



THE IMPORTANCE OF ANALYZING YOUR KEY FINANCIAL INDICATORS

Companies use financial ratios to measure their profitability, liquidity and solvency. But, it takes more than standard ratios to assess your strengths and weaknesses. Key financial ratios must be analyzed and tracked over time. This will allow you to make observations and decisions on a time table (i.e. daily, monthly, semi-annually) that works for your business. Cowan, Gunteski & Co. has developed key indicators to help in the daily planning, operations and analysis of your business. We would be happy to help you gain an in depth understanding of these ratios and what they mean to your business. In addition, we can develop and tailor these key indicators to focus on your business needs and goals. See below for an example of the key indicators our clients' use to successfully manage and grow their businesses. E-mail us for a working copy of the Excel spreadsheet.

YOUR COMPANY NAME HERE
SAMPLE OF FINANCIAL KEY INDICATORS PROVIDED BY COWAN, GUNTESKI & CO., P.A.

| Data | | | |
|--|---|---|---|
| | For the Year Ended December 31, 2008 | For the Year Ended December 31, 2007 | For the Year Ended December 31, 2006 |
| Overtime for Delivery Personnel | \$ 4,864 | \$ 5,644 | \$ 6,121 |
| Total Salaries of Delivery Personnel | \$ 21,594 | \$ 26,599 | \$ 30,564 |
| Average Mileage per Delivery | 100 miles | 80 miles | 85 miles |
| Average Number of Gallons per Delivery | 425 gallons | 450 gallons | 500 gallons |
| | November 15, 2008 | November 15, 2007 | November 15, 2006 |
| Gallons Sold for the Day | 220 gallons | 180 gallons | 200 gallons |
| Number of Deliveries for the Day | 20 deliveries | 19 deliveries | 24 deliveries |

| Key Indicators | | | |
|--|---|---|---|
| | For the Year Ended December 31, 2008 | For the Year Ended December 31, 2007 | For the Year Ended December 31, 2006 |
| $\frac{\text{Overtime for Delivery Personnel}}{\text{Total Salaries of Delivery Personnel}}$ | $\frac{\$ 4,864}{\$ 21,594} = 23\%$ | $\frac{\$ 5,644}{\$ 26,599} = 21\%$ | $\frac{\$ 6,121}{\$ 30,564} = 20\%$ |

**This ratio gives insight as to whether the overtime being paid to delivery personnel is a reasonable amount compared to the total amount of salaries for delivery personnel. The lower the percentage, the greater the likelihood that staffing is at an adequate level to meet the delivery requirements. As seen in our example, this percentage has risen over the past three years. Despite the fact that overtime has decreased with salaries, this may indicate that additional delivery personnel may need to be hired.*

| | | | |
|---|--------------------------|-------------------------|-------------------------|
| $\frac{\text{Average Mileage per Delivery}}{\text{Average Number of Gallons per Delivery}}$ | $\frac{100}{425} = 24\%$ | $\frac{80}{450} = 18\%$ | $\frac{85}{500} = 17\%$ |
|---|--------------------------|-------------------------|-------------------------|

**This ratio indicates efficiency in the routes that are being scheduled to make deliveries. The lower the percentage the more efficient the routes are, meaning that more gallons are being delivered per mile spent on the road. An upward trend, as seen in our example, calls for a change in procedures of delivery. It's possible that new routes may have to be mapped out in order to increase efficiency.*

| | November 15, 2008 | November 15, 2007 | November 15, 2006 |
|---|--------------------------|-------------------------|-------------------------|
| $\frac{\text{Gallons Sold for the Day}}{\text{Number of Deliveries for the Day}}$ | $\frac{220}{20} = 11.00$ | $\frac{180}{19} = 9.47$ | $\frac{200}{24} = 8.33$ |

**This ratio presents information on how many gallons are being sold on average per delivery. Our example shows an increase in this number over the last three years, which is attributable to a combination of an increase in the efficiency of route planning and company growth. A decreasing trend could be the result of the exact opposite depending on which numbers in the ratio are fluctuating.*

**The numbers presented here are for illustrative purposes only and do not reflect actual data.

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