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Don't Underestimate the Importance of Your Financial Image

For immediate release

Santa Monica, Calif.—February 3, 2004—“Don't underestimate the importance of your financial image in the business community,” says Partner Marty Josephson of Stonefield Josephson, a California-based certified public accounting and business advisory firm. According to Josephson, entrepreneurs need to create and maintain a positive financial image to stay on track for growth.

“Your financial image affects your ability to get a loan from the bank, secure funding from investors, establish credit with vendors, and eventually, to sell your company. If your financial statements and projections look like they were prepared by an amateur, the business community will lose confidence in you.” If you are the manager of a high-growth firm, consider these three tips for enhancing your financial image:

Tip #1: Assess your situation. “If you experience financial errors, cost and expense miscalculations and business losses, you may already be aware of the problem,” says Josephson. He says that many business owners pay attention to revenue-producing activities, such as sales and marketing, to the detriment of keeping an eye on the bottom line. “Clean and current financial information is often the last thing on the owner's agenda. You can't just operate for tomorrow's orders. This creates a panic situation when you suddenly realize there is negative cash flow and it is time for a loan.” Josephson suggests that you meet regularly with

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your accountant to discuss what is happening with the business and to examine your financial condition.

Tip #2: Staff your accounting department appropriately. “If you are growing quickly but you are not receiving operating results and cash flow reports promptly, it may be time to expand your internal accounting department,” says Josephson. “You are especially vulnerable to financial miscalculations if you have to attend to everything from research and development to human resource issues.” Josephson says it is wise to expand your accounting department before you get into trouble and lose the respect of the financial community. “Entrepreneurs who overload their understaffed accounting department quickly lose control of how the firm’s capital is spent. This can result in a loss of credibility with bankers and other creditors.”

Tip #3: Make the most of your relationship with your accountant. Josephson advises you to get your accountant involved at the earliest stage of the business. “Work with your accountant to create a business plan with a timeline for financial and marketing goals. Ask for introductions to lending sources. Get suggestions on the right accounting software. Meanwhile, allow your internal accounting department to handle day-to-day accounting functions.”

Josephson says that your accountant can help you get the right people into the right accounting department positions at the right time. “A sound financial image also makes it easier to attract top talent in all areas of the business,” he adds.

“When you fail to produce accurate and professional financial reporting, you create the impression that your management does not have its act together. A positive financial image helps you obtain the best loans as quickly as possible,” says Josephson. He says that beyond your image, accurate accounting helps you run your business within the limits of your capital investment and make informed decisions. For information on how to create and maintain a

positive financial image, contact Marty Josephson at 310-566-4312 or

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Stonefield Josephson Inc. is a California-based certified public accounting and business advisory firm founded in 1975. The 100-person firm serves public and privately held clients throughout the United States and internationally from four California locations: Santa Monica, Irvine, San Francisco and Walnut Creek. Services include assurance/accounting; business consulting (profit enhancement; finance sourcing; mergers and acquisitions; family-owned business; succession planning; executive incentive compensation; business plans and budgeting); business valuation; financial recovery; forensic services; litigation support; public companies services; and tax services.

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