

# *The Sippel Glidden Financial and Management Reporting Assessment*

*Supporting business Owners and Executives  
with financial skills, experience, and creativity  
– appropriately applied to drive their success!*

*As a business owner,  
how do you make  
decisions?*

# *How do you make decisions?*

- Do you make decisions alone?
- Are they based on facts or intuition?
- What analysis informs your decisions?
- How many options do you consider?
- Who executes the changes your decisions require?
- What outcomes do you expect?
- Who will feel the impact of your choices?



George Cloutier, founder and CEO of American Management Services has reviewed over 6,000 companies in his 21 years as a business turnaround expert. In an April 2007 interview with Business Week he concluded:

- “Not doing financial statements honestly and accurately each month is the real killer.”
- More than 80% of AMS clients were wasting money by not managing resources correctly.
- Cash management systems were missing or inadequate 90% of the time – failing to project/plan cash flow and budget was nearly universal!

# *Data/Reporting is Important!*

*Accurate/honest financial & management reporting:*

- Defines the health of your business
- Guides your decision making
- Communicates your direction and priorities to employees and other stakeholders
- Helps drive your business to the next level

# *Financial Reporting Drivers:*

- Lack of financial/business model and plan
- Partitioning sources of revenue
- Aligning cost-of-goods sold to revenue sources for margin visibility
- COGS detail — Where are your levers?
- Understanding indirect cost allocation
- Overhead cost by revenue source
- Cash-Flow management

# *Sippel Glidden can help!*



- Highly experienced – currently 18 partner skill sets with 600+ years of professional practice
- Cover key business functions
  - ✓ Governance/Leadership
  - ✓ Strategy & Planning
  - ✓ Finance
  - ✓ Marketing/Sales
  - ✓ Operations/IT
  - ✓ Human Resources
- Flexible/affordable
- Fast/responsive
- Advantaged – access to all partners/skills thru each advisor
- Low risk – ‘opt-out’ engagements

# *Sippel Glidden is unique!*

- We advise on and support nearly every business function
- We offer substantial flexibility and capacity with 18 partners
- Every SG advisor can quickly access any partner's skill set
- Our Senior Partners provide strategic/executive experience



# Our Process . . .

## *The Road to Financial Improvement:*

### 1. Initial Assessment

- Led by Senior Partner
- Determine Management Goals
- Review Current Reports
- Understand Financial Model and Cost Structure
- Understand Key Non-Financial Performance Metrics
- SG's Assessment and Recommendations

2. Build the performance-based reporting process

3. On-going support, analysis, and recommendations

# Client Example:

Revenue	\$ 5,200,000	%Rev
Material Cost	1,352,000	26%
Direct Labor Cost	1,144,000	22%
Other Direct Cost	135,200	3%
Indirect Cost	468,000	9%
<b>Total Cost of Goods</b>	<b>3,099,200</b>	<b>60%</b>
<b>Gross Profit</b>	<b>\$ 2,100,800</b>	<b>40%</b>
Sales	468,000	9%
General	572,000	11%
Admin	520,000	10%
<b>Net Profit</b>	<b>\$ 540,800</b>	<b>10%</b>

This business  
looks  
successful,  
but...

# Client Example:

Closer analysis showed distinct unit performance results.

	<b>PRODUCT</b>		<b>SERVICE</b>	
	<b>\$ 2,080,000</b>	<b>% Rev</b>	<b>\$ 3,120,000</b>	<b>% Rev</b>
<b>Revenue</b>				
<b>Material Cost</b>	1,040,000	50%	312,000	10%
<b>Direct Labor Cost</b>	208,000	10%	936,000	30%
<b>Other Direct Cost</b>	104,000	5%	31,200	1%
<b>Indirect Cost</b>	312,000	15%	156,000	5%
<b>Total Cost of Goods</b>	1,664,000	80%	1,435,200	46%
<b>Gross Profit</b>	<b>\$ 416,000</b>	<b>20%</b>	<b>\$ 1,684,800</b>	<b>54%</b>
<b>Sales</b>	312,000	15%	156,000	5%
<b>General</b>	104,000	5%	468,000	15%
<b>Admin</b>	260,000	13%	260,000	8%
<b>Net Profit</b>	<b>\$ (260,000)</b>	<b>-13%</b>	<b>\$ 800,800</b>	<b>26%</b>

Aligning costs  
to revenue  
source drives  
management  
action!

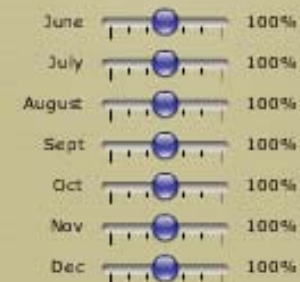
# Dashboard Focus on Revenue Growth

## Revenue Performance

Plan vs Actual



Planned Revenue = \$5,400,000



By-month Revenue (% of Plan)

## Projected Annual Revenue



# Cash Assessment . . .

## Sources

*A/R, Line of Credit, Profit*

## Uses

*Payroll, Inventory, A/P*

## Fixed

*Payroll, Facilities*

## Variable

*Inventory, Discretionary*

*Cash Forecast*

# *Cash Analysis. . .*

## *Where is the leverage?*

Profitability

Inventory

Accounts Receivable

Accounts Payable

Banking Relationship

# SG Assessment Service Fees

- Assessment Fee  
On-site Visit  
SG Analysis  
Report and Presentation  
Fixed
- Reporting Package  
Proposal
- Ongoing Analysis and Support  
Monthly Fee



# *The SG Advantage . . .*

*You control our service level . . .*

*with access to all of SG's experience;*

*to improve your profit and business value!*

The SG Financial/Management Reporting Assessment

The SG Human Resource Policy/Practice Assessment

The SG Manufacturing Program & DFX Assessment

The SG Product Development Process Assessment

The SG Quality Management System Assessment

The SG Business Advisor Services



Please visit our website at:  
[www.sippelglidden.com](http://www.sippelglidden.com)