

FINANCE CHEAT SHEET

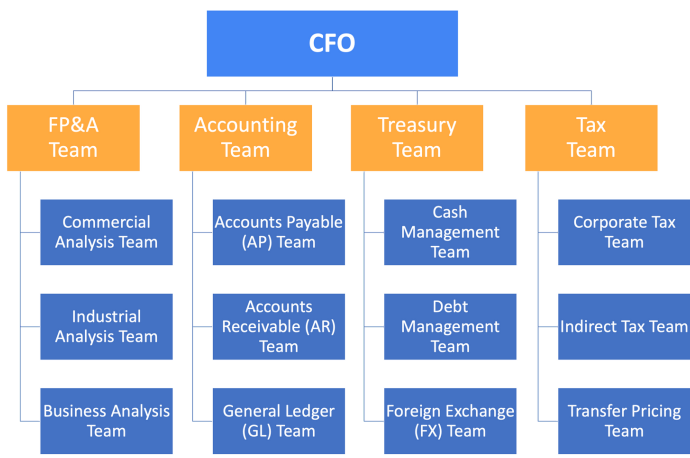


by
Nicolas Boucher

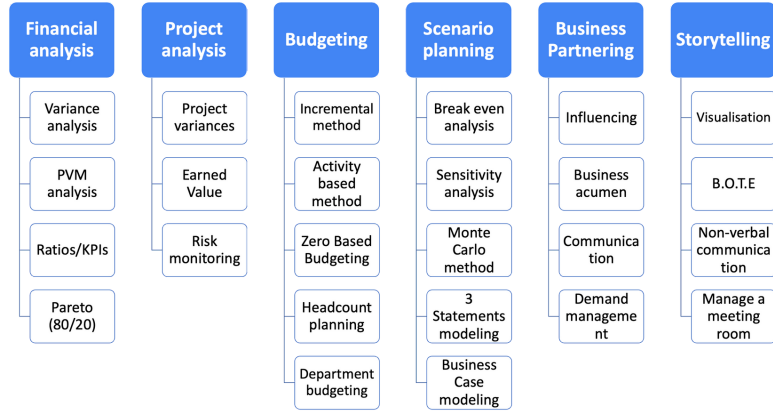
ACCOUNTING KPIS

- ACCOUNTS RECEIVABLE TURNOVER**
Net Credit Sales / Average Accounts Receivable
- ACCOUNTS PAYABLE TURNOVER**
Total Supplier Purchases / Average Accounts Payable
- WORKING CAPITAL RATIO**
Current Assets / Current Liabilities
- DEBT-TO-EQUITY RATIO**
Total Debt / Total Equity
- GROSS PROFIT MARGIN**
(Revenue - Cost of Goods Sold) / Revenue
- NET PROFIT MARGIN**
Net Income / Revenue
- RETURN ON ASSETS (ROA)**
Net Income / Total Assets
- RETURN ON EQUITY (ROE)**
Net Income / Total Equity
- INVENTORY TURNOVER**
Cost of Goods Sold / Average Inventory
- FIXED ASSET TURNOVER**
Revenue / Net Fixed Assets

FINANCE ORGANIZATION CHART



FP&A METHODS AND SKILLS CHART



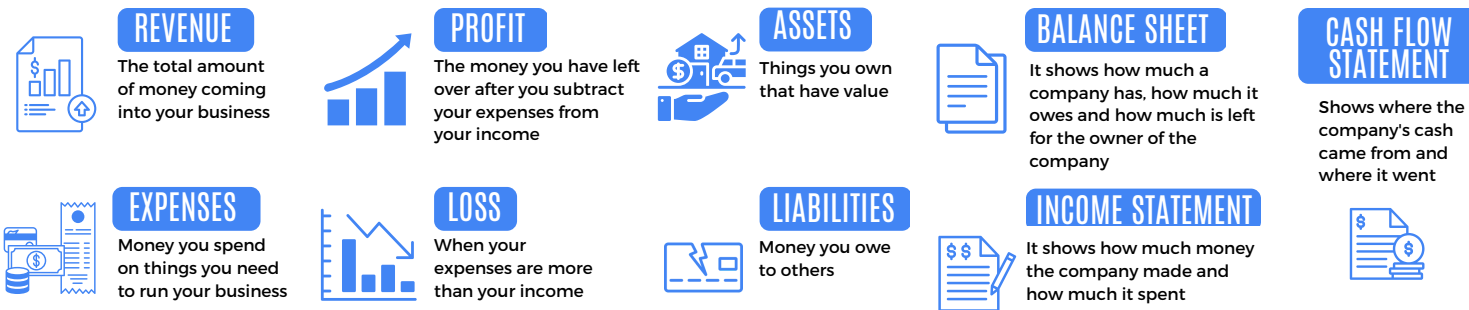
HEADCOUNT KPIS

- HEADCOUNT**
Number of active employees full time & part time + leasing employees
- FULL TIME EQUIVALENT (FTE)**
Number of hours in the employee contract / Standard working hours
- TURNOVER RATE**
Number of departure over a period / Average total headcount
- NATURAL ATTRITION**
Planned retirement + Planned end of limited contract
- CAPACITY**
Number of FTEs over a period x working hours available for one FTE
- CAPACITY INCREASE FLEXIBILITY**
Flexible time account not used + Overtime + Temporary change of hours available in part-time contracts
- CAPACITY DECREASE FLEXIBILITY**
Flexible time account + Temporary change of hours available in part-time contracts + Temporary workers time
- NORIA EFFECT**
(New hires salary costs - Leavers salary costs) / Previous salary costs
- ABSENTEEISM**
Illness days / Total working days
- TIME TO FILL**
Average number of days between job opening & contract signed by candidate

CASH KPIS

- CASH BURN RATE**
Cash Spent (monthly average) - Cash Received (monthly average)
- AVERAGE DAYS DELINQUENT (ADD)**
Days Sales Outstanding (DSO) - Best Possible Days Sales Outstanding (BPDSO)
- OPERATING CASH FLOW (OCF)**
Net Income + Non-Cash Expenses - Increase in Working Capital
- FREE CASH FLOW (FCF)**
OCF + Interest Payments - Asset Purchase
- OVERDUES RATIO**
Overdues / Total Receivables
- DAYS OF INVENTORY OUTSTANDING**
Average Inventory / Yearly Cost Of Goods Sold (COGS) x 365 days
- DAYS SALES OUTSTANDING (DSO)**
Average Account Receivables / Annual Sales x 365 days
- DAYS PAYABLES OUTSTANDING (DPO)**
Average Account Payables / Yearly Cost Of Goods Sold (COGS) x 365 days
- CASH CONVERSION CYCLE (CCC)**
DIO+DSO-DPO
- CASH RESERVES IN DAYS**
Cash Reserves / Average Daily Expenses

FINANCIAL TERMS EXPLAINED TO NON-FINANCE PEOPLE



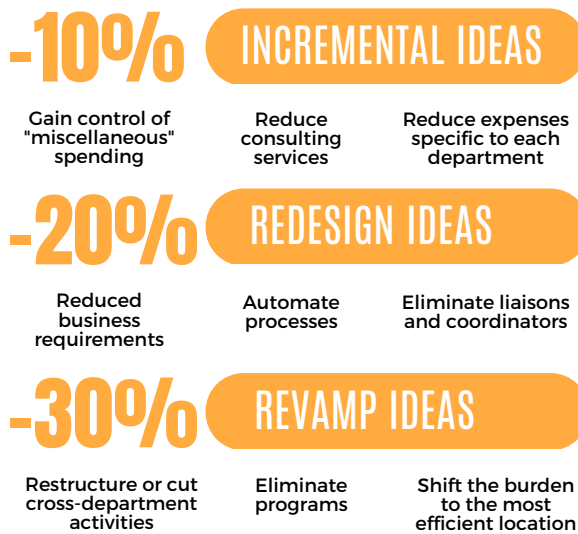
MANUFACTURING KPIS

- PRODUCTION ACTIVITY**
Sum of monetary value of all finished goods produced within a defined period
- CYCLE TIME**
Process time + Inspection time + Move time + Queue time
- TAKT TIME**
Production available time / Customer demand
- INVENTORY TURNOVER**
Cost of Goods Sold / Average Inventory (over period of time)
- RETURN ON ASSETS (ROA)**
Net Income / Average Total Assets
- FIRST PAST YIELD**
Number of good products finished / Number of production orders started (expressed in percentage)
- YIELD FACTOR**
Number of production orders started / Number of good products finished
- OVERALL EQUIPMENT EFFECTIVENESS**
Good Count x Ideal Cycle Time / Planned Production Time
- ON TIME DELIVERY**
On time units / Total units
- AVOIDED COSTS**
Assumed Repair Cost + Production Losses - Preventative Maintenance Cost

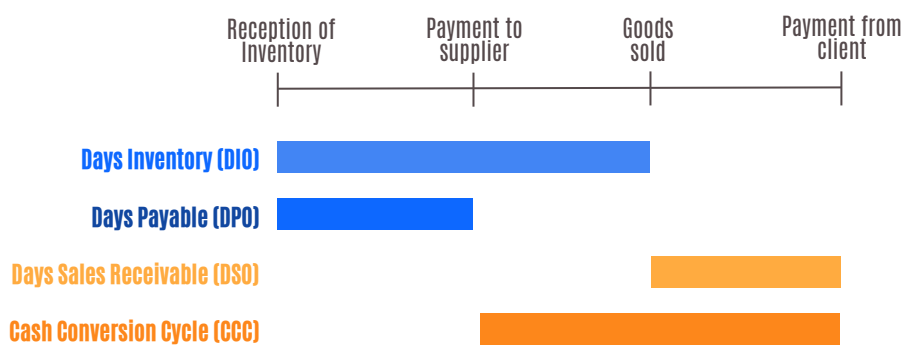
BALANCE SHEET KPIS

- CURRENT RATIO**
Current Assets / Current Liabilities
- QUICK RATIO**
(Current Assets - Inventory) / Current Liabilities
- DEBT-TO-EQUITY RATIO**
Total Liabilities / Shareholders' Equity
- DEBT RATIO**
Total Liabilities / Total Assets
- INTEREST COVERAGE RATIO**
Earnings Before Interest and Taxes (EBIT) / Interest Expenses
- RETURN ON ASSETS (ROA)**
Net Income / Total Assets
- RETURN ON EQUITY (ROE)**
Net Income / Shareholders' Equity
- INVENTORY TURNOVER**
Cost of Goods Sold / Average Inventory
- ACCOUNTS RECEIVABLE TURNOVER**
Revenue / Average Accounts Receivable
- WORKING CAPITAL**
Current Assets - Current Liabilities

HOW TO REDUCE COSTS ?



CASH CONVERSION CYCLE



$$\text{HOURLY RATE} = \frac{\text{COSTS}}{\text{HOURS}}$$

Direct Labor Costs & Costs allocated to hourly rate
Available hours, less holidays, less sickness, less non-productive hours

INVENTORY KPIS

- AVERAGE INVENTORY**
Average inventory = (Beginning inventory + Ending inventory) / 2
- DAYS ON HAND**
Days of inventory on hand = (Average inventory for period / Cost of sales for period) x 365
- STOCK TO SALES RATIO**
Stock to sales ratio = Inventory value / Sales value
- COST OF CARRY**
(Inventory Service Costs + Inventory Risk Costs + Capital Cost + Storage Cost) / Total Inventory Value
- BACKORDER RATE**
Backorder rate = (Number of Undeliverable Orders / Total Number of Orders)
- SELL-THROUGH RATE**
Number of units sold / Number of units received
- SCRAP RATE**
Scrap expenses over the period / Average inventory over the period
- TIME TO RECEIVE**
Time for stock validation + Time to add stock to records + Time to prep stock for storage
- INVENTORY SHRINKAGE**
Ending inventory value - Physically counted inventory value
- DEAD STOCK**
Amount of unsellable stock in period / Amount of available stock in period

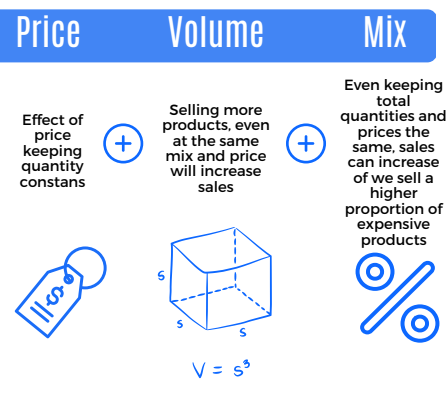
SAAS KPIS

- CUSTOMER CHURN RATE**
Customers lost / Total Customers
- NEW BUYER GROWTH RATE**
(New buyers this month - New buyers last month) / New buyers last month
- LIFETIME VALUE**
Customer Value * Average Customer Lifespan
- CUSTOMER ACQUISITION COSTS**
Cost of Sales and Marketing / Number of New Customers Acquired
- NET BURN RATE**
Cash Spent - Cash received
- RUNWAY**
Current Cash Balance / Burn Rate
- AVERAGE REVENUE PER USER (ARPU)**
Total revenue / Total number of customers
- SAAS QUICK RATIO**
(New MRRt + Expansion MRRt) / (Churned MRRt + Contraction MRRt)
- MONTHLY RECURRING REVENUE MRR**
Number of customers * Average billed amount
- TOTAL ADDRESSABLE MARKET (TAM)**
Annual Contract Value per client * Number of potential clients

BUDGET PROCESS



PVM ANALYSIS



VALUATION TECHNIQUES

- Comparable Analysis**
• Comparable Company Ratio x Company Financial Ratio
- DCF**
Discounted Cash Flow
• $\sum (\text{Cash Flows} / (1+r)^t)$
- Asset-Based Valuation**
• Market Value of Assets - Liabilities
- Liquidation Valuation**
• Assets - Liabilities
- Precedent Transactions**
• Transaction Price x Transaction Multiples

CAPEX KPIS

- ACQUISITION**
Purchase Cost + Direct Costs
- COMMITMENTS**
Future Purchase Contracts
- ASSET TURNOVER**
Revenue / Fixed Assets
- RETURN ON ASSETS (ROA)**
Net Income / Fixed Assets
- RETURN ON INVESTMENT (ROI)**
Net Income / Total Investment
- PAYBACK PERIOD**
Total Investment / Annual Cash Flow
- INTERNAL RATE OF RETURN (IRR)**
(Future Value / Present Value) ^ (1 / Number of Periods) - 1
- NET PRESENT VALUE (NPV)**
Net Cash Flows / [(1 + discount rate) ^ Number of periods]
- DEPRECIATION**
Acquisition / Useful Life
- UTILIZATION**
Actual Production / Maximum Production x 100%

CEO KPIS

- REVENUE GROWTH**
(Current period revenue - Previous period revenue) / Previous period revenue
- GROSS PROFIT MARGIN**
(Revenue - Cost of Goods Sold) / Revenue
- NET PROFIT MARGIN**
(Net Income / Revenue) x 100
- RETURN ON INVESTMENT (ROI)**
(Gain from investment - Cost of investment) / Cost of investment
- EARNINGS PER SHARE (EPS)**
(Net Income - Preferred Dividends) / Average Outstanding Shares
- CUSTOMER ACQUISITION COST (CAC)**
Total Marketing and Sales Costs / Number of New Customers Acquired
- CUSTOMER LIFETIME VALUE (CLV)**
(Average Annual Revenue per Customer x Average Customer Lifespan) - Customer Acquisition Cost
- EMPLOYEE ENGAGEMENT**
Measures the level of employee satisfaction and commitment to the company
- EMPLOYEE TURNOVER**
(# of Employees who left during the period / Average # of Employees during the period) x 100
- CASH FLOW**
Operating Cash Flow + Investing Cash Flow + Financing Cash Flow

CREDITS TO



Nicolas Boucher

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