

The Sippel Glidden Financial and Management Reporting Process 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%
Total Cost of Goods	3,099,200	60%
Gross Profit	\$ 2,100,800	40%
Sales	468,000	9%
General	572,000	11%
Admin	520,000	10%
Net Profit	\$ 540,800	10%

This business
looks
successful,
but...

Client Example:

Closer analysis showed distinct unit performance results.

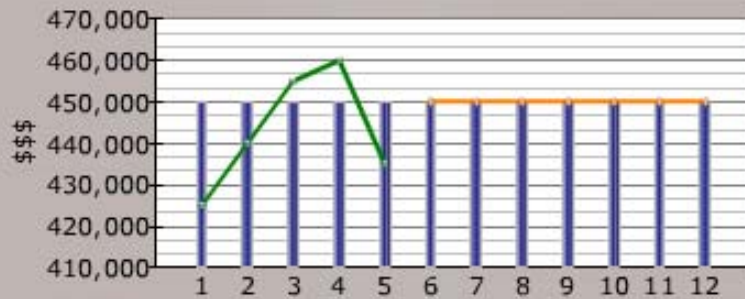
	PRODUCT		SERVICE	
Revenue	\$ 2,080,000	% Rev	\$ 3,120,000	% Rev
Material Cost	1,040,000	50%	312,000	10%
Direct Labor Cost	208,000	10%	936,000	30%
Other Direct Cost	104,000	5%	31,200	1%
Indirect Cost	312,000	15%	156,000	5%
Total Cost of Goods	1,664,000	80%	1,435,200	46%
Gross Profit	\$ 416,000	20%	\$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

Aligning costs to revenue source drives management action!

Dashboard Focus on Revenue Growth

Revenue Performance

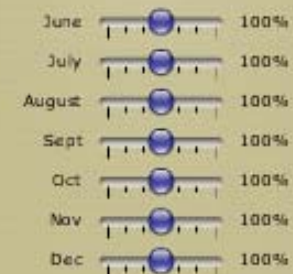
Plan vs Actual



2007 by Month

■ Revenue Plan ● Revenue Actual to Date ◆ Outlooked Revenue

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

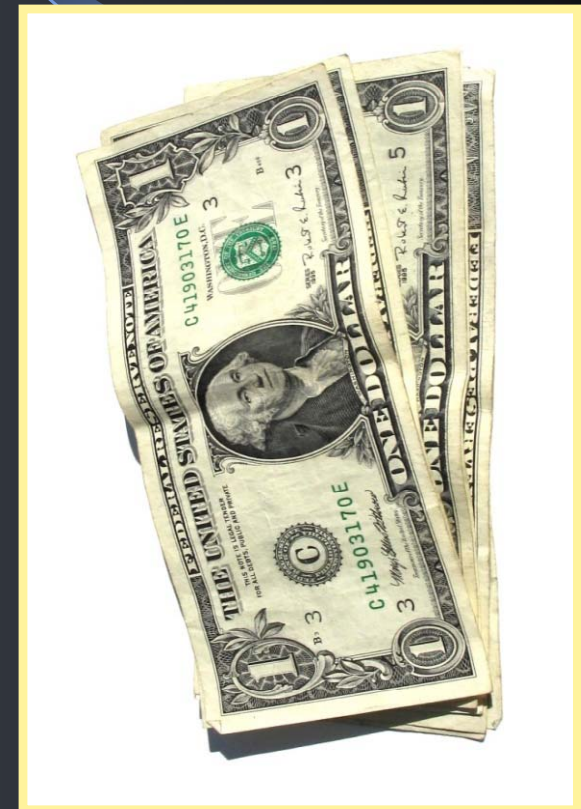
Accounts Receivable

Accounts Payable

Banking Relationship

SG Assessment Service Fees

- Assessment Fixed Fee
 - On-site Visit
 - SG Analysis
 - Report and Presentation
- 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