

Peter Frampton: So, I want to look you in the eye and I will find your missing link. And when you get it, you will be elated. And it's fantastic. And yeah, I don't want PowerPoint to get in the way of that. I want to be with you as a human being.

Peter Margaritis: Welcome to Change Your Mindset podcast, formerly known as Improv Is No Joke, where it's all about believing that strong communication skills are the best way in delivering your technical accounting knowledge and growing your business. An effective way of building stronger communication skills is by embracing the principles of applied improvisation. Your host is Peter Margaritis, CPA, a.k.a. the Accidental Accountant. And he will interview financial professionals and business leaders to find their secret in building stronger relationships with their clients, customers, associates and peers, all the while growing their businesses. So, let's start the show.

Peter Margaritis: When you hear the words accounting seminar, is the first thing that comes to mind is that you would rather have a root canal with no novacaine than to sit in an accounting seminar or are you remembering your college experience when you are registered and mandatory required to take an accounting course or does the words accounting seminar make you very, very sleepy? Well, my guest, Peter Frampton. Yes, you heard me correctly. Peter Frampton, but not the one that you're thinking of, has found a way to make accounting come alive.

Peter Margaritis: Peter's a financial literacy advocate. He's a Co-Founder of Color Accounting International, which teaches finance to non-financial people using a breakthrough graphical system. What lights Peter up is awakening people to a life of abundance. And he talks about this during our interview. Now, Peter started his career at KPMG and is a Fellow of Chartered Accountants Australia, New Zealand. He's an adjunct faculty at American University in Washington DC and has taught at a wide range of organizations from large Wall Street banks and law firms through micro-businesses in Africa, the Middle East and Asia.

Peter Margaritis: Peter currently lives with his family in Geneva, Switzerland. Peter was recognized for founding South Africa's most successful technology incubator in the country of his birth. Now, I've taught accounting for many years at a variety of university

and colleges and I've always, always, always tried to make accounting fun and simple. Now, I've gotten close, but as Maxwell Smart once said, missed it by that much. Yeah. Not close enough. However, in March 2019, I attended a demonstration of Color Accounting and almost immediately recognized that they had found the solution.

Peter Margaritis: I went through Color Accounting's training to get rewired in their way of teaching and communicating accounting concepts. Now, I facilitate my first course to a group of 24 engineers and project managers at Westinghouse in Chicago last month. Wow. This really is a game changer. And I shared my experience to Peter in this interview. Now, anyone who's in business should listen to this episode to help grow your business.

Peter Margaritis: A better understanding of accounting will only help you and your employees become better stewards of your organization. The more that you and your employees have a basic understanding of accounting will only help the organization thrive because everyone can see the financial impact that they're having on the organization. This is what I witnessed at the end of my seminar at Westinghouse. I hope you enjoy this episode. And before we get to the interview, let me take care of some housekeeping issues.

Announcer: This podcast is part of the C-Suite Radio Network, turning the volume off on business.

Peter Margaritis: And now, a word from our sponsor.

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way, one of his Fortune 50 clients actually made the comment about the value he brings to your audience.

Peter Margaritis: I have put in the show notes the links to Color Accounting website, a PDF of the basis framework and a link to a 30-minute video that outlines the methodology. If you'd like to contact Peter, please send him an email at peter@coloraccounting.com or his co-founder, Mark Robilliard at mark@coloraccounting.com and mention that you learned about them from this episode. And now, let's get to the interview with Peter Frampton.

Peter Margaritis: Hey, welcome back, everybody. My guest today, you may have heard of him. My guest today is Peter Frampton. One, two, three. But not that Peter Frampton. This is the accounting and finance version of Peter Frampton. And Peter Frampton is the Co-Founder of Color Accounting. And Peter, first, thank you for taking time out of your hectic schedule to be with me on my podcast.

Peter Frampton: It's an absolute pleasure to be here. It really is a pleasure to be here.

Peter Margaritis: And I have to admit, so back in February or March of last year, I get this LinkedIn request from Peter Frampton and I go, "This is so cool." And then, I went, "Wait a minute."

Peter Frampton: Oh, disappointing.

Peter Margaritis: Actually, not so much disappointing, but curious because it's a really cool name. I know you get compliments and people make comments about it all the time. But that is a really cool name.

Peter Frampton: Yeah. You know, it's not such a common name because it's an English name, you know, from England. And actually, I went to the concert of the one that we all know, like the famous guitarist. And I waved him down and I said, "My name is Peter Frampton." Actually, I wasn't waving him, I was waving his manager down. He went backstage with my driver's license. And then, now, I wait backstage and got this

autograph from the famous Peter Frampton, who I think, yeah, what, he had the biggest live album in 1976, which was in Guinness Book of Records for Michael Jackson. And his famous one or his famous song is Show Me The Way, right? So, I feel like yeah, I'm showing people the way in my work, too. And yeah, it was fun.

Peter Margaritis: And if I—correct me if I'm wrong, you have a picture of Peter Frampton, autographed picture from one Peter Frampton to the other Peter Frampton?

Peter Frampton: You know, when he was autographing that he's actually Framp and hang on, it's not Framp, its' two, so he crossed it out in two and hang on, it is Framp. He had a little momentary identity crisis.

Peter Margaritis: Yeah. And when you started this business, you actually called it Accounting Comes Alive.

Peter Frampton: Well, that's what we do. We make accounting come alive. And yes, sometimes, we still trade by Accounting Comes Alive. We'd like to think that we make accounting come alive.

Peter Margaritis: And you do from somebody who has taught accounting at the university level for 10 years and someone who's a CPA and has gone through all of this continuing education. In March of last year when Mark and Craig came to Maryland and did the demonstration. Jackie Brown, the Chief Operating Officer for the Maryland Association sent me a text, what, "I love watching your face and you're bouncing up and down in your chair during this demonstration." And she was right. I was sitting there just bouncing up and down because I realized you guys figured it out. You figured out how to make accounting simple. And I commend you guys. I mean, give us the story in how you—I mean, that didn't come in overnight.

Peter Frampton: No. Things don't come overnight. And yeah. I mean, how far do you want me—you want me to get back to the genesis, right?

Peter Margaritis: The genesis, yeah. Kind of start at the beginning.

Peter Frampton: That's me failing accounts 101. And I got honors and all that from my high school exams and suddenly, on my first year at University in South Africa that's connected here and I failed accounting. And I feel stupid because it's like I'm helpless. I've tried, I've tried. I was so shocked. It's the first thing I've really failed in my life and I fell down the stairs and sprained my ankle. And over on the other side of the world, Mark Robilliard was having his own story.

Peter Frampton: And so, you know, I guess, you go back to the scene of the crime, so I immigrated. It was the bad old days of apartheid. And I left South Africa and I went to Australia where I got my first job. Well, I thought, "Well, what do I do? I'm going to Australia", right? And there was military service that I did go on or I did back in South Africa. And I got a job at KPMG and was an auditor and so on. And then, started to realize, you know, people don't understand this stuff.

Peter Frampton: I mean, I didn't either. I think accounting is a subject where there's quite a loose correlation between qualifying, passing your exams and truly understanding it. You know, understanding it. I mean, it's a little bit intimidating, perhaps, but that's how I felt. And I shared my story with Mark Robilliard when I'd been posted to the national office and he was the national training manager. And we said, "You know, there must be a better way. It must be solvable, this issue of accounting, learning accounting being hard."

Peter Frampton: And so, we began a quest. And now, we parted ways. You know, we started to experiment. We looked and parted ways. And actually, I found myself back in South Africa running a not-for-profit incubator, a startup incubator, which was fun. And I liked it and I'm proud of it. It won awards and things in the end and it's still going. So, it's South Africa's oldest information technology incubator. And I started incubating Mark and my ideas in that incubator.

Peter Frampton: And that's why it was called, Accounting Comes Alive. In fact, you know what, it was actually called The Radical Accounting School because it was radical. But something had happened that looking back—you know, the brilliant Steve Jobs, he

wasn't a very nice guy, was he? But he was brilliant. And the one thing he said was, you know, you join the dots later and the little pieces, like in my case, even the failure, you know, they will make sense later.

Peter Frampton: And one of the dots that then we joined and realized, well, that was historically significant was the color printer come along. And like literally, of course, it being color printed, don't get me wrong, it was hardboard Heidelberg presses and factories all around the world. But the desktop color printer, in fact, was the HP 500C, Hewlett-Packard 500 color printer come along, along with desktop publishing, right? What they then called desktop publishing, obviously.

Peter Frampton: And you could not print and muck around with color yourself. And so, that's what we did. And we printed a diagram and eventually, we printed it. Let's put the balance sheet and income statement together. And now, we were using—we'd use color coding, which was one of the sort of original formative ideas with like debit is green and credit is orange and mucked around with this diagram. And then, here's the important thing. We started to realize that we didn't understand the diagram.

Peter Frampton: So, he wrote a diagram to explain accounting, but you realize you don't understand the diagram. And for example, you know, it also—what it does is it unpacks—the most confusion in accounting is inherently caused by the duality. You know, we all know about double-entry, right? Double-entry accounting. But double-entry is actually a consequence of the fundamental duality which gives us both sides of the balance sheet. And it's the collapsing of the duality that causes the problems.

Peter Frampton: People think revenue is money. People think liability is the money that you owe. Both of those are wrong. Revenue is not money and that liability is not money. They've monetized, but they're not money. And so, it went. And, you know, stumble, stumble, stumble and the courage to look a bit foolish as we were trying different things. You know, one of the fabulous memories for me was quite early on in the piece. This young man came in, probably, you know, 22 years old or something, he was a Black South African man.

Peter Frampton: And he came back and we were running the early versions of the Color Accounting workshops over four nights, so they're four Wednesday nights. He came in on the second Wednesday night and he said, "I'm so excited I couldn't sleep." And there was the middle-class bourgeois side of me that said, "Oh, get a life." You know, really. But I quickly caught myself and realized, no, hang on a second. For this guy, it's the difference between life in a shack, literally a tin shack.

Peter Frampton: I mean, you have to be in Africa to know that kind of level of poverty and a middle-class life. In a way, he would own fridges and cars. And so, I realized it was more than that. He was so excited that he couldn't sleep at night and he'd paid for four private courses because, of course, the apartheid state and the bad old evil days before Nelson Mandela had deliberately under-educated him. That's what the apartheid education was set up to do, to under-educate Black South Africans, so they could only do menial work.

Peter Frampton: And so, he had paid for these four very expensive courses. And finally, he got it. And then, he said, "I'm so excited. I'm not stupid." You know, Peter, the privilege and, you know, the honor for me of being part of having that impact in someone's life from this point, education is just the best and most noble and best fun you can have because what an impression you have, you can have on people's lives.

Peter Margaritis: And you guys are having a huge impact on individual lives as you interact with a variety of individuals, a variety of companies. So, I witnessed this firsthand. So, I did my first Color Accounting earlier in January 2020 to a group of engineers and project managers, about 24 of them. And you—I mean, for the company. May I say the company?

Peter Frampton: Please. Yeah.

Peter Margaritis: It was Westinghouse. And you guys have been in Westinghouse for a couple years. So, there are stories about how powerful this is. But still, these guys are taking time out of their life to sit in an accounting class? So, I kind of mentioned, "Wouldn't you guys rather have like a root canal without novacaine versus taking an

accounting class?" They all chuckled and stuff. But as I was going through this method, the basis method and the duality and all that, I started to see them get it. But the more powerful thing was when they actually got it and realized their impact, individual impact that they have on the financial position of the company was just—it just blew my mind.

Peter Frampton: Yeah. Yeah.

Peter Margaritis: And they walked out and said, you know, this far exceeded their expectations.

Peter Frampton: Yeah.

Peter Margaritis: And like I said, you guys, I've been struggling trying to find a simplistic way for years, I shared with you guys. You have found it. And the impact that you have on organizations and have them understand the financial responsibility of employees.

Peter Frampton: Yeah. Yeah.

Peter Margaritis: Once they get it.

Peter Frampton: And it—well, yeah. Once they get it, it's so—you know, accounting is amazing. Accounting is absolutely amazing. And it's one of the greatest inventions in history. You know, we say it goes back 500 years to Pacioli who—but of course, it goes back much further than that. Pacioli was just the first Italian friar who wrote it down in that book, Summa de arithmetica. But it makes such a difference in people's lives. You know, we tease accounting. We tease accountants. We call them bean counters. But actually, it's like grammar. You know, we take it for granted that you need grammar.

Peter Frampton: You know, you don't get to lead organizations or be a functional adult in a corporation without grammar and other skills. But we've tried to be functional people in organizations and leaders without the grammar of finance. Accounting is the grammar of finance in the sense that it's just the basic, you have to have it. And it hurts people

when they don't have it. They stay silent in meetings when they should be engaging in meetings, you know, they buy the bullshit. Companies go bankrupt, frauds happen. I mean, that was all the big examples.

Peter Margaritis: Right.

Peter Frampton: But it's just so impactful on people's lives. You know, going back, oh, Peter, I don't know if I've told all the stories about my career before I discovered accounting, which is—you know, did I say that I ran an impotence clinic? A very—medically viable with medical doctors, impotence clinic and so on and so on. Another day, Peter. Another day. I know you—but anyway, so I was in the medical business and things like that.

Peter Frampton: As I said, Color Accounting for me started when sort of the next thing didn't work out and I thought, "Oh, geez, I should just work on that idea for a better way to teach accounting. But that's my personal journey. Anyhow, you know, on those—on my travels in medical centers and things like that, you know, I'd meet a nurse and just, "Oh, wow. Isn't nursing great?" "Yeah, but I didn't want to be a nurse. I wanted to be something else, but I couldn't pass accounting." You know, people all over who are just being hamstrung.

Peter Margaritis: Right.

Peter Frampton: There's always a moment in our workshops where I say, "And this is the moment the lady in Washington, DC said, 'I can finish my MBA' as she shrieked from the back of the room." And I mean, I literally said, "Whoa, whoa, whoa, people. Sorry about that. I got to stop the class." "What? Are you serious?" She says this particular point, trivial point, I'll have you say, that, you know, it is where she couldn't get it, so she checked it in and it was a prerequisite for MBA. So, she didn't get an MBA. That's a little tragedy. That's a life.

Peter Frampton: You know, here's probably a single mother working hard, trying to improve herself, trying improve the life of her children and yet, a tiny, trivial thing tripped

her up. I'll tell you what a trivial thing was. It was the statement that you have to have an entry on each side. I collect books that say you have to have an entry on each side. You don't. You can have two entries that cancel each other out, as you know, on one side. She thought and had been told or misunderstood that you had to have an entry on each side. And she didn't.

Peter Margaritis: So that was the magic right there, just her realizing that she didn't need that.

Peter Frampton: Just that, you know. Well, so she could get her head around how it worked. She could get her head around how it worked. And yeah, oh, yeah, you have two entries on this side, you have two entries on that side, you have one entry on each side. It all balances out. That's the genius of double-entry bookkeeping.

Peter Margaritis: I think also, the issue that neither accountants have when they have to take an accounting class is—or when I work with the CPAs, ask them, "Does MBA speak a foreign language?" And I get his hands raised up and I hear French, I hear Spanish, you know, someday, maybe Greek, Italian, whatever. And I go, "Let me reword that. I mean, you speak the foreign language of business called accounting. And they all laugh.

Peter Frampton: Yeah.

Peter Margaritis: And I go, "But think about it, when you say depreciation to a non-accountant, they think that's the value they lose in the car when they drive it out the car lot and you sit there thinking, "No, no, no, it's a systematic allocation of an asset over time."

Peter Frampton: Yeah.

Peter Margaritis: And we have to become better translators of this language, so they can understand.

Peter Frampton: Absolutely. And in a sense though, I'm tempted to say, and it's much worse than that because depreciation, we all get a sense of, it's a kind of set anyone's second or third-order accounting issue. But actually, the disconnect at the language starts much lower. So, Color Accounting is about color. We took color because we're color print and we use color to explain debits and credits and so on. But actually, as you said, this didn't happen overnight. And we looked at that diagram, we realized we didn't understand it and we realized we didn't understand the words.

Peter Frampton: And this is profound. And actually, Color Accounting is more about the language, the words than the color. For example, it's kind of shocking. We accountants, you, me and our industry, we've got these massive blind spots and we don't realize, for example, the ambiguities that we have. Like Americans, accounting professors do not realize that income means something different in America to what it means in Europe.

Peter Margaritis: Right.

Peter Frampton: So, you know, income. And never mind the fact that income, by the way, doesn't come in. Money comes in, but income is not money. So, income doesn't come in. You do income. You don't get income. And then, if you ask an accountant what revenue is, you know, I have the greatest respect for accountants, but we've got our blind spots. And one of them is we can't explain what revenue is and we can't explain what an expense is. I've got to be careful, because if I ask an accountant that it sort of puts them on the spot and it could get a bit awkward.

Peter Frampton: Now, as I said, accountants know how to record it. They know how to measure it. And know where to find it and report it and with the impact it has on profits, the impact that it has on the balance sheet, et cetera, et cetera. But they can't get the message across. And it's called a declarative ability, the ability to communicate. And, of course, it's critical. So, revenue, by the way, we define it as a verb, not a noun, because revenue is what you do to get the money that you get.

Peter Frampton: It's the activity. That's why another name for the income statement is the statement of activities, which means, by definition, the things on the income statement are activities and it has real impact and consequences in people's lives. So, I'm at a law firm and I'm working with a senior partner then and we talked about the meaning of the words and we're clearing that up because that's what's required. And he said, "You know what, I've just come off a defense of a chief accounting officer for revenue shift. It was a week-long jury trial. We failed. We were the defense. We failed. And he's gone to jail for, I don't know, 10 years or something."

Peter Frampton: And he says, "And you know what, at the end of the trial, I think that—well, I'm sure that the jury didn't understand what revenue was and I think they thought he put the money somewhere like mattresses, secret safes. Here's a man in jail for 10 years because a jury of his peers thought that he put money under a mattress, which, of course, we know he didn't. He just used judgment in a very, what's the word I'm looking for, vague and subjective recognition issue, which is revenue."

Peter Margaritis: Right. Right. So, when I was at a demonstration, whatever, the way you guys—it's like you said, you said two words, you said noun and verb.

Peter Frampton: Yeah.

Peter Margaritis: And actually, this was before we started, I was speaking to the chief people officer at White Castle Systems yesterday, a friend of mine, John Kelly, who was an accounting student at my MBA class at Ohio Dominican. And I was sharing the story with him, I said, John, "When you think of the balance sheet, they're just nouns." And he had this really inquisitive look at his mind because he was going through those accounts, he goes, "Okay." And I said, "The income statement are just verbs." And he goes, "I've never thought about it that way." And I said, "I never taught it to you that way because it was never taught to me that way." But just that little clarity, that little shift in mindset.

Peter Frampton: A lawyer said to me, "You've blown a fuse." And I said, "Okay, well, that's good because I'm in the rewiring business."

Peter Margaritis: Yeah. And that's your job within Color Accounting, is to rewire the mindset out there because we have a lot of very smart people teaching accounting, but they're teaching it the way that it was taught to them.

Peter Frampton: Yeah. And then, there is such a body of momentum and inertia to the way it's been done. And we quickly—there's so much to be learned. And we become such experts that we quickly, you know, develop unconscious competence.

Peter Margaritis: Yes.

Peter Frampton: So, we don't even know what we're good at. But we've got so much competence that's undistinguished that it's hard to challenge. And, you know, often, when I'm working alongside, you know, what I call traditional accounting teachers using the traditional approach, they'll say, "Well, we don't call it the balance sheet here in the United Kingdom. We call it the statement of position." I'll get to that. But really, that's not important.

Peter Margaritis: Right.

Peter Frampton: I mean, we've got to learn that eventually, but that's a second or third-order issue. The first-order issue is, what are the three things with the—no, what are the two things on a balance sheet? You know, there are just two things on the balance sheet. That's what we've got to tell people. There's assets and obligations, which—and by the way, equity is an obligation, the FASB is getting it wrong. Sorry, I'm going to say it. FASB says it's a claim. It's not a claim. It's an obligation. A claim is not an obligation. An obligation is me to you. A claim is you to me.

Peter Margaritis: Right. Right. So, you said FASB is wrong. I don't know if you know this, I just had an article published in Accounting Today on January 15th and the title is FASB is the Villain.

Peter Frampton: I've seen it and I haven't gotten to read it. Damn it.

Peter Margaritis: FASB has it wrong in a lot of instances. And it's confusing and it's not relevant to business owners, where we need to really make it relevant to them so they can understand and those who they employ have a better idea. They don't need to know the nits and bits and, you know, the debits and the credits and all that stuff. It just needs to be that 10,000 foot.

Peter Frampton: Yeah. Yeah. I mean, we haven't—have we talked about the issue of accounting literacy and what accounting literacy is. What you've said has just reminded me of that. So, you know, this is what my work—my work is ultimately, I want to just bring abundance to the world. I want people to know that, you know, you can have abundance. And even if having people get clear personally and at work, get financed out of the way so that they can go forth and be abundant, you know, and that's the real driver, right?

Peter Frampton: So, our mission is to promote accounting literacy. And we want the world to be accounting literate. So, what is accounting literacy? Well, everybody talks about financial literacy. Governments all over the world are spending a fortune on financial literacy to promote it. But financial literacy is this overly big church. I mean, it goes from savings rates to credit card usage to 401(k)s to portfolio theory, to risk analysis and, and, and, and. That's financial literacy.

Peter Frampton: But whoa, whoa, what needs to be underneath that and actually unpacked and seen as a distinct form of literacy in accounting literacy, which is, where am I? And how did I get here? And then, we can talk about all the fancy stuff. But, you know, if I want to get to you, if you want me to tell you how to get to New York, I need to say, "Well, where are you?" And I'll tell you how to get to New York. And it's so empowering when you get the accounting literacy piece right. All the fancy finance stuff just falls into place.

Peter Margaritis: That's true. So, accounting is the foundation of financial literacy.

Peter Frampton: Absolutely. And it should be broken out. And often, people are trying to fix financial literacy, but really, the problem is accounting literacy.

Peter Margaritis: So, if you get the foundation right, then financial literacy comes into play. But I guess the overarching umbrella is now, you have better business acumen.

Peter Frampton: Yes. Yeah. Oh, accounting literacy underpins business acumen big time.

Peter Margaritis: Share some stories about yours and Mark's and your team's travels around the globe and companies that you've impacted. And I imagine you have like thousands of stories.

Peter Frampton: Oh, yeah. There are a lot of stories. There are some good stories. Yeah, there's lots of good stories. I slipped in a restroom in Qatar and broke my fingers, so that, it's fantastic to be bringing this work to the Middle East. You know, the Middle East needs all the help they can get, right? Because if people are literate and abundant, they won't be fighting, you know. So, yeah, we sort of feel being out there is tiring. You know, being a road warrior is tiring.

Peter Frampton: But it's, as I said, a privilege to feel that we're out there making a difference. And we feel we've stumbled onto this historically significant, not improvement to accounting, but improvement to making accounting more accessible. I mean, it does need to be accessible to everyone. It's the fourth R, reading, writing, arithmetic and reckoning, right? So, everyone needs this work. So, we're being ambitious and we're trying to spread it worldwide.

Peter Frampton: So, we have a presence in Australia, in New Zealand, to Southeast Asia, to China. China is going big. And Europe, South America, Brazil, North America, Canada, Africa and so on and so on. Yeah, we've got presence, we've got—we work with partners, so people sign up and it's not quite a franchise. We don't franchise it, but we license them to use the system and we show them how to use it. And then, we love

going and meeting them and working with them and running workshops, all of—and we do a lot of pro-bono work, you know, in particular, with my heritage in South Africa.

Peter Frampton: We've really tried to give this away and spread the word in South Africa and in Africa, where it can make such a difference. And boy, I mean, you know, the stories are stories of joy, but they're also stories of heartbreak. We've got a very generous benefactor named Mark Michel. He bankrolls our work, pro bono work in South Africa. And we paid for all the teachers in one particular state, province, like a state to kick off the work needed in the high school system. We work in schools, universities and in business, right?

Peter Frampton: So, in the high schools, what's often needed is the teachers need to understand the subject better. So, we're working with the teachers and then, we gave them the materials, sponsored materials and so on for them to follow on and use. And then, we're speaking to them a few months into, "How come you haven't used them?" "You know, we were going to, but we lost two children on the playground today to stabbings." I mean, it's heart breaking. And you realize, wow, how privileged we are, you know, and so on and so on. So, you know, that's the sad end of it.

Peter Frampton: And the joys and the sadness—I mean, going back to Washington DC, so we're working a lot of not-for-profits. But working with not-for-profits is really important because they're very mission-driven, they make an impact on the world. But it depends on the plumbing. You've got to get the plumbing right. It's not the sexy end of the not-for-profit work of the mission, but not-for-profit organization, accounting is more complicated accounting because you got restricted funds and federal unrestricted funds done by what I like to call less interested people. They're not there for the money. They're there for the mission, right?

Peter Margaritis: Right. Right. Right.

Peter Frampton: Not-for-profit organizations regularly fail because of financial mismanagement. And they're working over big distances. They're often—you know, they might have a head office in Washington and a field office in Africa kind of. So,

they're stretched and we do the work. And so, we were running a program, actually, in Washington DC and there was a wonderful woman called Nicole Dile. We remember her fondly because our mascot is a logo—our mascot and logo is a zebra.

Peter Margaritis: Okay.

Peter Frampton: And it came from her saying, "Oh, goodness, when I see a-" You know, as we were just introducing us off at the start of the day, "When I see a balance sheet, I see a zebra." And meaning just rows and columns and blurriness and camouflage and disguise and just this sort of buzzing black and white rows in front of her. And it came alive for her. That's what our job is. And it came alive and she made sense of it. Actually, as a little aside, I think she was almost stating a neurological truth that people, as human beings, we were evolved to see shapes on the plains of Africa.

Peter Frampton: We were there to see antelope and pears and apples and nuts and berries. We do shape, we make sense of them. But it's a very learned skill to do rows and columns and analysis and pick this number out of the zebra and so on. The sad part of the story is that Nicole Dile went to Afghanistan, where she was teaching children and she was murdered by the Taliban. So, we remember her fondly. And yet, it's been full of—the journey is full of ups and downs like that.

Peter Margaritis: Well, that's an interesting story about the zebra because actually, I guess, in essence, you've added color to that zebra.

Peter Frampton: That brightly colored zebra now. And yes, that's our mascot. It's got full of color.

Peter Margaritis: So, you're other—well, so what about here in the States? I know Mark is the North America—head of North American operations. I'm not sure what his title is, but it consists of basically this area. And he's in, what? Based out of Wisconsin, which I think I would've gone to a warmer state at the time, but-

Peter Frampton: I would have, too. Yeah. Yeah.

Peter Margaritis: So, what organizations have you partnered with or worked with here in the United States?

Peter Frampton: Right. So, you know, I moved to the states, it would be early 2000s. And I got the states going. And then, Mark—I actually left because my wife is Swiss, so we moved back to Geneva. We weren't allowed actually to speak French in Switzerland. So, Mark kind of replaced me in the US. So, we've been doing that for a long time. And, you know, we're proud of the fact that while we work with micro-entrepreneurs in Africa and entrepreneurs in the US, we also work with the biggest of the big in the US, the Wall Street banks, all the big names that you know. I think I'm not meant to say it, but you could work it out. The biggest names in Wall Street.

Peter Margaritis: Yeah.

Peter Frampton: We work with them and, you know, 500 a time with the on-boarding programs. And what's gratifying there is that, you know, people, they hire liberal arts grads, who've never done any accounting. So, in a day, they get it. And then, even the people who've done accounting, they say, "Oh, wow, I'm seeing a whole new way and I can communicate it better." So, yeah. You know, 500 people at the time. We have to—we don't like doing groups that big, but, you know, we've got these buckets and tickets and you know how the system works, it's very hands on. Everybody gets a little kit that's laid out in front of them.

Peter Frampton: There were 500 people with little tickets going to buckets and on this little couple of folders. And we've got these giant PowerPoint screens across the room and we might have four facilitators wandering around the room. It's wonderful. And then, we worked with law firms. Law was interesting because, you know, a lot of people don't realize what's possible with this learning, so they've kind of given up on accounting. So, it's quite a hard sell. Oh, not as terrible. At university, it's going to be terrible again and I may do without it, but that's what we're up against.

Peter Margaritis: Right.

Peter Frampton: But lawyers know that they need it. And they're working with these financial documents all the time and the legal market is our first runaway market, where we teach most of the big law firms. I'd say about half of the top 100 law firms in the US are using Color Accounting. We do it in shorter seminars, in three, four hours. And so, sorry, one more thing. I've got such respect for lawyers, the definition is they stock in trade, where we accountants have been weak on definition.

Peter Frampton: I've alluded to the definition of equity, I think we've had wrong. The definition of revenue and expense is too complicated for people to fully understand and things like that. We call revenue value-generating activity, for example, that's the definition of revenue. We call it a transitional working definition towards the official definition. And lawyers get that because they do definition because they stock in trade, as I said.

Peter Margaritis: That's interesting. And I'll turn the tables on you right now, Peter. So, you mentioned revenue.

Peter Frampton: Yeah.

Peter Margaritis: And you know how to play this game because you play it on other people. So, when I say what's the sound of revenue, which sound do most people say in this case?

Peter Frampton: Nine out of 10 times—no. 99 out of 100 times, you and I know it's going to be ka-ching.

Peter Margaritis: And the way you respond to it is?

Peter Frampton: Of course, it's, no, it's not. That's the sound of the money. And the money is not the revenue. And I'll say, you know, "In a hair salon, what's the sound of revenue?" And if your listeners might see me, you'd see I'm going snip, snip, snip with my fingers.

Peter Margaritis: Right.

Peter Frampton: And yeah because actually, the revenue is the snip, snip. Ka-ching is what you get because of the snip, snip. Revenue is the work action. And then, for example, I'll then say to a lawyer, "So, are you generating something of value right now as you're talking? You know, you're charging your first six-minute increment as these lawyers do. And this is, "No", you know, thinking that he's not getting paid now, so he's not generating it.

Peter Frampton: So, "Well then, stop, please, please stop. If you're not generating value, stop." Of course, you're generating something of value. You're entering the right to bill the client. You've got six minutes more billing that you can do than you could do six minutes ago. Absolutely. The work itself you're doing now. In other words, you and I know that what we're disabusing them of is the sense that sort of cash accounting in their head, again, with cash becomes the revenue. No. No. No. The revenue is the work.

Peter Margaritis: So, I imagine because I've done some work with attorneys at World Bank a few years ago, there were more investigators. Attorneys by nature tend to be combative. Is that the correct word? Argumentative?

Peter Frampton: Yeah, certainly. Yeah, certainly. Yeah. I mean, I got the greatest respect for them. So, what—I'll tell you what's fun, is I use the word quirky, right? I like to be a bit self-deprecating. And you know, when you know your shit—excuse me. When you know your stuff-

Peter Margaritis: You're fine.

Peter Frampton: ... then you can look weird because you know your stuff, right?

Peter Margaritis: Right. And I know that I kind of get a little quiet kick out of this about that arriving and kind of looking weird. "What? Red? No, sorry. Orange? Green?"

Diagrams? Whiteboard? Verbs? Nouns?" And I go, "Just you wait. I'll get your respect in a moment." And I love that, that they realize, "Okay. The man might be a bit crazy, but he's got reason." And eventually, they see that it's an exquisite construction of the logic of accounting, which is a beautiful thing.

Peter Margaritis: And I do want to make a point. You mentioned when you did the 550 individuals, you said the PowerPoint word, which that is very rare in your presentations because you guys go old school PowerPoint called a whiteboard or foot charts and you draw straight lines. My lines look like you know, an EKG. But I think that that also helps keep the audience engaged because there's this premise that, "Oh, God. It's another PowerPoint presentation." And they will come a little bit disengaged. But when you're up there with the attorneys or whoever, it also helps them keep engaged watching what you're doing.

Peter Frampton: Yeah. And yeah, your back is turned from them for a second while you're drawing, but then, you turn around and it's very human, we want to keep it human. It's a human endeavor, me making sure that you get it. And, you know, when people get it, it is an epiphany because they get these little ahas. We often talk about a learning chain when we—if people don't get accounting, it's because of one of a series of breaks—or sorry, it could be just one break in a series of links in the chain of logic. You know, it could be the revenue thing. It could be the equity thing. It could be the balance of the two entries on one side thing.

Peter Frampton: It could be—you know, there's a whole of those small things, if it could be the point of view, I think that's a huge one. We're standing in the wrong point. You're standing from the owner's point of view instead of from the company's point of view. And it only takes one of those. So, I want to look you in the eye and I will find your missing link. And when you get it, you will be elated. And it's fantastic. And yeah, I don't want PowerPoint to get in the way of that. I want to be with you as a human being. And, you know, tears, people bring their personal fears around the personal finance to it and so on. Yeah, it's funny. It's such a human experience.

Peter Margaritis: If I might say because, you know, in my other work that I do, I tend to rely on PowerPoint, but I I design things very simplistic and I bring things in, it's just—but when I did this with Westinghouse, it is a very human experience because I recognized there was one individual who wasn't getting it. But I also recognized that she or he did not want to say, "I don't understand", because of that judgment factor.

Peter Frampton: Yes. Yes.

Peter Margaritis: So, you know, I recognize that fact, so I went over to look at her stuff. And I looked down the sheet, have anything written down, she was struggling. I said, okay. So, I just went around, just sat with her for a moment. I said, "You guys talk amongst yourselves and try to help her figure it out." Because people learn at different pace.

Peter Frampton: Absolutely.

Peter Margaritis: Also, people don't want to look stupid, which is really the wrong thing because there's no such thing as a stupid question. A stupid question is one that you don't ask.

Peter Frampton: Yeah, absolutely. Yeah. Yeah. Yeah. And how did it go? How did she-.

Peter Margaritis: It went well. I mean—and then, luckily that was—Mark was with me and I asked him to kind of keep an eye on her because, you know, we had like 24 other people in the room that there were a few other people who were still starting to struggle with it, that, you know, I needed to spend myself around.

Peter Frampton: Yeah.

Peter Margaritis: But actually, at the end, she go—so, after I'm done, then Westinghouse showed a 45-minute to an hour video of—and this what I think what the additional power of Color Accounting is or that somebody from the accounting, finance

department was explaining how Westinghouse operates using their numbers, using their situation, using their examples.

Peter Frampton: Yeah.

Peter Margaritis: Yeah, it was on video.

Peter Frampton: Yeah.

Peter Margaritis: So, this woman was walking out and she said, "I really enjoyed this workshop, except for the video."

Peter Frampton: Right.

Peter Margaritis: Right.

Peter Frampton: Right. She probably understood what was being said. Although, you know, video can make it—it gets a bit dense and dry over a video.

Peter Margaritis: Right.

Peter Frampton: But, you know, often, we'll invite the CFO or some senior finance person into the end of a one-day Color Accounting workshop. So, let's say the last two hours, we'll have the time come in. And the look on the learner's faces is wonderful. It's kind of like, "I'm finally getting what she's saying."

Peter Margaritis: Yeah.

Peter Frampton: And the look on her face as she stands at the front, the finance officer, you know, and say, "Oh, my goodness. I'm finally getting through to them. I'm getting through to them."

Peter Margaritis: Right.

Peter Frampton: And that's what gets me out of bed in the morning.

Peter Margaritis: Yeah. That's the magic that's out there, when they do recognize, they do get it, they had that. Oh, and the point of—then I turned to kind of, "How do you contribute as an engineer, as a project manager, in the financial success of this organization because we can break it down into just out of your office. I've always said that to accounting firms that, "When you hire these kids out of college, make their cubicle, make their space their own business. And teach them the business of public accounting so they can realize their impact in the organization."

Peter Frampton: Yeah.

Peter Margaritis: And partners will say to me, 'But we can't tell them everything.' I'm like, "Okay, you don't have to. You make it too complex." and I think it goes to the unconscious incompetent kind of whatever.

Peter Frampton: Unconscious incompetence. Yeah.

Peter Margaritis: Yeah. Yeah. It's that they're here.

Peter Frampton: Yeah.

Peter Margaritis: Staff is here.

Peter Frampton: Yeah. Yeah.

Peter Margaritis: And there's a gap in communication.

Peter Frampton: Yeah, absolutely. Yeah. You don't have to tell them everything, but yeah. And just—you tell them the basics and, you know, it gets, for example, down to this definition of revenue. If you think revenue is money coming in, well, that engineer in that cubicle doesn't see any money coming in.

Peter Margaritis: Right.

Peter Frampton: It's got nothing to do with revenue. No. But if you see revenue as value-generating activity, the moment you walk in that door, you're generating value for the firm and you're also consuming value, by the way. So, now, you have this consciousness that there's only two things happening at Westinghouse. Value is being generated and value is being consumed. Oh, wow. So, I'm part of that. Now, that's the story I'm part of. And it becomes about engagement. You know, from a business point of view, Peter, let me—have said it, that we're there to—we want people to collaborate effectively, to make better decisions and to amplify value. That's what we're really trying to do. It's not about the accounting. It's about value.

Peter Margaritis: Right. And at the end of the last hour or so of my presentation, then we start talking about, "Okay. Here's some metrics and systems. So, let's look at this information. Look at the changes, what's going on?" Because the one thing that really, my eyes open up big time back in March was I think it was Mark that said this that we're really storytellers. We, as accounting professionals, are storytellers. And we need to tell the story.

Peter Frampton: Yeah.

Peter Margaritis: And the story is not—first, we have to understand the construction of it. But then, the story—my favorite class in university and solely accounting thing that I still do is I love financial statement—excuse me. I love financial analysis.

Peter Frampton: Yes. Yes.

Peter Margaritis: And part of that is understanding financial statement analysis because numbers don't move themselves, people move the numbers.

Peter Frampton: Absolutely.

Peter Margaritis: A five is not sitting there saying, "I'm going to be a seven tomorrow. And then, on Thursday, I'm going to a 20." No. There has to be some type of human interaction to make that number move.

Peter Frampton: Yeah. Right.

Peter Margaritis: So, when it moves in a direction that we're not anticipating, we have to find the story. And not a data-driven data dump story, the human element story there. And I think that's the magic of what Color Accounting is bringing to the business community, is to help them understand how to find that story to tell.

Peter Frampton: Yeah. Yeah. And become more powerful to change the story in a way that they want to change it. Yeah.

Peter Margaritis: Exactly. Peter, I could sit here and talk to you for hours. And we've had some conversations in the past and we'll have more, but I want to be very respectful for your time. And I want to say, well, first, thank you. But before we depart, what kind of last advice would you give to those who are listening to this podcast?

Peter Frampton: We often have CPAs sitting in a workshop, they might have come with the client or something, they haven't generally come under just because they needed it, of course, but they are surprised and they say, "Oh, is that what they don't understand?" So, for accounting professionals, make no mistake, this is—the Color Accounting work is communication work. They will learn techniques and develop insights that will enable them to communicate their value so much better.

Peter Frampton: And, you know, it's not a case of giving our secrets away, it's a case of having people and their clients better understand what they do, like literally realize, "Oh, wow, it's not counting beans, it's something much more than that." And it's about, yeah, just making a positive impact on people by communicating more powerfully. And at the end, it reflects back and our work will be more productive and more appreciated.

Peter Margaritis: Man, I couldn't have said that any better. If I could get back to my book of Taking the Numb Out of Numbers, having the finance—accounting financial professionals realize it's not about them, it's about their audience. And how can I make my audience understand the business, what I'm trying to communicate, so they can have a more impactful financial impact, lack of—on the organization and the people within the organization.

Peter Frampton: Yeah. Yeah. Yeah.

Peter Margaritis: Knowledge is power.

Peter Frampton: Yeah.

Peter Margaritis: And the more knowledgeable they are, the better the organization will ultimately be.

Peter Frampton: Absolutely. And when people are communicating, life is better.

Peter Margaritis: Yeah. Communicating and understanding.

Peter Frampton: If you have understanding, you can make the best on communication.

Peter Margaritis: Yeah.

Peter Frampton: Yes.

Peter Margaritis: We're in accounting, but we've been communicating for a long time. Nobody understands us.

Peter Frampton: Well, our mouths have been moving. I don't know if we've been communicating. I have a specific definition of what communication is. It's when, yeah, something's happening on your side.

Peter Margaritis: Exactly. Well, Peter, I appreciate it. Thank you so very much. I look forward to it-

Peter Frampton: It is my pleasure.

Peter Margaritis: ... when our paths crossed again and keep fighting the good fight, my friend.

Peter Frampton: Thank you.

Peter Margaritis: I would like to thank Peter for his time and passion for helping companies and individuals become more financially literate. Now that you've listened to this entire episode, how are you and your organization going to improve your financial literacy? Step one is to change your mindset and recognize that learning accounting is not as scary as you thought and vitally important in growing your business. Step two, are you going to contact Peter to learn more? Well, I hope you do. Thank you for listening. And if you're enjoying the podcast, please take a moment and leave a review on Apple Podcasts or whatever platform you download your podcast from. Also, please subscribe and share this episode with a friend. Make today and every day your best day.

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