financial management – training is a huge part of our business

Q: There are a lot of biotech companies in SD; does TGG work with any of them?
A: We don’t work with start-ups or biotech startups – 19/20 companies fail – too difficult of a business model to be in – only work with when well-funded and traditional industries – do have pharmaceutical companies – don’t work with experimental business

Q: Is there certain accounting software that you use?
A: We have a certain kind of accounting package – use excel a lot – unique appearance so bankers quickly recognize F/S – have created a brand – doesn’t matter what software the client uses – can understand whatever software is in use – don’t work with software sellers (60% on QuickBooks, 40% on something else)

Q: If accounting is being outsourced, how does TGG accommodate?
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A: Most of the work is done on site; it allows for easier access to the documents & everything – organization is important – we use the best practices for filing & organization (document storage in the cloud for example).

Q: Since you work in a service industry, how important are soft skills? What can students do to acquire the experience and build those skills?
A: Soft skills & communication skills are often underdeveloped – network with bankers, attorneys, CPAs for new clients – get your name out there, that’s how you ultimately get clients – that leads to making partner – must also practice your communication skills – if you can communicate well with a stranger, you can communicate very well with someone you know – always need to improve your communication skills – makes you feel more comfortable, the more comfortable you are, the more your personality comes out – must care about the other person – if you don’t care, if will show – people will allow more mistakes (accept it) – will fire you if it’s simply a transactional relationship – must show them that you care and that you’re there to succeed.

Q: As students, trying to juggle midterms & credits – time management important – what are some techniques that you use to effectively manage your time?
A: I use Outlook for everything (schedule planning) – exaggerate the time – use Outlook for minute-to-minute, day-by-day recording activities – allow for a buffer zone – worst thing you can do it say you can do something, and then not.

Q: Being a non-traditional accounting firm, do you require a CPA?
A: Irrelevant in the work that we do, but we are big on personal development – pay the single highest bonus for CPA’s (8K) – huge proponents of becoming a CPA – 20-30 CPAs on staff, 15 working towards their CPA – really big deal for them – credibility factor (automatically trusted).

Q: How do you stay current with all of the changes within the accounting industry?
A: Study more today than I’ve ever studied – subscribed to CalCPA, AICPA – always reading & researching – TGG holds classes for certain changes – ensure the community understands it – don’t need be to GAAP compliant (right way to do accounting) – a bit different from tax & audit (tax laws change 4-5 times a year)

Q: What do you think the impact of election will have on accounting?
A: The tax field will need to change – auditing field will become less important – auditing becoming less relevant at the low ends – both have said they would simplify the tax code –although it keeps getting more & more complex – simplification will help & hurt (tax jobs there will be more important)

Q: Are there other accounting firms that do similar work?
A: TGG is the only one that provides the full department – outsourced CFO firms – staffing firms, head hunters – brand new, unique model (only ones in SD for sure)