

Take
Action
Series

Analyzing Your Business' Financial Performance

James R. Devine

Table of Contents

Acknowledgments	v
Do-It-Yourself-Tools	v
How to Use This Manual	vii
Analyzing Your Business' Financial Performance Overview	1
The Key	2
Let's Review	3
Spread Financial Statements	5
Balance Sheet Spread	7
Income Statement Spread	9
Calculate Ratios	11
General Ratio Measures	13
Ratio Analysis Spread Worksheet	15
Interpreting the Numbers	17
Trend Analysis	21
Let's Review	23
Compare Against Standards	25
Performance Deviations	27
Roadblocks to Profitability	32
Five Dominant Roadblocks to Profitability	33
Let's Review	37
Identify Corrective Actions	39
Final Thoughts	41
Terms Discussed	A-B
Extra Forms/Worksheets	C-O
Order Form	Q

Overview

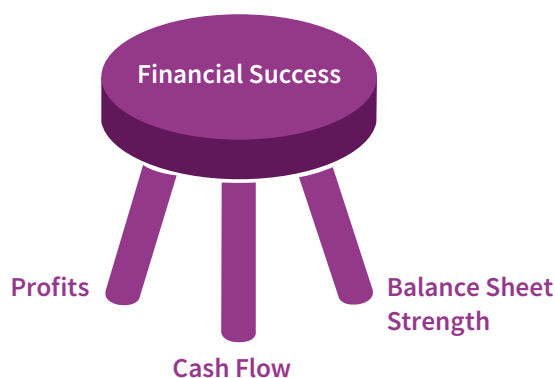
Financial statements are designed to communicate to their readers the financial condition of your business over a period of time; and at a specific point in time. The objective of this manual is to gain a better understanding of how to analyze your business' financial performance. It will address how to examine your business' income statement, its balance sheet, and the resulting cash flow document. We will discuss proven analytical techniques used by your banker, and other financial professionals. Just as important we will examine techniques on how to communicate your analysis in easily understood terms.

EVERYONE HAS HIS/HER OWN DEFINITION OF FINANCIAL SUCCESS based on their needs and experiences. The professionals at HBRC acknowledge there are non-financial; and financial reasons why individuals get into their own business. On the financial side, we believe it principally should revolve around making money; and creating wealth. Because of that, HBRC's professionals define business financial success in the following terms:

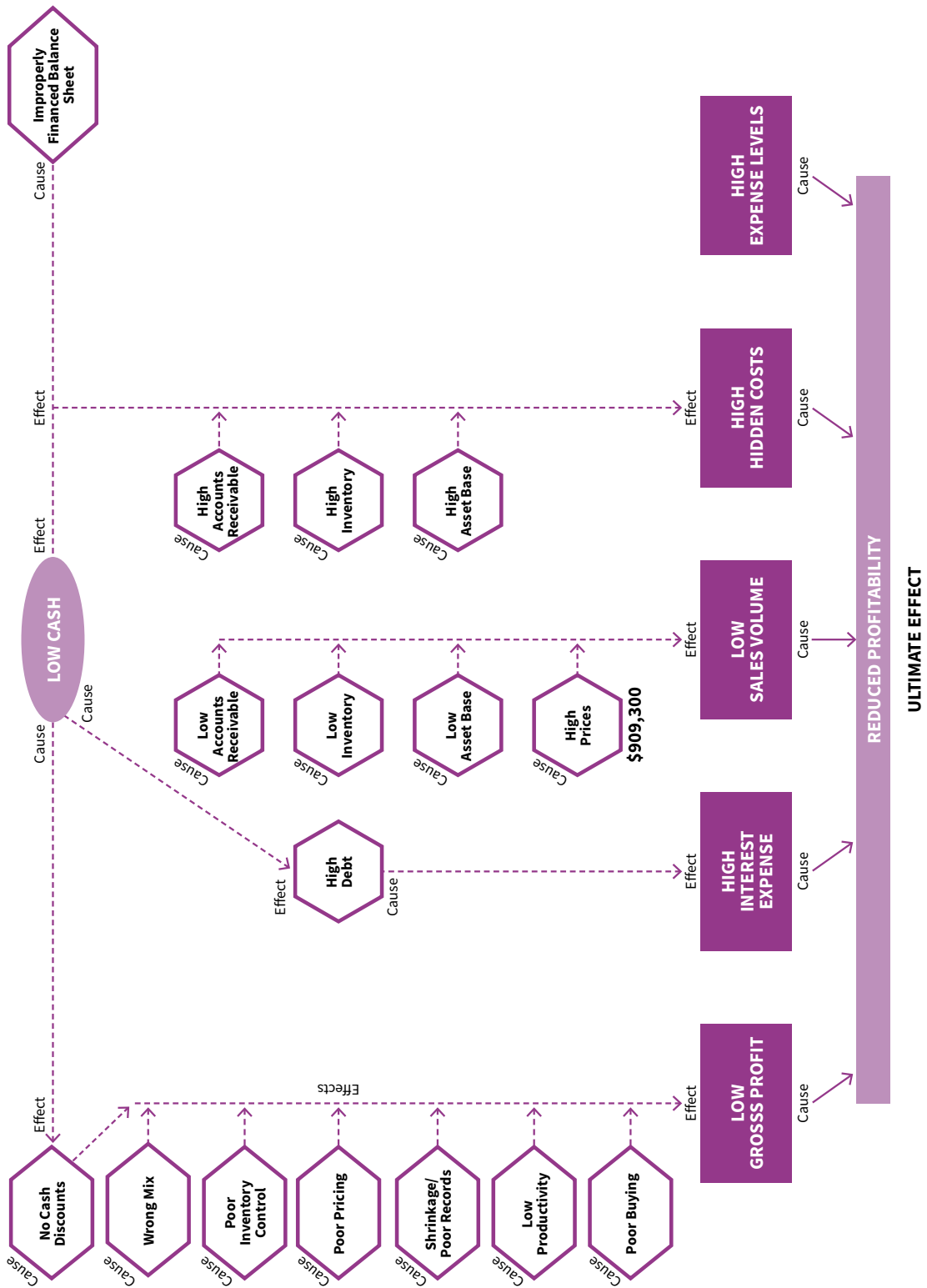
- A business generating reasonable profits
- A business generating consistent cash flow
- A business with an efficient balance sheet
- A business paying reasonable salaries, and still yields a reasonable return (15-25% ROE)
- A business building transferable value

Based on our definition, a business owner/manager might could conclude, long term business success is predicated on three things:

1. PROFITS	2. CASH FLOW	3. BALANCE SHEET STRENGTH
Measured by a business' ability to generate sales, control costs, and manage expenses.	Measured by a business' retention of profits plus changes in assets and changes in liabilities over a period of time.	Measured by a business' productivity of assets, affordability of liabilities, and structure of debt.



Five Dominant Roadblocks to Profitability



© 2017 Hipereon Business Resource Center, LLC (HBRC, LLC)

All rights reserved. Permission is granted to reproduce any of the items in this manual for private use by the purchaser. This manual may not be reproduced, stored in a retrieval system, or transmitted in whole or in part, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise for resale or use in services for which compensation is received, without the prior written permission of HBRC, LLC.

The Hipereon Business Resource Center, LLC (hereinafter referred to as "HBRC") makes no representations or warranties about the accuracy or suitability of any information in this publication; all such content is provided to HBRC's member subscribers on an "as is" basis. HBRC HEREBY DISCLAIMS ALL WARRANTIES REGARDING THE CONTENTS OF THESE MATERIALS, INCLUDING WITHOUT LIMITATION ALL WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE. HBRC is not liable for any information provided, including but not limited to the use of any information by HBRC member subscribers or any other third-parties. HBRC hereby disclaims all liability for any claims, losses, or damages in connection with the use or application of these materials. HBRC does not guarantee, warrant, or endorse the products or services of any firm, organization, or person. The information contained in these materials is not intended to constitute legal advice or the rendering of legal, consulting, or other professional services of any kind. Users of these materials should not in any manner rely upon or construe the information or resource materials in these materials as legal, or other professional advice and should not act or fail to act based upon the information in these materials without seeking the services of a competent legal or other professional.