



Los 7 pasos para crear Valor y continuar en tu Negocio

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Consultora de Negocios y Directora

Small Business Jobs Act



Business TurnAround

**Business
Financial
Turnaround**

**Growing
through
Procurement**

Business TurnAround

- **Misión** – *Estimular la creación de empleos a través de la pequeña y mediana empresa aplicando innovación en las áreas de finanzas, contratación y nuevos mercados.*
- **Visión** – *Transferir las mejores prácticas de administración de pequeñas empresas estimulando continuamente el desarrollo económico.*

Tres Programas

- **Business Financial Turnaround**
 - Crisis financiera
 - Acceso a capital
 - Aumentar ventas



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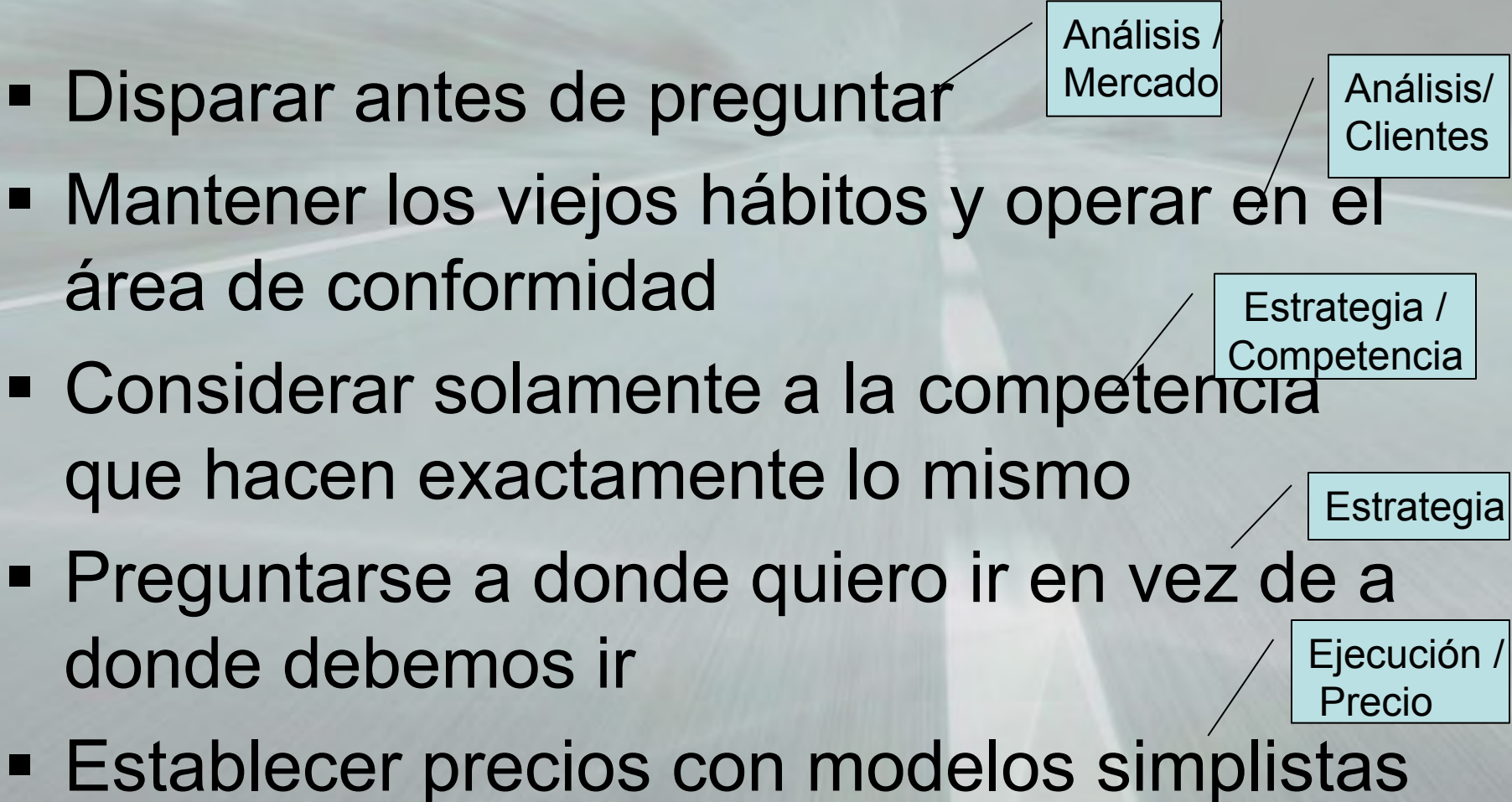


Tres Programas

- **Growing through Procurement**
 - Mercado de más de \$818 millones
 - Proceso de registro
 - Mercadeo efectivo
 - Estrategias de contratación



Business Killers

- Disparar antes de preguntar 

Análisis / Mercado
- Mantener los viejos hábitos y operar en el área de conformidad

Análisis / Clientes
- Considerar solamente a la competencia que hacen exactamente lo mismo

Estrategia / Competencia
- Preguntarse a donde quiero ir en vez de a donde debemos ir

Estrategia
- Establecer precios con modelos simplistas

Ejecución / Precio



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Business Killers

- Carencia de enfoque
- Enfocar el departamento de compras como si representara al cliente
- Tratar de complacer a todo el mundo
- No monitorear las necesidades del cliente

Ejecución/
Crecimiento en Ventas

Ejecución /
Cliente Meta

Ejecución /
Cliente Meta

Ejecución /
Producto

PROFIT MASTERY



*Knowledge Driven
Financial Performance*

MEASURE. MANAGE. SUCCEED.

Profit Mastery®

■ **Education**

Provides the FOUNDATION

- Live***
- Webinars***
- Self-study web based Hi-Def streaming video***

■ **Information**

Creates the YARDSTICK

- Industry Benchmarking Studies***
- Bookkeeping Services***

■ **Accountability**

Establishes the DISCIPLINE

- Performance Group Facilitation***

Profit Mastery History

- Proven in over 26 years of Programs
- Trained over .5 million Entrepreneurs
- Delivered on 3 continents in 8 languages
- Serving Business Networks, Banks, Associations and the ASBDC
- Now on video, scalable for national distribution.
- Translatable into other languages

Profit Mastery is...

**A comprehensive
financial training program
for business owners,
counselors, and managers...**

...with proven results.

Profit Mastery is Unique

- A training program
- A client development program
- A long term relationship builder

Profit Mastery Basics

Measure



***FINANCIAL
PERFORMANCE***

Profit Mastery Basics

**WHAT GETS MEASURED, GETS
MANAGED**



**and
What Gets Managed
Gets Done!**

Profit Mastery Content

Seven Steps to Building Value

1. Plan Properly
2. Monitor Financial position
3. Understand Price, Volume, Cost
4. Manage Cash Flow
5. Manage Growth
6. Finance Properly
7. Plan for Transition

Tests....

How does a Business make a Profit?

Answer these two questions:

$$VC = 70\%$$

$$FC = \$144,000$$

$$TP = \$60,000$$

1) Needed Sales

2) If $FC \uparrow \$1.00$, what sales required _____

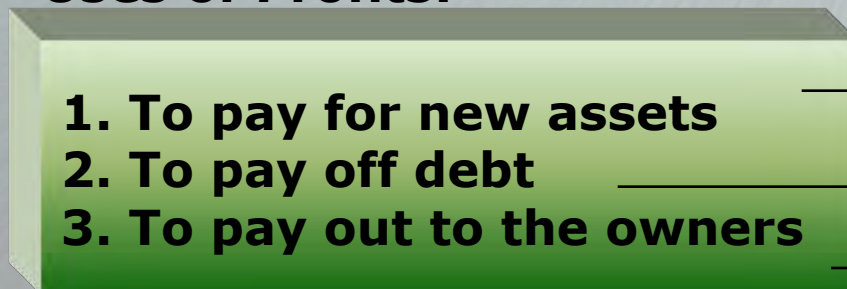
Financial Operating Cycle

Profit

Income Statement



Uses of Profits:



Cash

Balance Sheet



Efficiency

Ratio Analysis Spreadsheet

			Year 1	Year 2	Year 3	Industry Composite	Calculations, Trends, or Observations
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BALANCE SHEET RATIOS: Stability (or "Staying Power")

1.	Current	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.7	1.1	0.99	1.8	$\frac{726,100}{734,400}$
2.	Quick	$\frac{\text{Cash} + \text{Accts. Rec.}}{\text{Current Liabilities}}$	0.8	0.5	0.38	0.8	$\frac{282,300}{734,400}$
3.	Debt-to-Worth	$\frac{\text{Total Liabilities}}{\text{Net Worth}}$	1.5	1.4	2.68	1.2	$\frac{823,700}{307,300}$

INCOME STATEMENT RATIOS: Profitability (or "Earning Power")

4.	Gross Margin	$\frac{\text{Gross Profit}}{\text{Sales}}$	21%	20%	18.5%	22.2%	$\frac{400,000}{2,160,000}$
5.	Net Margin	$\frac{\text{Net Profit Before Tax}}{\text{Sales}}$	3.5%	3.0%	0.29%	3.2%	$\frac{6,300}{2,160,000}$

ASSET MANAGEMENT RATIOS: Overall Efficiency Ratios

6.	Sales-to-Assets	$\frac{\text{Sales}}{\text{Total Assets}}$	2.3	2.3	1.9	2.4	$\frac{2,160,000}{1,131,000}$
7.	Return on Assets	$\frac{\text{Net Profit Before Tax}}{\text{Total Assets}}$	8.2%	6.9%	0.56%	6.9%	$\frac{6,300}{1,131,000}$
8.	Return on Investment	$\frac{\text{Net Profit Before Tax}}{\text{Net Worth}}$	20.9%	16.5%	2.0%	15.8%	$\frac{6,300}{307,300}$

ASSET MANAGEMENT RATIOS: Working Capital Cycle Ratios

9.	Inventory Turnover	$\frac{\text{Cost of Goods Sold}}{\text{Inventory}}$	5.6	8.1	4.2	4.9	$\frac{1,760,000}{419,000}$
10.	Inventory Turn-Days	$\frac{360}{\text{Inventory Turnover}}$	64	44	86	74	$\frac{360}{4.2}$
11.	Accounts Receivable Turnover	$\frac{\text{Sales}}{\text{Accounts Receivable}}$	8.9	10	8	8.5	$\frac{2,160,000}{270,000}$
12.	Accounts Receivable Turn-Days	$\frac{360}{\text{Accts. Rec. Turnover}}$	40	36	45	43	$\frac{360}{8}$
13.	Accounts Payable Turnover	$\frac{\text{Cost of Goods Sold}}{\text{Accounts Payable}}$	12	10.4	5.7	9.8	$\frac{1,760,000}{310,100}$
14.	Average Payment Period	$\frac{360}{\text{Accts. Pay. Turnover}}$	30	34	63	37	$\frac{360}{5.7}$

Scorecard

Profit Mastery Scorecard

INCOME STATEMENT RATIOS: Profitability (or “Earning Power”)

		Y1	Y2	Y3	Industry	
4. Gross Margin	$\frac{\text{Gross Profit}}{\text{Sales}}$	21%	20%	18.5%	22.2%	$\frac{400,000}{2,160,000}$
5. Net Margin	$\frac{\text{Net Profit Before Tax}}{\text{Sales}}$	3.5%	3.0%	.29%	3.82%	$\frac{6,300}{2,160,000}$

For every \$1 of (bottom #), there is \$X of (top #)

Low Gross Margin

What's their Low Gross Margin costing?

Their Peers' Margin: 22.2%

Their Margin in Year 3: 18.5%

Difference +/- 4%

Sales in Year 3: \$2,000,000

X margin difference: X .04

Margin \$ Left on the Table: \$80,000

Primary Impact: Profit

Profit Mastery Scorecard

ASSET MANAGEMENT RATIOS: Working Capital Cycle Ratios

			Y1	Y2	Y3	Industry	
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Too Much Inventory

Industry achieves 4.9 turns

Their COGS was \$1,760,000

$$\frac{\text{COGS}}{\text{Target Inv. Turns}} = \frac{\$1,760,000}{4.9} = \$359,000$$

Actual Inventory	\$419,000
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– Targeted Inventory	<u>–\$359,000</u>
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How much too much?	\$60,000
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Primary Impact: Cash

Cause-and-effect relationships leading to financial distress.

Cause-and-effect relationships leading to financial distress.



Profit Mastery Assessment

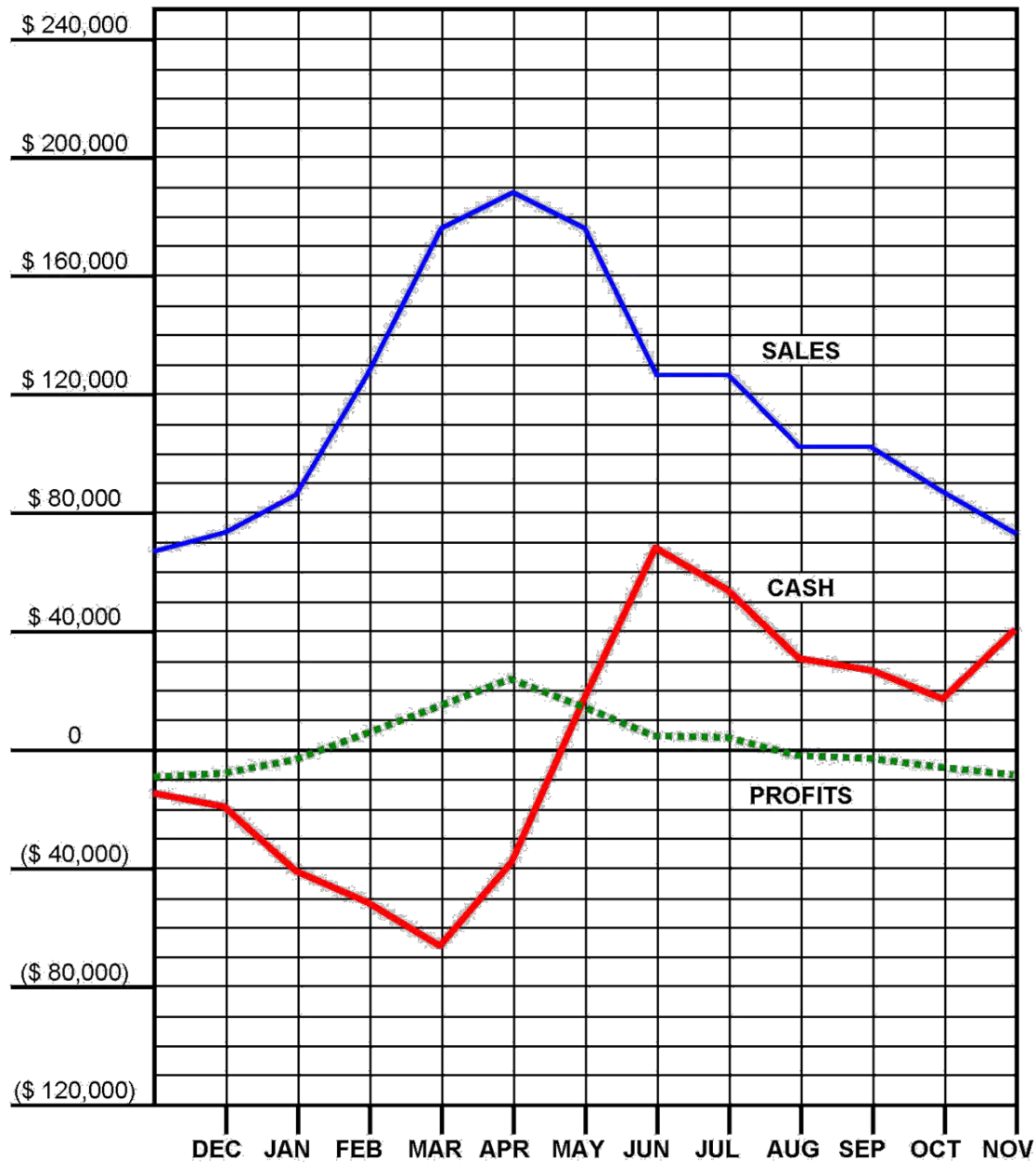
Cascade Office Systems

Gross Profit	Cash	NPBT
Discounts		\$10,000
Labor Productivity		38,000
Buying		10,000
Pricing		22,000
		<hr/>
		\$80,000
Inventory	\$ 60,000	
A/R	\$ 16,000	
Hidden Costs		\$19,000
Interest		\$ 7,000
Refinance Bldg.	\$ 126,000	
	<hr/>	<hr/>
Totals	\$ 202,000	\$106,000

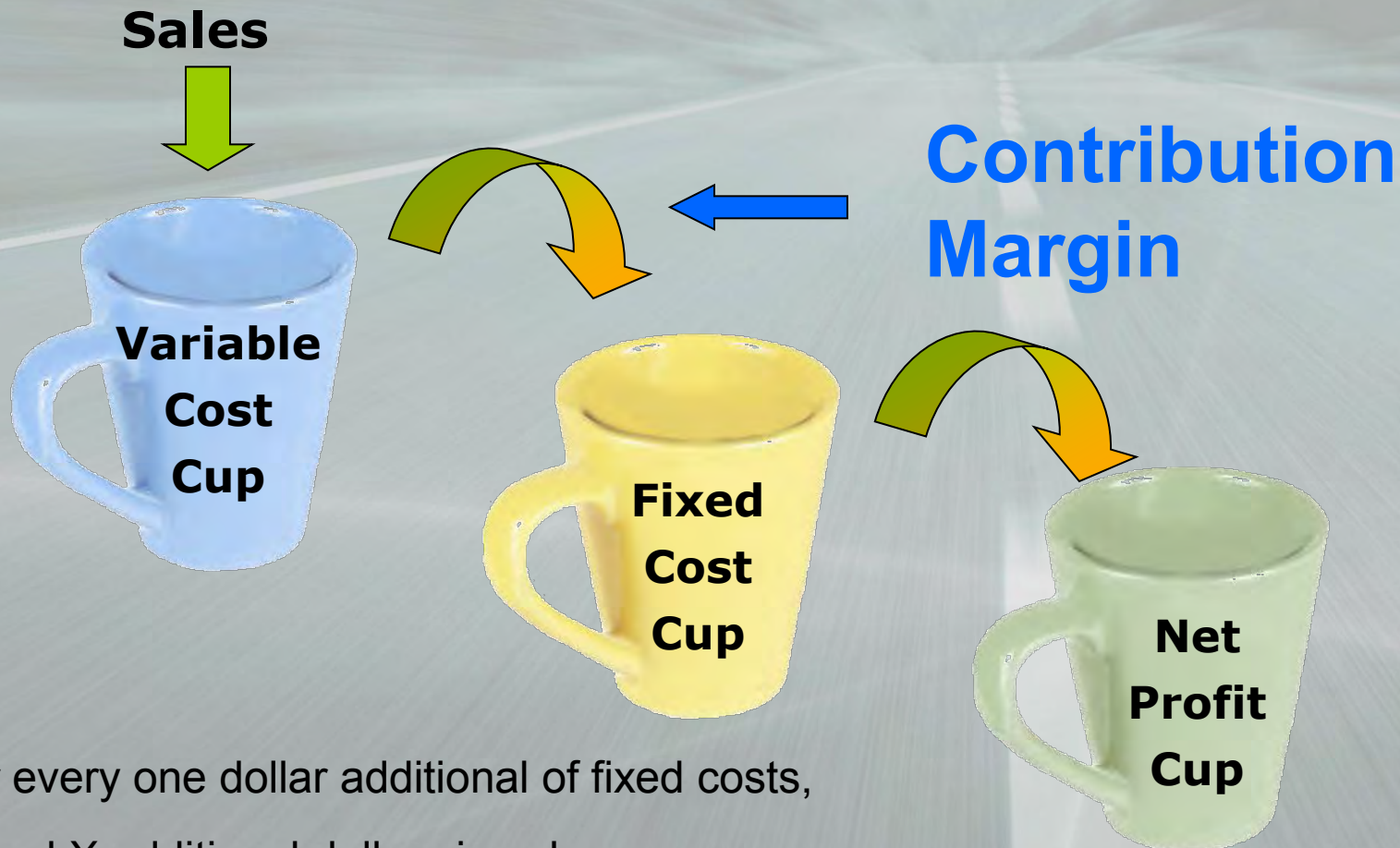
Cash Flow Worksheet



OLYMPIC FLOORING CASH BUDGET GRAPH



The Cup Theory



For every one dollar additional of fixed costs,
I need X additional dollars in sales.

Financial Gap: at \$600,000

Percent of Sales*			Percent of Sales*		
Cash	\$24,000	4%	Note Payable	\$0	Financial Gap
Accounts Receivable	108,000	18%	Accounts Payable	90,000	15%
Inventory	<u>156,000</u>	26%	Accruals	<u>42,000</u>	7%
Total Current Assets	<u>\$288,000</u>		Total Current Liabilities	<u>\$132,000</u>	
Equipment	150,000	25%	Long Term Liabilities	140,000	
Land/Bdg.	<u>120,000</u>		Total Liabilities	272,000	
Total Fixed Assets	270,000		Net Worth	<u>286,000</u>	
Total Assets	<u>\$558,000</u>		Total Liabilities and Net Worth	<u>\$558,000</u>	

Financial Gap: at \$900,000

Percent of Sales*			Percent of Sales*		
Cash	\$36,000	4%	Note Payable	\$126,000	Financial Gap
Accounts Receivable	162,000	18%	Accounts Payable	135,000	15%
Inventory	<u>234,000</u>	26%	Accruals	63,000	7%
Total Current Assets	\$432,000		Total Current Liabilities	\$324,000	
Equipment	225,000	25%	Long Term Liabilities	<u>140,000</u>	
Land/Building	<u>120,000</u>		Total Liabilities	464,000	
Total Fixed Assets	345,000		Net Worth	<u>313,000</u>	
Total Assets	\$777,000		Total Liabilities and Net Worth	\$777,000	
Balance Sheet Ratios					
	<u>At \$600,000</u>		<u>At \$900,000</u>		
Current	2.18		1.33		
Quick	1.0		.61		
Debt-To-Worth	.95		1.48		

Managed Financial Gap

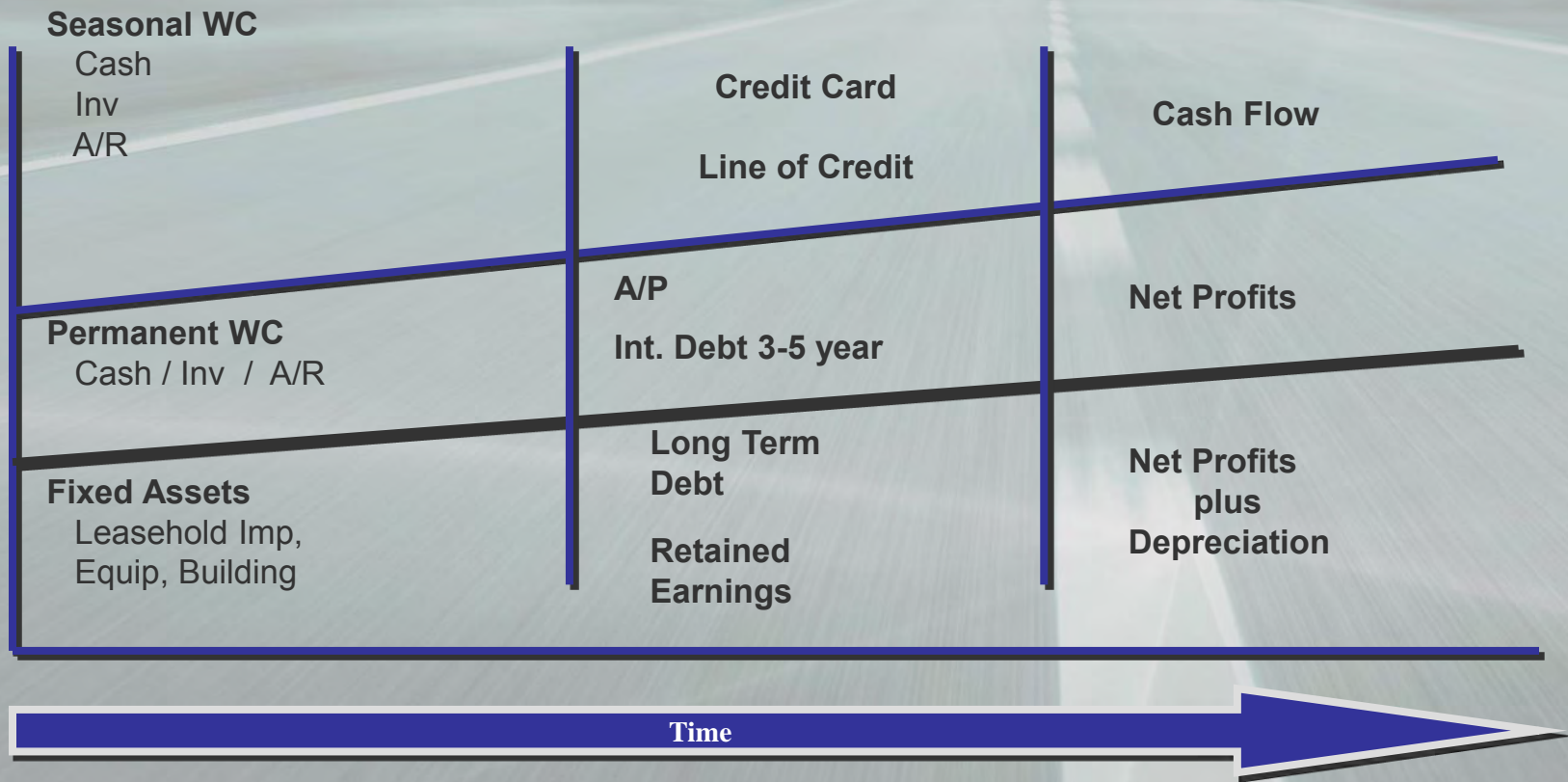
Percent of Sales*			Percent of Sales*		
Cash	\$36,000		Note Payable	\$ 0	Financial Gap
Accounts Receivable	112,500		Accounts Payable	75,000	
Inventory	<u>157,000</u>		Accruals	63,000	
Total Current Assets	\$306,000		Total Current Liabilities	\$138,000	
Equipment	225,000		Long Term Liabilities	<u>200,000</u>	
Land/Building	<u>120,000</u>		Total Liabilities	338,000	
Total Fixed Assets	345,000		Net Worth	<u>313,000</u>	
Total Assets	\$651,000		Total Liabilities and Net Worth	\$651,000	

Balance Sheet Ratios				
		At \$600,000	At \$900,000	At \$900,000(MANAGED)
Current	<u>Current Assets</u> Current Liability	2.18	1.33	2.22
Quick	<u>Cash + A/R</u> Current Liability	1.00	0.61	1.08
Debt-to-Worth	<u>Total Liability</u> Net Worth	0.95	1.48	1.08

Balance Sheet (CF) Checklist

- Manage current assets
- Restructure debt
- Make more profit
- Sell existing unproductive assets
- Curtail expansion
- Lease fixed assets
- Implement sale-leaseback of existing fixed assets
- Accept more risk
- Don't grow (use pricing, etc. to limit growth)
- Get new equity

Proper Debt Structure

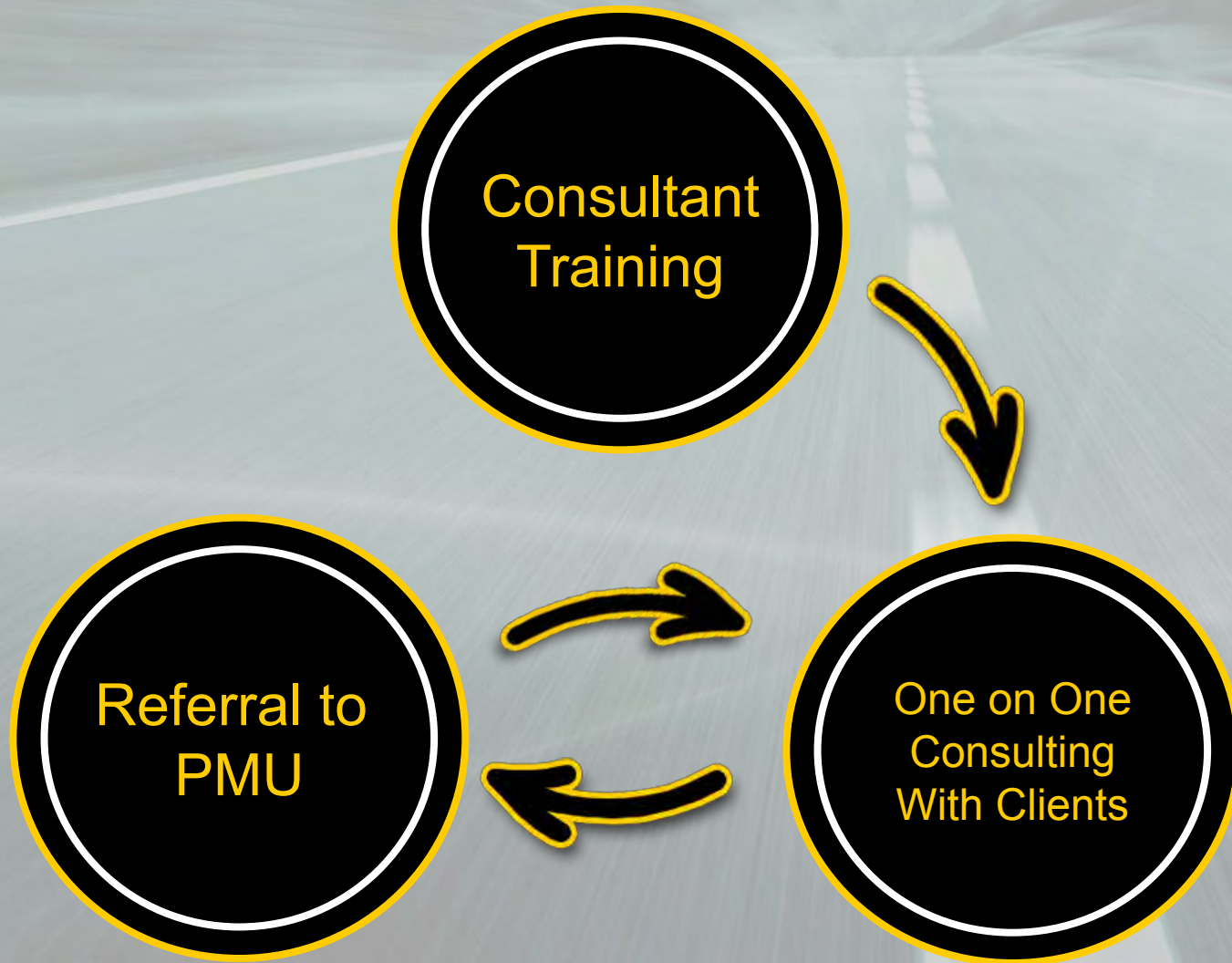


Profit Mastery University

Online Video Instruction

- Content presented by Steve LeFever, Chairman of BRS
- Consistently highest rated presenter
- Humor, insight, real-life case studies
- Hands-on learning style
- Professionally produced and edited

Profit Mastery Process



Target Audience

- Business Owners – and Key Staff
- Advisors – Bankers, CPAs, Coaches, Consultants

The Benefits for the Clients who attend Profit Mastery Training

For the Clients:

- More cash flow and profits
- Improved success rate
- Proven *and* practical content
- Better understanding of a bank's loan requirements
- Makes clients more “bankable”
- CE credit for accounting professionals

Does It Work?

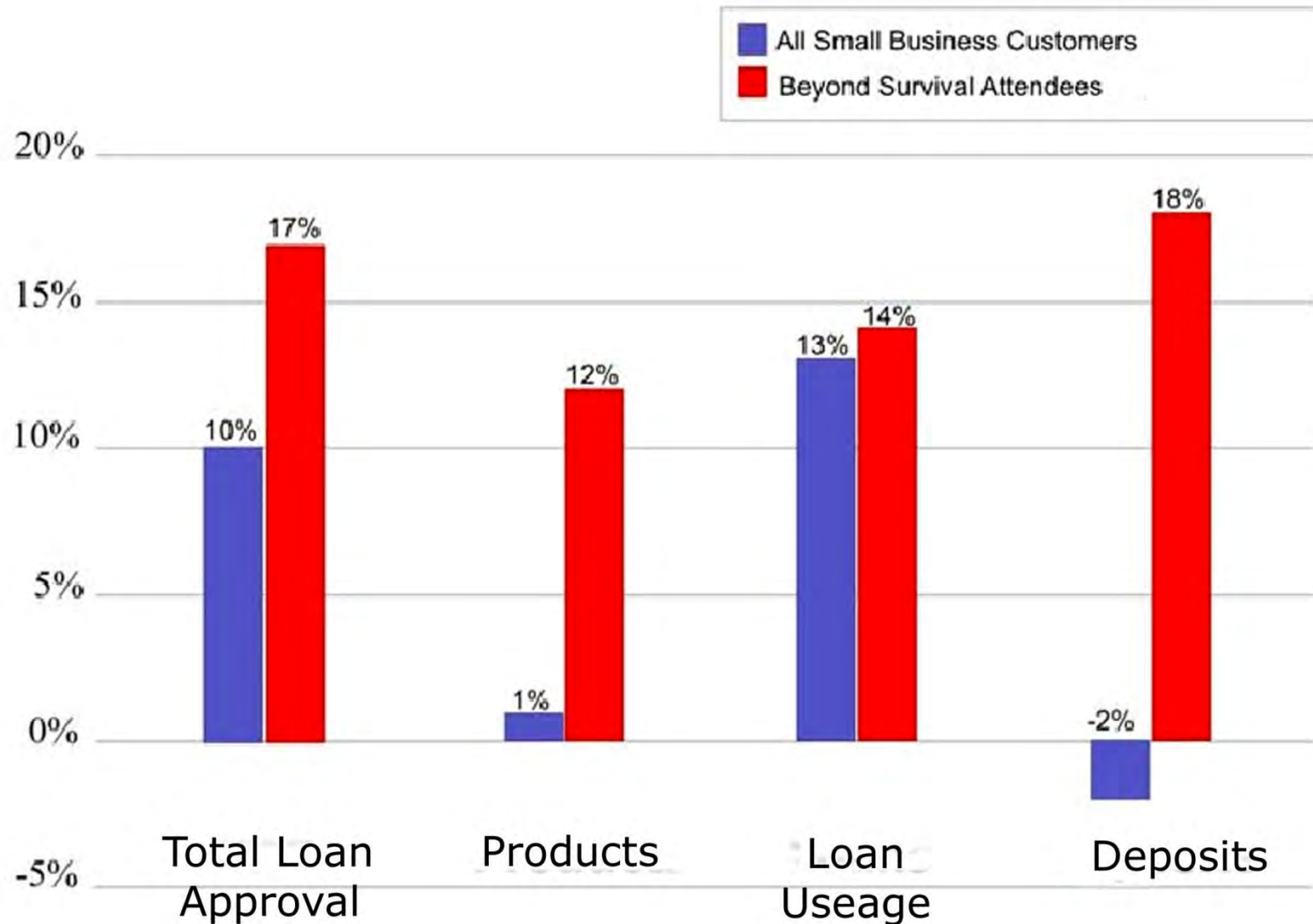


Key Findings from 5,000 participants of Canadian Imperial Bank of Commerce Profit Mastery Program

- Strongly endorsed by participants.
- Substantially improves financial literacy.
- Enhances a participant's relationship with the sponsoring bank.

Westpac Bank (Australia)

% Change in Beyond Survival Participants



Testimonial

“The **Profit Mastery series is an amazing course** that provided me the financial insight on how I can better control my company’s profits and cash flow. The series would be great for a start-up or a well established business trying to understand how to make a profit.

The Road Map chart and the exercises we did as a group helped me pinpoint areas in all of our departments where we can improve our performance. **All business owners should take this series.”**

Russ Sorkness, President
Sorkness Aviation
Kent, Washington

Testimonial

"I am writing this letter to inform you about my satisfaction, no 'my delight,' with the Profit Mastery video seminar program. As I told you when we first met, I was not sure what to expect with video based training. I had heard only praises about the live Profit Mastery seminar from attendees I spoke with in our network, but was not sure how that translated in a video format. **After going through the facilitator training and experiencing using the facilitator guide and attendee workbook in a real workshop environment, I can only say that you met and exceeded my expectations.**"

— Terry L. Chambers, Training Director
Washington State SBDC

Profit Mastery

■ It's all about **ABILITY**:

ControlABILITY

BankABILITY

SustainABILITY

and the outcome...?

ProfitABILITY

Profit Mastery

■ ...and that is achieved by:

Knowledge
Driven
Financial
Performance

Para más información

www.prsbtdc.org

Oprima en el ícono



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PROFIT MASTERY



*Knowledge Driven
Financial Performance*

MEASURE. MANAGE. SUCCEED.