



CORPORATE REPORT

# COMPREHENSIVE EXECUTIVE FINANCIAL PERFORMANCE REPORT



2020 // PREPARED BY MIND DUMP

# WHEN BUSINESS IS NOT AS USUAL

## INTRODUCTION

Navigating your way out of the recent events that have never happened before is going to be a little tricky,

How do you compare this year to last year? You can't. So what do you compare it to? That is only the beginning of the tricky part.

Continuing to deliver a business-as-usual strategy or reacting after the fact to get your business back to normal probably isn't the right approach.



### Your time is limited

As a business owner you are too busy to receive a complicated spreadsheet jam packed with data that you have to interpret. As valuable as the financial data is, it is often too overwhelming so business owners frequently just ignore it.

### What should you do?

If your data is not accurate your decisions are wrong. This is no time to wing it. To eliminate bad surprises you must apply a proactive accurate strategic approach.

### Where does your business stand financially?

- What numbers matter most?
- Which Key Performance Indicators (KPI;s) are most important?
- How much cash do you have?
- How long will your cash last?
- What can you do to improve your revenue, profit, net income, productivity and efficiency?

### How can MIND DUMP help?

The MIND DUMP C.E..F.P. Report is easy to understand. We dig under every rock and behind every nook and cranny so nothing is missed. Accurate financial reports help you explain what's going on to your team so all can align around a single source of truth.



### CRITICAL NUMBERS YOU MUST KNOW

- Profitability
- Financial Activity
- Liquidity
- Debt Service
- Cash Flow
- Financial and non financial Key Performance
- Indicators

### TRACKING KEY TRENDS

- What's the direction of the strong trends?
- What's the duration?

### MONITORING BREAK-EVEN AND PROFITABILITY

When all expenses and overhead are covered you start to make a profit; what day of the month is that?

### CONTROL COSTS

How can you eliminate, reduce, or delay costs?

### UNDERSTANDING YOUR CASH FLOW

- Do you know how much cash flow you have?
- Where it is? How long it will last?

### DRIVERS OF CASH FLOW

Do you understand where your cash is coming from and where it is going? How much time you've got before you hit a mission critical level?

### DRIVER CHANGES REQUIRED TO ACHIEVE YOUR GOALS

Suppose your return on capital deployed is 9.74%; your goal is 16%. Do you know how which drivers to change to close the gap.

### TRACKING BUSINESS UNITS

If you have multiple business units or locations; do you know the performance of the indicators in each location?



## TOP LINE

Are you effectively generating sales and revenue?

- Total Revenue
- Revenue Change

## PROFITABILITY

Are you making money?

- Gross Profit Margin
- Operating Profit Margin
- Expense-to-Revenue Ratio
- Revenue per employee ratio
- Break-even Margin of Safety

## FINANCIAL ACTIVITY

How efficient is your working capital?

- Accounts Receivable Days
- Accounts Payable Days
- Inventory Days
- Cash Conversion Cycle

## LIQUIDITY

Ratios help you understand how to get cash fast

## RATIOS

Ratio analysis will provide you with a method for measuring the operating effectiveness of your company along with a good snapshot of the financial health of your business.

When properly utilized, ratio analysis can reveal strengths and weaknesses within the structure of a company that enable or prohibit the achievement of long-term strategic goals.



## There are no "right" or "wrong" ratios for any business.

Each ratio must be considered only as a basis for comparing your company to what is happening to company's similar to your's. At the very least, ratios focus your attention on areas require further examination and analysis

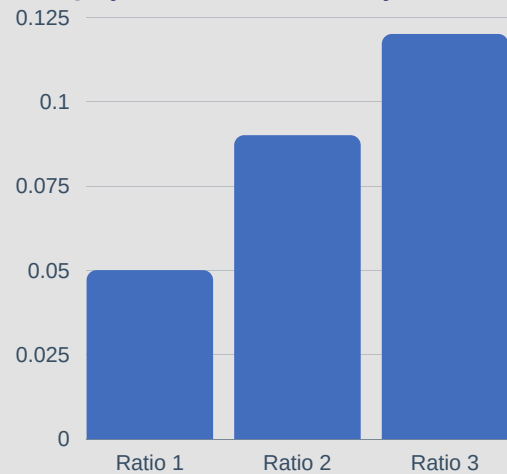
The two ratios referred to most often in business are the Quick and Current ratios

### Quick Ratio

Your Quick Ratio determines the ability of your company to pay short-term liabilities from assets that can be quickly converted to cash.

The Quick Ratio is a variant of the current ratio. It takes into account the fact that inventory, while a current asset, is not as liquid as cash or accounts receivable.

#### Quick Ratio = your firm's ability to pay liabilities due in 1 year



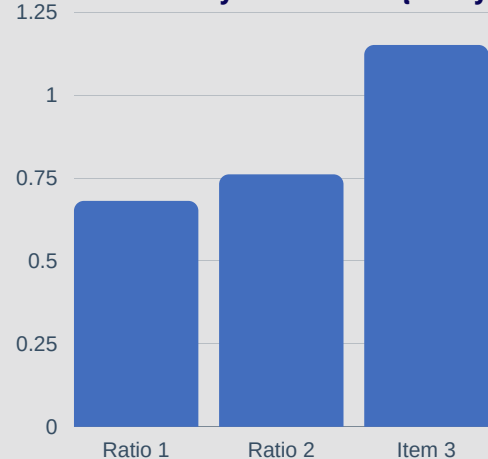
### Current Ratio

Current ratio compares your companies current assets that can be converted to cash in 1 year to current liabilities. due in 1 year.

Current ratio is a rough indication of your company's ability to pay its debts. The higher the ratio, the greater the "cushion" between your firm's current obligations and your ability to pay them.

The composition and quality of current assets is a critical factor in the analysis of your firms' liquidity

#### Current Ratio = your firm's liquidity



# MIND DUMP COMMITMENT

MIND DUMP won't give you a bunch of numbers, run for the hills, and let you figure out what they mean

We realize you don't have time to try to figure out and interpret technical reports that are not your area of expertise,

We are committed to explain your financials until you feel you understand.



### DEBT SERVICE

Can you pay the money you owe to companies?

- Debt-to-Equity ratio
- Interest Cover

### CASH FLOW

What cash is generated or absorbed by your business?

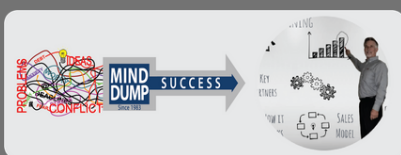
- Cash on Hand
- Operating cash flow
- Free Cash Flow
- Net Cash Flow
- Net Variable Cash Flow

### LEADING INDICATORS

Is your business is vulnerable to a downturn? If it is it will be important to track the lead indicators which influence revenue. Leading indicators are typically input oriented, hard to measure and easy to influence.

- Sales calls (or meetings)
- Pipeline value (\$)
- Bookings
- Proposals
- # of deals won (or # of deals lost)
- # of units sold
- Conversion %
- # New Website visitors
- # New Customers
- Customer Churn rate
- Number of delayed projects

It is also important to track lagging indicators



You've worked hard for  
your money

Keeping your eye on it  
has never been more  
important

## CONTROLLING COSTS

How can you eliminate, reduce, or delay costs where possible?

How can you control cost?

- Major business expenses
- Significant non-essential expenses
- Fixed and variable expenses

## UNDERSTANDING YOUR CASH FLOW

Cash flow is not on your profit and loss statement as net profit or net income

- What have you done with your cash?
- Do you know how much cash you have?
- Do you know how long it will last?
- Is your business generating or absorbing cash?
- Where is your cash sourced from?
- Do you reconcile revenue to the bank balance?
- Are cash flows diminishing?
- Is cash flow sustainable?
- Is cash flow subject to fluctuations?

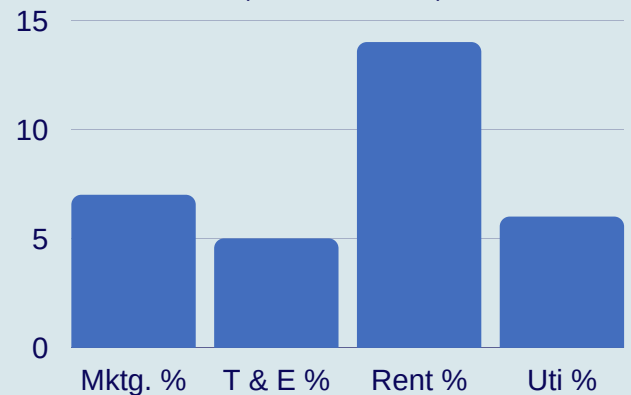
## DRIVERS OF CASH FLOW

Recovering from recent economic events requires detailed knowledge of your cash flow

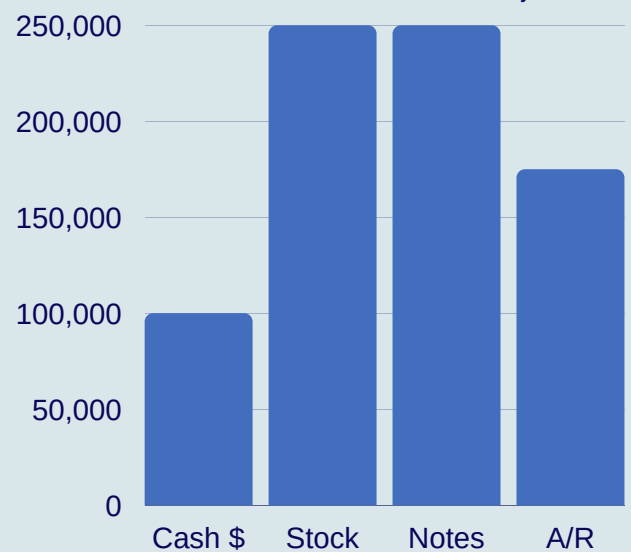
- Drivers of cash flow
- Drivers of working capital
- Cash Conversion Cycle
- Accounts Receivable Days
- Accounts Payable Days
- Inventory Days



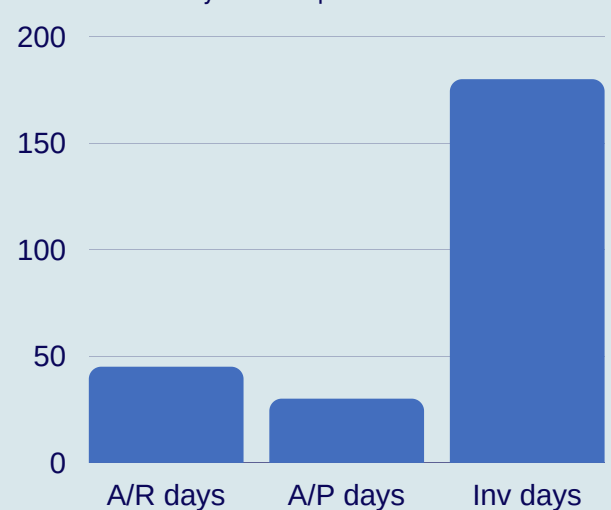
Four expenses to improve



Four sources of cash within 1 year



Three Ways to improve cash flow



## LAGGING INDICATORS

Lagging indicators confirm long-term trends, but they do not predict them. A lagging indicator is a financial sign that becomes apparent only after a large shift has taken place.

Lagging indicators are typically "output" oriented, easy to measure but hard to improve or influence. Lagging indicators are after the fact. They help us understand if the decisions you make are attaining the results you want.

What's the difference between leading and lagging Key Performance Indicators? (KPI's)

### LEADING KPI's

- Causes
- Early warning
- Mainly non-financial
- To predict change and future outcomes

### LAGGING KPI's

- Effects
- Historical
- Mainly Financial
- Scorecard

## TRACKING KEY TRENDS

Trends help you know when you have reached a turning point in the recovery of your business

- Key trend analysis
- Components of trend analysis
- Revenue trend from inception
- Customer Inquiries vs Sales
- Staff Costs vs Revenue
- Year-on-Year profitability
- Operating, Gross, EBIT & Net Profit margins
- Monthly % change in Operating, Gross, Net Profit
- Operating, Free & Net Cash Flow chart
- Accounts Receivable Days vs Target
- Quick Ratio vs Target
- Interest Cover vs Target

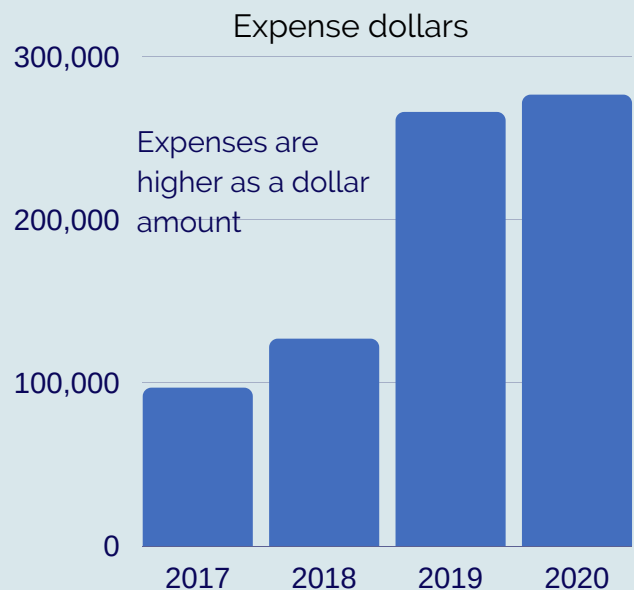
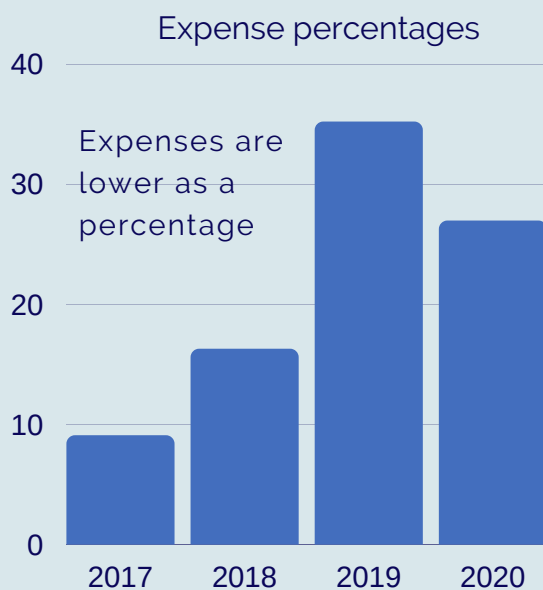






To understand your financials, it's important to compare ratios, percentages and dollars. Only looking at one component does not give you the full picture of your companies financial health.

**Example comparing percentages to dollars**



## HOW DO DRIVERS HELP YOU ACHIEVE YOUR GOALS?

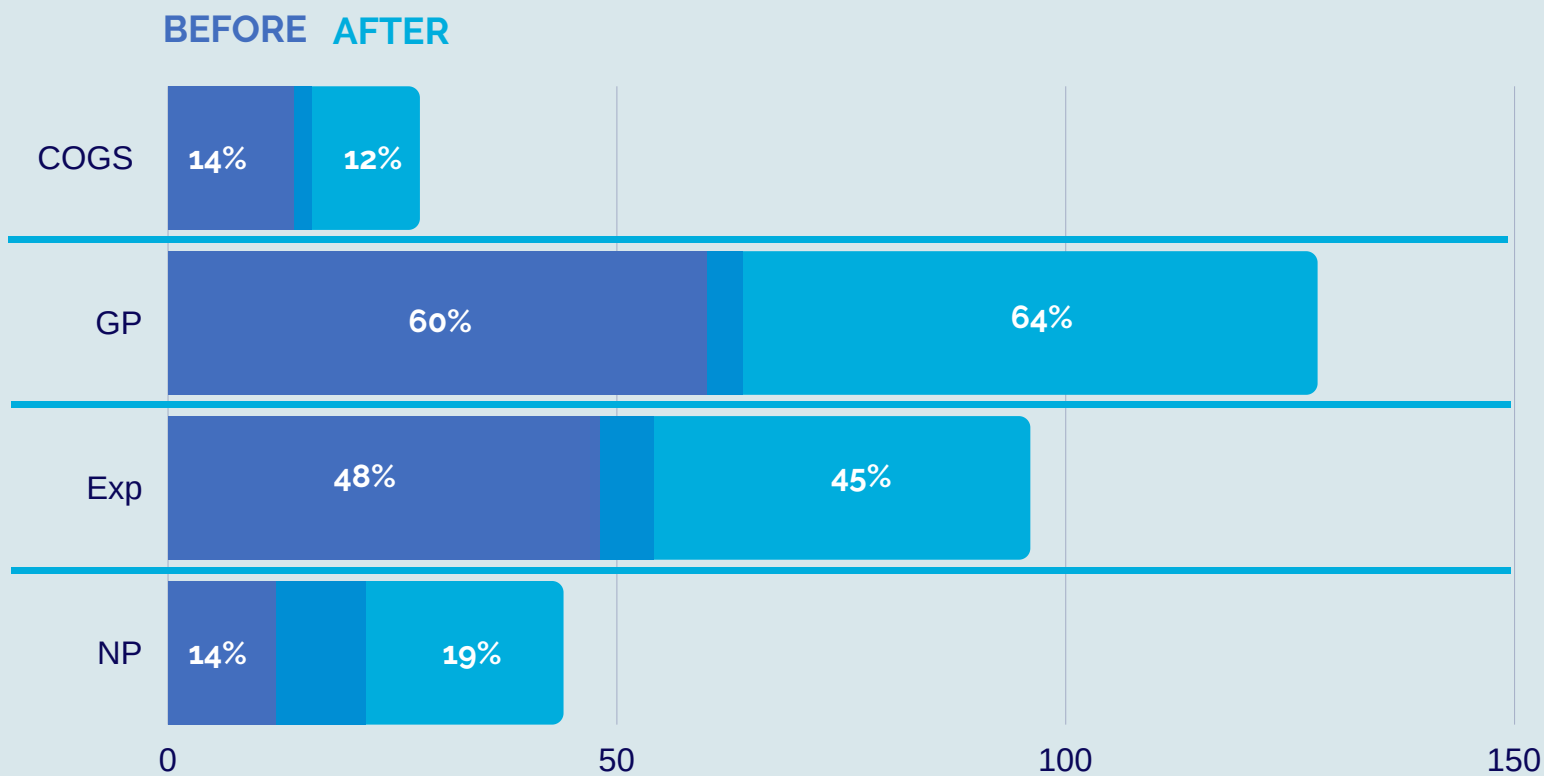
All companies drivers are different and results vary

In this example improving drivers increased Net Profit by 5%

Improvements to drivers ultimately increases business owners income and stock holder value

- |                                       |  |
|---------------------------------------|--|
| 1. Cost Of Goods Sold decreased by 2% | <b>Driver;</b> increasing productivity           |
| 2. Gross profit increased by 4%       | <b>Driver;</b> increasing sales and productivity |
| 3. Expenses decreased by 3%           | <b>Driver;</b> controlling variable expenses     |

Result; Net Profit increased by 5%



## Drivers that affect your goals

### Profitability metrics

- Gross profit
- Operating profit
- Net profit
- Cash Flow metrics
- Operating
- Free and Net Cash Flow

### Key drivers

- Price
- Volume
- Variable costs
- Fixed Expenses
- Receivable Days
- Payable Days
- Inventory Days
- Action you can take to improve your drivers

### Forward projection

- Trend charts
- Profit & Loss statements

### Cumulative projection charts

- Actual
- Budget

### Revenue

- Profitability
- Activity
- Efficiency
- Liquidity
- Debt servicing
- Cash flow

MIND DUMP explains what you have to do to increase your bottom line profitability

- Why the numbers are important
- What the numbers mean
- What you can do to improve them



It's not what you know  
that causes bad surprises...

It's what you don't know



## TRACKING MULTIPLE BUSINESS UNITS

We assess department performance for companies with multiple locations, profit centers, divisions or segments

- Business unit profitability
- Breakdown analysis
- Revenue
- Expenses
- Operating profit
- Operating cash flow
- Accounts payable days
- Accounts receivable
- Inventory days
- Variance allowance breakdown chart



## EXECUTIVE SUMMARY

Your MIND DUMP executive summary is a snapshot of your highest priority mission critical issues

# MIND DUMP

## Executive Summary

# EXAMPLE

### First

Your company should have a written business plan for 2020. It should be measurable and achievable

### Second

There should be true budget and cash flow systems to assure that the minimum amount of money is required to reach the 2020 goals

### Third

- Reassessment of all personnel
- Critical positions must have people who are capable of performing the necessary tasks
- Trained to work within the company's policies and procedures
- Standards of performance would be set
- Results would be examined and improvements made where necessary

### Actions

#### Driver Volume

- Increase morale to increase productivity
- Narrow price gap with competitors

#### KPI performance

- See your alerts dashboard

#### Corrective Actions

- Set standards of performance
- Update accounting software

## OBSERVATIONS

### ☐ Total Revenue

- \$102,589,000.00 Positive Trend Upward. Your company is consistently increasing the revenue stream even during this difficult economic downturn

### ☐ Profitability

- 86% Gross Margin is consistently outperforming your industry. Your control of COGS is solid and results in a strong profit percentage before expenses

### ☐ Expense 58%

- Your expenses are too high compared to the rest of your industry. This seems to be caused by the lack of a forceful and focused direction.

### ☐ Low productivity and efficiency

- There have been many changes in personnel and the current employees show little excitement about their daily activities. The lack of timely, accurate information available within this company makes it difficult to implement meaningful incentives. Low morale = low productivity



# MIND DUMP

## C.E.F.P. REPORT

Your COMPREHENSIVE EXECUTIVE FINANCIAL PERFORMANCE REPORT is a user interface experience that enables you to clearly understand what is causing problems and how to fix them

MIND DUMP visualization is the fastest way to re-train your brain. Once you see it you can fix it

MIND DUMP ensures every step forward is not weighed down by missed insights or miscommunication

It is imperative you have regular communication about your financials with your key business stakeholders; team members, investors, board members, lenders, and shareholders.

MIND DUMP provides easy to understand financial tools for you to convey this critical information to those who need to know it most

You don't want them reacting to the wrong information. Keeping everyone informed is paramount to staying ahead of your competition and accelerating your company to the next level,

