



Unlocking the Potential



UNIT II

FINANCIAL

STRENGTH

Are you Paying Attention?

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|--|-----|
| 1. Do you have an annual budget? | Y N |
| 2. Do you know your break-even volume? | Y N |
| 3. Do you have a formal job cost system? | Y N |
| 4. Do you receive monthly financial statements? | Y N |
| 5. Do you use a purchase order system? | Y N |
| 6. Do you have a consistent pricing policy? | Y N |
| 7. Do you know your service department overhead? | Y N |
| 8. Do you project your cash flow needs? | Y N |
| 9. Do you have an adequate line of credit? | Y N |
| 10. Are you satisfied with your company's profitability? | Y N |

❖ **For every \$100,000 of volume, each “no” answer represents \$1,000 of lost net profit.**

Example:

<u>1,200,000</u> (12)	X	<u>5</u>	X	<u>\$1000</u>	=	<u>\$60,000</u>
Volume (units)		#of No's				Lost Profit

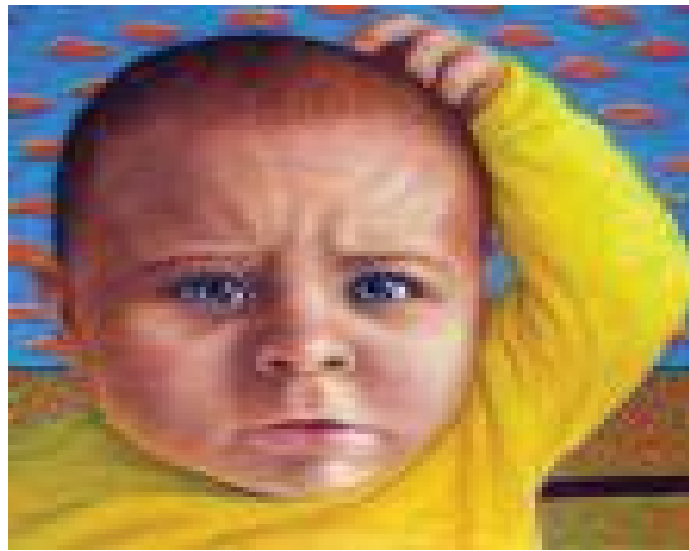
Lets tell it like it is-----

- ◆ P & L's, even 100% accurate ones are a **HISTORY** report. Once you get it you have two choices-





Too often P & L's are



WHY?

Unlocking the Potential





I HAVE FOUR ENGINES



But only ONE Tachometer



Developing Your Financial Statement

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Gold Dust Scenario



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Handout

Sample Income Statement and Overhead Pro Forma

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