

NAVIGATING THE BOARDROOM

Understanding financial ratios is critical to the economic landscape, aiding in benchmarking performance over time and against competitors.

Gross Profit Margin

$$\text{Gross Profit Margin} = \left(\frac{\text{Gross Profit}}{\text{Revenue}} \right) \times 100$$

Gross Profit = Revenue - Cost of Goods Sold (COGS)

Net Profit Margin

$$\text{Net Profit Margin} = \left(\frac{\text{Net Profit}}{\text{Revenue}} \right) \times 100$$

Net Profit = Revenue - Total Expenses)

Interest Coverage Ratio

$$\text{Interest Coverage Ratio} = \frac{\text{Earnings Before Interest \& Taxes (EBIT)}}{\text{Interest Expenses}}$$

Current Ratio

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Quick Ratio

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Debt-to-Equity Ratio

$$\text{Debt-to-Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Inventory Turnover

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Value of Inventory}}$$

Total Asset Turnover

$$\text{Total Asset Turnover} = \frac{\text{Revenue}}{\text{Average Total Assets}}$$

Return on Equity (ROE)

$$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

Return on Assets (ROA)

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Identifying financial adversities or strategic misalignments doesn't automatically mark a board seat as suboptimal. If your strength lies in orchestrating financial transformations or spearheading strategic initiatives, such scenarios could be your ideal platform to further sculpt your legacy.

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