

Specialty Areas

Financial Scorecards

For more information,
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Benchmark your company's financial performance year-over-year against privately-held industry peers.

Wouldn't it be ideal to know your competition better?

Financial scorecards are a performance management tool designed to identify opportunities for improvement, track the execution of activities, and monitor the consequences arising from specific actions. Translating high-level strategic goals into discrete objectives creates a clear line of vision—from top down and bottom up—so each individual understands how their day-to-day actions are contributing to overall company success.

Kreischer Miller's **financial scorecards** provide real time financial metrics, non-financial measurements, and trends from comparable privately-held companies based on your six digit North American Industry Classification System (NAICS) code.

Information Included in Financial Scorecards:

- Historical company performance
- Comparable data of industry peers and corporate profile
- Projected goals and expectations

Financial Scorecard Benefits:

- Promotes an understanding of your company's historical financial performance
- Provides real-time financial data and industry intelligence from privately-held companies within a specific NAICS code
- Enables the identification of strengths, weaknesses, opportunities, and threats in financial performance
- Offers recommendations for improvement in financial metrics
- Promotes an environment where employees feel accountable, energized, and engaged in the success of the company
- Empowers management to stay in touch with employees' progress during every phase of goal completion

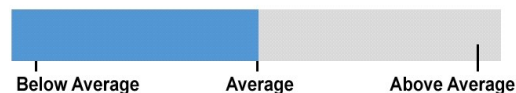
Deliverables:

Upon receipt of your company's historical financial information, a comprehensive report is provided with comparisons to your competitors' real-time financial information. In addition, there are specific recommendations provided for areas of improvement based on variances from the industry norm (**Exhibit A**).

If historical financial information is not provided, Kreischer Miller is able to provide the industry norms for which you are able to compare (**Exhibit B**).

PROFITS & PROFIT MARGIN

A measure of whether the trends in profit are favorable for the company.



While its sales have risen significantly this period, the company's net profit margin and net profit dollars have fallen from last period's levels. This is something that the company's managers will want to be aware of. The company will not want to see margins fall too much because they indicate the company's efficiency; the net margin, which measures the cents of net profit that the company earns on every dollar it sells, is a key indicator of how effectively a company is balancing its revenues and operating expenses. This company's net margin declined so much that net profits (in dollars) have fallen, despite a sales increase of 38.55%. This means that the company earned less money on the bottom line.

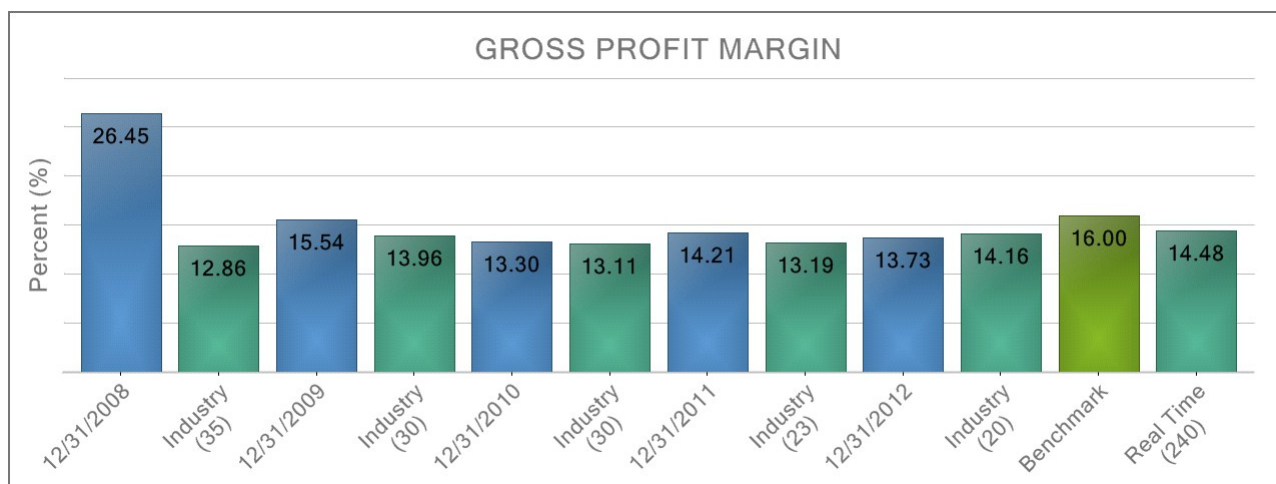
The reason for the net margin and net profit decline is because the company spent a significant amount on operating costs this period. Spending more on operating costs is acceptable, as long as these extra expenditures pay off later in the form of higher profits. However, it is also sometimes true in business that companies can lose control of expenses when sales are moving higher at this kind of rate. Now would be a good time to scrutinize line items carefully to make sure that none of them are getting out of line.

Despite these decreases, the company is still doing fairly good work in this area. The net profit margin is about average, which means that this company is generating average net profits compared to its competition. The company's competitive net margin position is illustrated in the graph area of the report. The ability to maintain a healthy net margin and to keep turning profits in the future is important, since profits drive almost every other part of this report. The bottom line in this area is that this company is doing fairly well, but it should be sure to monitor its net margin over time. It is important not to make too many conclusions from a limited amount of data.

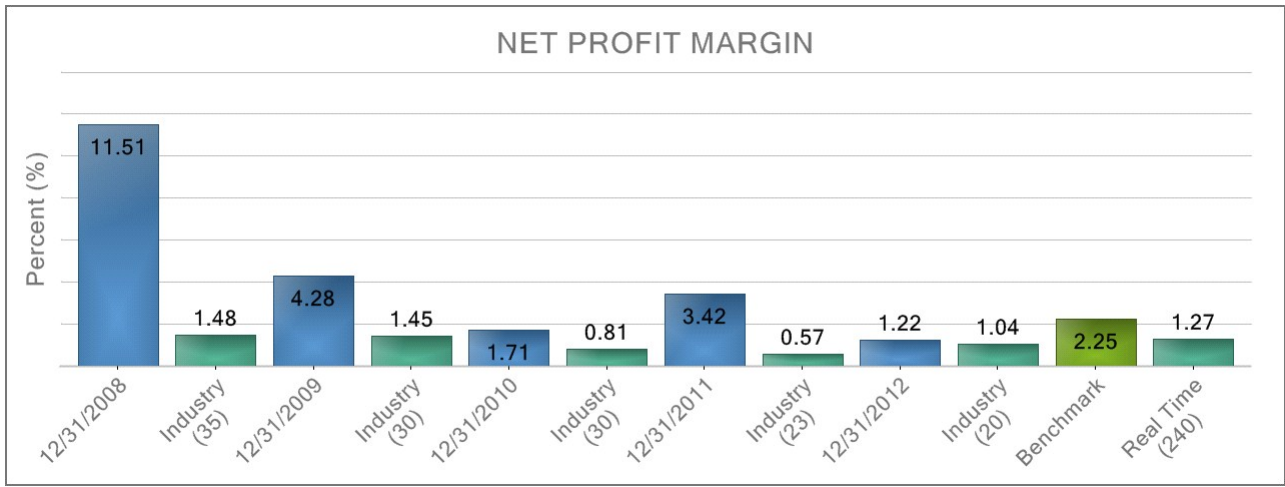
Tips For Improvement

Good profit managers make continuous and small adjustments to improve their businesses. Managers might possibly consider the following to improve profits over time:

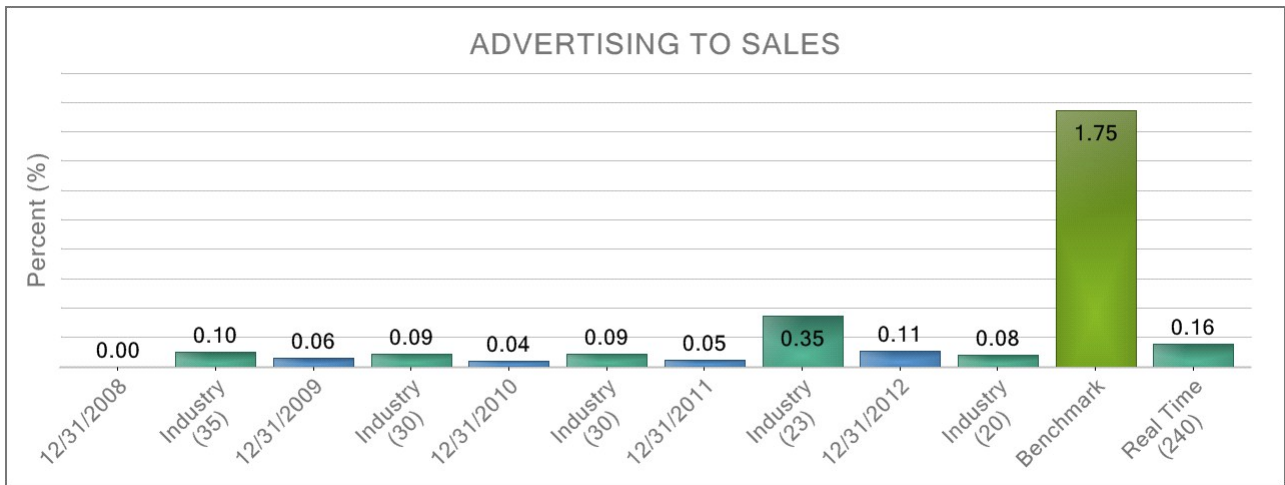
- Watch the turnover of produce, meat, or other items susceptible to spoilage. To increase freshness and avoid spoilage, inventory should be sold and delivered quickly to distributors.
- To ensure freshness, be sure to monitor the transportation and storage of certain items. For instance, produce should be stored at its lowest safe temperature and should be transported gently and quickly.
- Take advantage of/negotiate for volume discounts or other concessions with current suppliers. Stocking up on items at promotional prices may allow the business to resell these items to grocery stores or other customers for higher prices, after the promotion is over.
- Obtain an annual business check-up. Meet with an accountant or banker to review financial statements and get advice on how to improve performance.



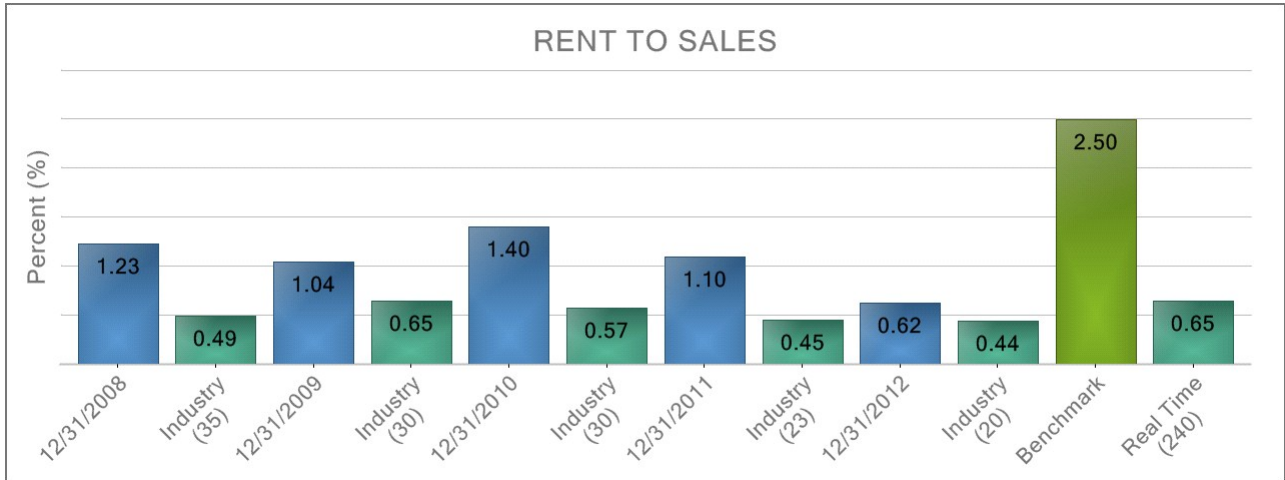
This number indicates the percentage of sales revenue that is not paid out in direct costs (costs of sales). It is an important statistic that can be used in business planning because it indicates how many cents of gross profit can be generated by each dollar of future sales. Higher is normally better (the company is more efficient).



This is an important metric. In fact, over time, it is one of the more important barometers that we look at. It measures how many cents of profit the company is generating for every dollar it sells. Track it carefully against industry competitors. This is a very important number in preparing forecasts. The higher the better.



This metric shows advertising expense for the company as a percentage of sales.



This metric shows rent expense for the company as a percentage of sales.

Industry Data and Analysis

Industry: 424690 - Other Chemical and Allied Products Merchant Wholesalers
Sales Range: All Sales Ranges
Data Source: Private Companies
Location: All Areas

INDUSTRY FINANCIAL DATA AND RATIOS

Average by Year (Number of Financial Statements)

Financial Metric	Last 12 Months	2012	2011	Last 5 Years	All Years
	(89)	(94)	(142)	(748)	(1639)
Current Ratio	2.37	2.59	2.54	2.39	2.26
Quick Ratio	1.48	1.47	1.62	1.60	1.46
Gross Profit Margin	32.20%	32.87%	32.22%	32.58%	31.82%
Net Profit Margin	6.68%	6.61%	3.74%	4.40%	4.17%
Inventory Days	62.29	64.67	61.08	59.59	56.08
Accounts Receivable Days	44.35	47.00	46.74	45.65	46.10
Accounts Payable Days	41.66	39.78	40.70	42.85	44.40
Interest Coverage Ratio	14.66	15.23	15.17	13.90	12.61
Debt-to-Equity Ratio	2.00	2.17	2.56	2.27	2.26
Debt Service Coverage Ratio	8.47	8.83	8.40	7.96	7.71
Return on Equity	44.35%	41.69%	35.52%	33.53%	28.10%
Return on Assets	13.95%	14.05%	11.46%	10.97%	10.05%
Fixed Asset Turnover	15.08	14.65	15.07	15.84	15.43
Sales per Employee	\$394,724	\$394,724	\$675,250	\$572,574	\$483,437
Profit per Employee	\$47,778	\$47,778	\$42,990	\$30,180	\$24,169
Growth Metric	Last 12 Months	2012	2011	Last 5 Years	All Years
	(62)	(66)	(107)	(507)	(1024)
Sales Growth	16.68%	15.85%	11.85%	6.25%	7.08%
Profit Growth	-0.27%	8.41%	16.07%	10.20%	14.54%

INDUSTRY DATA COMMON SIZE

Average by Year (Number of Financial Statements)

	Last 12 Months	2012	2011	Last 5 Years	All Years
Income Statement	(89)	(94)	(142)	(748)	(1639)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	67.80%	67.13%	67.78%	67.42%	68.18%
Gross Profit	32.20%	32.87%	32.22%	32.58%	31.82%
Depreciation	0.43%	0.39%	0.50%	0.45%	0.56%
Overhead or S,G,& A Expenses	21.37%	22.45%	24.47%	23.63%	23.48%
Payroll	12.39%	12.03%	14.52%	15.14%	14.96%
Rent	1.11%	1.12%	1.50%	1.54%	1.52%
Advertising	0.15%	0.18%	0.24%	0.23%	0.25%
Other Operating Income	0.00%	0.00%	0.01%	0.00%	0.00%
Other Operating Expenses	3.29%	3.06%	3.17%	3.73%	3.20%
Operating Profit	7.11%	6.98%	4.09%	4.77%	4.58%
Interest Expense	0.49%	0.41%	0.38%	0.41%	0.45%
Other Income	0.10%	0.09%	0.09%	0.09%	0.08%
Other Expenses	0.04%	0.04%	0.06%	0.06%	0.04%
Net Profit Before Taxes	6.68%	6.61%	3.73%	4.40%	4.16%
Adjusted Net Profit before Taxes	6.68%	6.61%	3.74%	4.40%	4.17%
EBITDA	7.60%	7.42%	4.61%	5.26%	5.18%
Taxes Paid	0.03%	0.03%	0.06%	0.06%	0.08%
Net Income	6.65%	6.58%	3.68%	4.34%	4.08%
Balance Sheet	Last 12 Months	2012	2011	Last 5 Years	All Years
	(89)	(94)	(142)	(748)	(1639)
Cash (Bank Funds)	5.75%	5.56%	6.59%	6.12%	5.53%
Accounts Receivable	37.35%	37.59%	39.25%	36.76%	36.60%
Inventory	32.48%	32.26%	30.86%	29.45%	27.99%
Other Current Assets	1.98%	1.95%	1.85%	2.14%	2.15%
Total Current Assets	79.55%	79.62%	79.46%	78.11%	76.19%
Gross Fixed Assets	38.20%	42.23%	42.83%	43.10%	44.41%
Accumulated Depreciation	22.64%	26.70%	28.18%	26.71%	25.23%
Net Fixed Assets	15.56%	15.54%	14.65%	16.40%	19.18%
Other Assets	4.89%	4.85%	5.89%	5.49%	4.64%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Accounts Payable	23.88%	23.22%	25.06%	24.82%	25.33%
Notes Payable / Current Portion of Long Term Debt	0.85%	0.78%	0.67%	0.80%	0.66%
Other Current Liabilities	8.18%	9.74%	9.95%	9.66%	13.29%
Total Current Liabilities	50.46%	48.46%	48.72%	46.66%	46.99%
Total Long Term Liabilities	13.87%	13.58%	15.15%	15.87%	14.86%