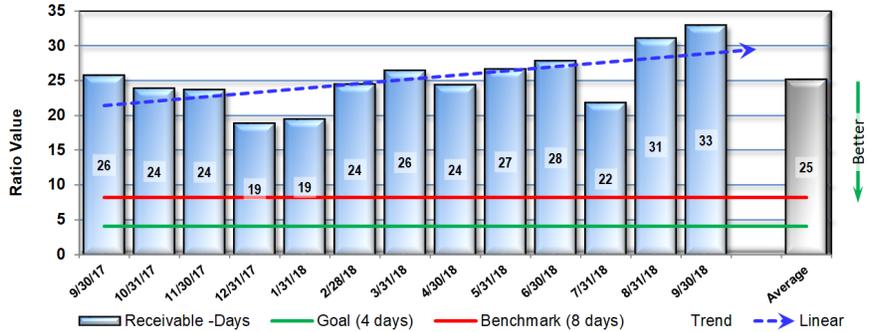
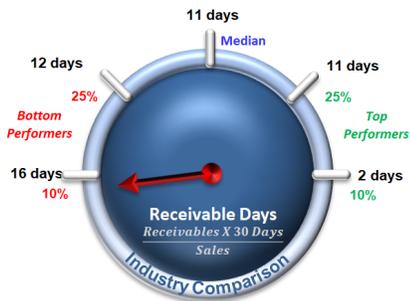


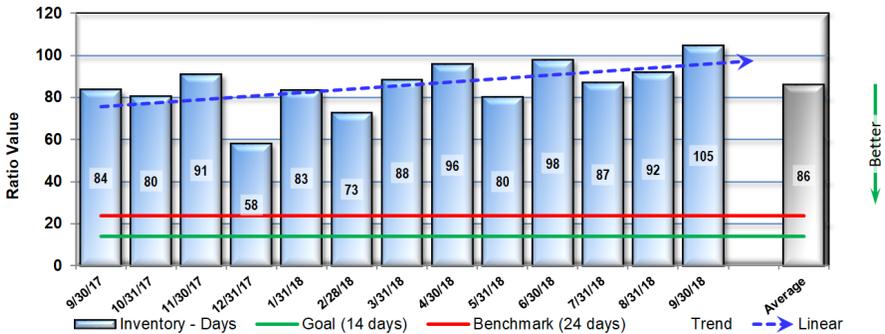
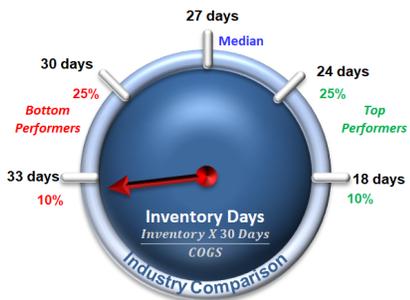
Trend Charts Cash Conversion Cycle Elements Sample Company

Receivable - Days: Average time clients take to pay



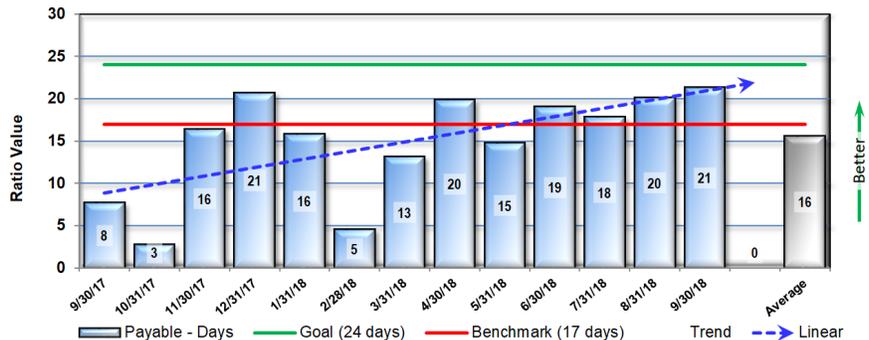
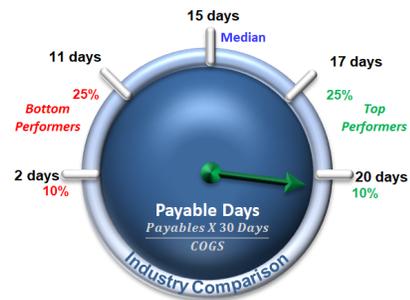
Performance to Goal: Accounts Receivable is 29 days over the Goal of 4 days with a \$274,812 negative cash impact.

Inventory - Days: Average days of inventory or supplies remain in stock



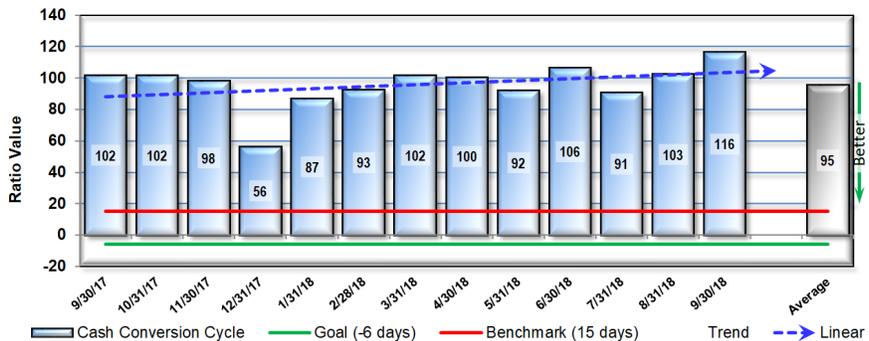
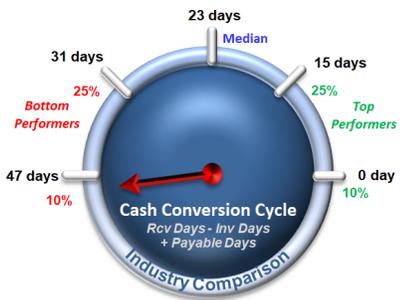
Performance to Goal: Inventory is 91 days over the Goal of 14 days with a \$581,255 negative cash impact.

Payable - Days: Average days to pay suppliers



Performance to Goal: Payments are 3 days faster than the Goal of 24 days with a \$17,224 negative cash impact.

Cash Conversion Cycle: Length of time to recapture revenue spent on inventory



Performance to Goal: The Cash Conversion Cycle is 116 days over the Goal of -6 days.

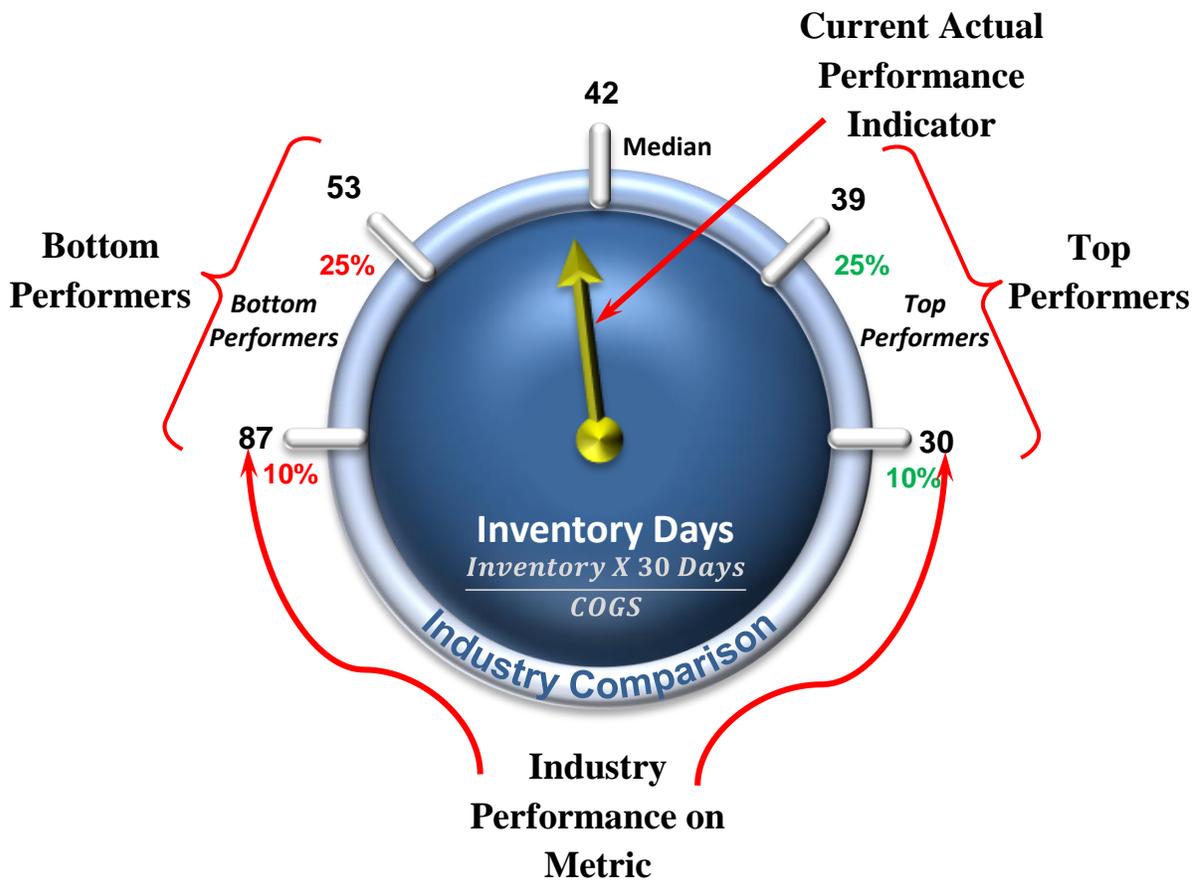
NOTE: Benchmark in charts is set to Top 25% (Quartile) of this industry NACIS code: 446110

More Information

Receivables, Inventory, and Payables can have a major impact on a company's cash flow. These three elements together represent the Cash Conversion Cycle. How fast a company collects what it is owed - Receivables, pays its what it owes its suppliers - Payables, and consumes its Inventory typically have the most impact on a company's cash flow. A company can have very good net profits, but still run out of Cash if it does not manage these three metrics well.

These meters and charts plot the company's performance for the Key Performance Metric (KPM) page of the report. The earlier KPM page provides the last 3 months of metrics whereas these charts provide the last 13 months so you can see your company performance trend over a rolling annual term. These charts include a bar showing the industry's top 25% as a "Benchmark" as well as annualized (12 month) rolling averages and the goal set by you for each metric - all on the same graph,.

Reading from left to right on each chart you will see each month's performance for 13 months followed by the Industry Benchmark in green, your annualized number for the last 12 months, then finally the goal set by you (after your first report).



The meters (as shown above) are an indicator of where the company stands against their industry. The meter shows the data for your industry based on the NAICS code provided when a report is run. The right side of the meter shows the Top Industry Performers with the top 25% (in this case 39 Days) and top 10% (in this case 30 Days) indicated in the green numbers. The Bottom Performers are shown in the left side of

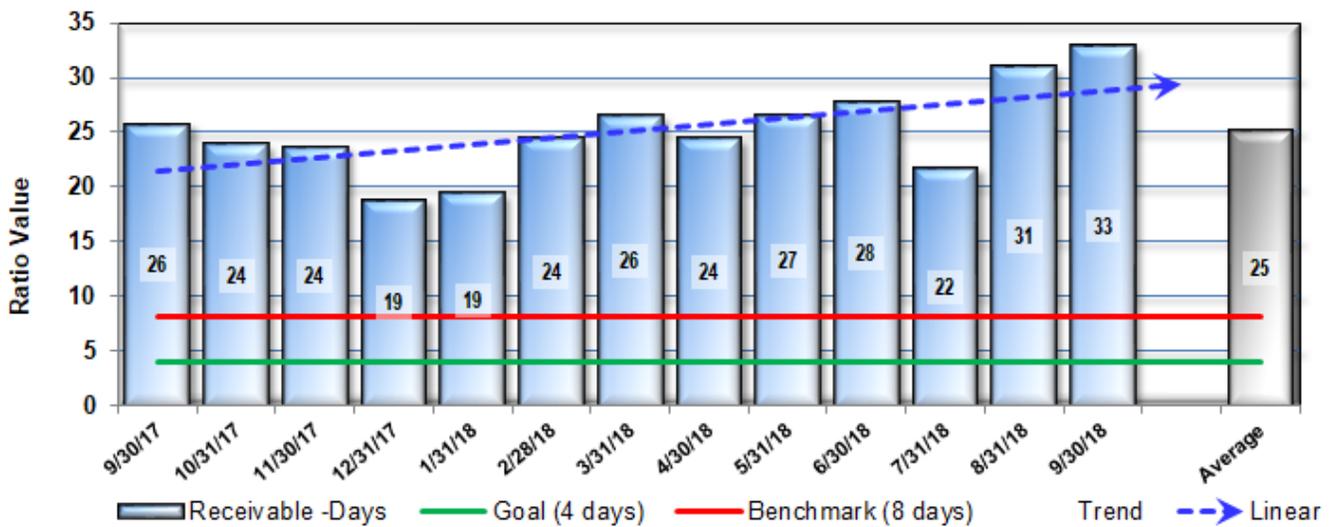
the meter with the bottom 25% (in this case 53 Days) and bottom 10% (in this case 87 Days) indicated in red numbers. The company’s most current performance is indicated by the meter indicator arrow. The arrow changes from Red (problem) to Yellow (caution) to Green (good) based on where you stand relative to the industry. In this example the meter shows that this company is slightly worse than the median of their industry for the Current Ratio.

Being near or at the median (12 o’clock position) is a “caution” as a company should always try to be at least at the top 25% of their industry.

This set of four charts is for the *middle* group of metrics on the KPM table marked **CASH CONVERSION CYCLE ELEMENTS**.

The definitions for these metrics are as follows:

Receivable - Days: Average time clients take to pay



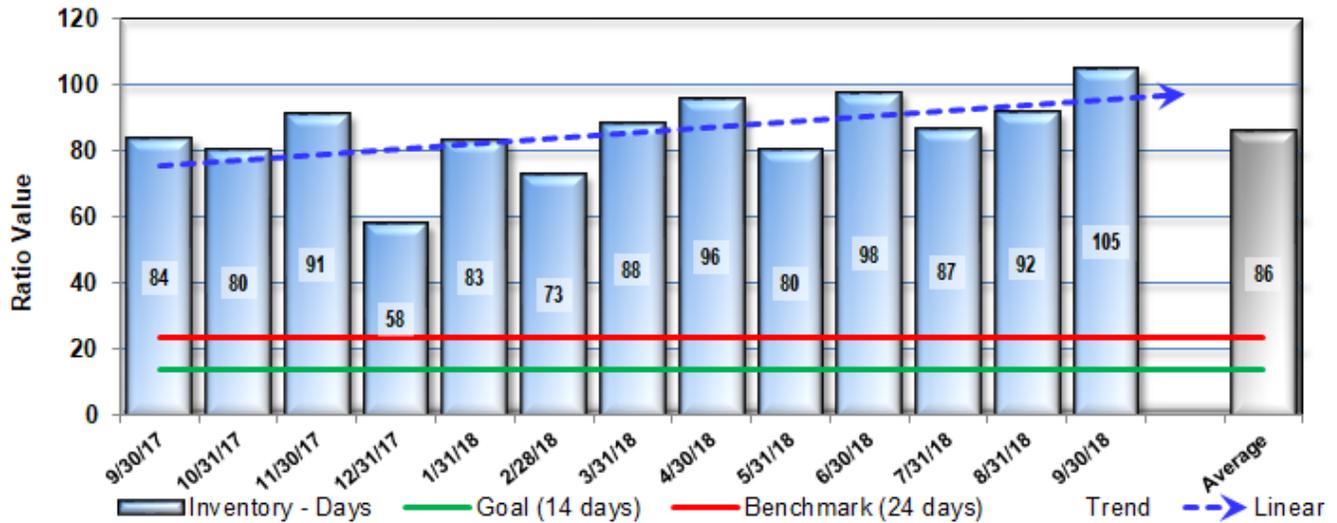
Receivable Days shows the average number of days it takes for the company to collect what is owed from customers (receivables). The fewer the days, the faster cash is collected. The metric is calculated as shown:

$$\text{Receivable Days} = \frac{\text{Receivables} \times 30 \text{ Days}}{\text{Sales}}$$

The bottom of the Receivable Days section indicates the Cash differential where the company is currently performing, versus where they would be if the goal was met. In this example there is a \$207,812 Cash Impact from not meeting the goal. That means if the company met the Receivable Days goal, they would have \$274,814 more money in the bank.

The Light Blue columns represents the Metric Value for that month, with the far right column (in grey) being the Annual or average for the last 12 months. The numeric value of the monthly and annual metric is indicated with the number found in the middle of each column. The Red horizontal line is the Benchmark, which is set to the top 25% on the NACIS Code industry. The actual value of the Benchmark can be found in the legend being the number in parentheses (). The Green Line Is this company's Goal for this metric. As **Note:** *On the very first report the Goal is set for the company at the top 10% on the NACIS Code industry or the best-in-class.* And Finally there is a linear Trend Line shown in Blue that calculates how the company is trending on this metric with the right arrow tip predicting where next month could be based on the trending values.

Inventory - Days: Average days of inventory or supplies remain in stock



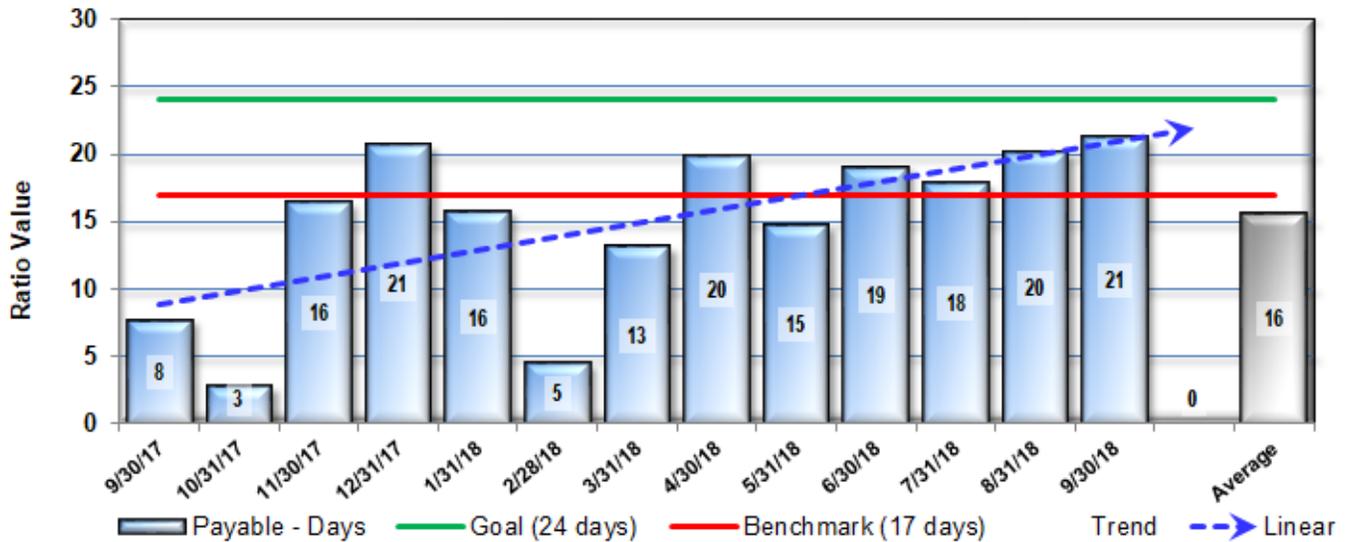
Shows the average number of days that materials, work in progress (inventory held for production purposes), and finished goods are held by the organization before sale. Shorter duration reflects higher conversion rate to cash. The metric is calculated as shown:

$$\text{Inventory Days} = \frac{\text{Inventory X 30 Days}}{\text{COGS}}$$

The bottom of the Inventory Days section indicated the Cash differential the company is currently at versus if they met the goal. In this example there is a \$581,255 Cash Impact from not meeting the goal. This means that if the company met the Inventory Days goal, they would have \$581,255 more money in the bank.

The Light Blue columns represents the Metric Value for that month, with the far right column (in grey) being the Annual or average for the last 12 months. The numeric value of the monthly and annual metric is indicated with the number found in the middle of each column. The Red horizontal line is the Benchmark, which is set to the top 25% on the NACIS Code industry. The actual value of the Benchmark can be found in the legend being the number in rctgpj gugu (). The Green Line Is this company's Goal for this metric. Cu'Note: On the very first report the Goal is set for the company at the top 10% on the NACIS Code industry or the best-in-class. And Finally there is a linear Trend Line shown in Blue that calculates how the company is trending on this metric with the right arrow tip predicting where next month could be based on the trending values.

Payable - Days: Average days to pay suppliers



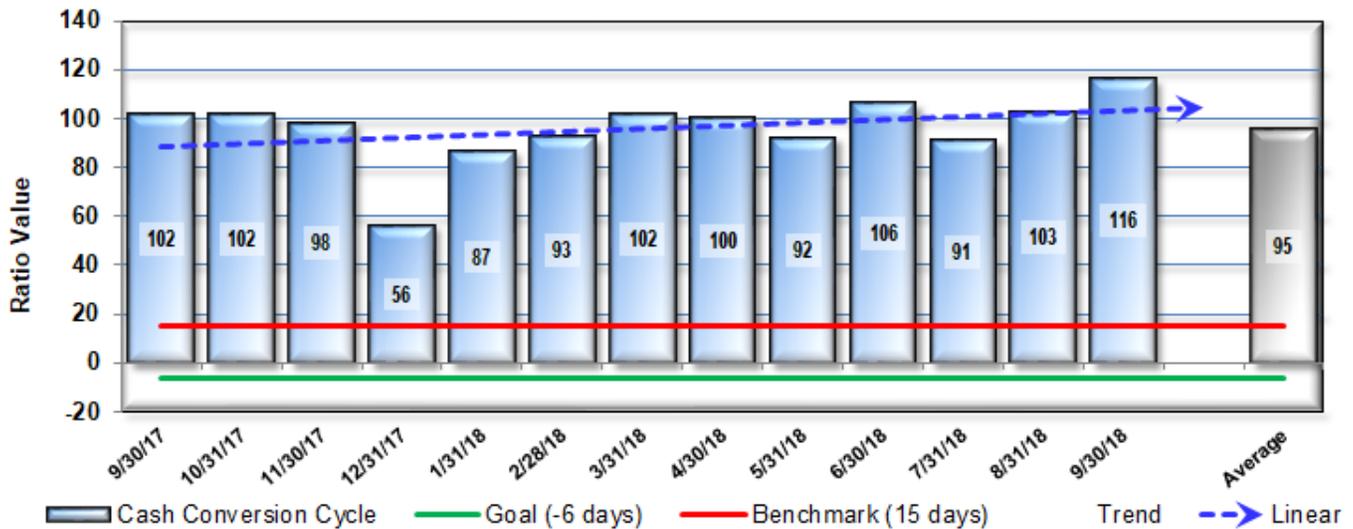
Reflects the number of days a company takes to pay its bills. Longer periods (over 30 days) are generally less desirable.

$$\text{Payable Days} = \frac{\text{Payables} \times 30 \text{ Days}}{\text{COGS}}$$

The bottom of the Payable Days section indicates the Cash differential the company is currently experiencing versus where they would be if they met the goal. In this example there is a \$17,224 Cash Impact from not meeting the goal. This means that if the company met the Payable Days goal, they would have \$17,224 more money in the bank.

The Light Blue columns represents the Metric Value for that month, with the far right column (in grey) being the Annual or average for the last 12 months. The numeric value of the monthly and annual metric is indicated with the number found in the middle of each column. The Red horizontal line is the Benchmark, which is set to the top 25% on the NACIS Code industry. The actual value of the Benchmark can be found in the legend being the number in rctgpj gugu (). The Green Line Is this company's Goal for this metric. Cu'Note: On the very first report the Goal is set for the company at the top 10% on the NACIS Code industry or the best-in-class. And Finally there is a linear Trend Line shown in Blue that calculates how the company is trending on this metric with the right arrow tip predicting where next month could be based on the trending values.

Cash Conversion Cycle: Length of time to recapture revenue spent on inventory



This is a measure of Receivables, Payables, and Inventory reflected within the same time period. The Cash Conversion Cycle Measures how long a firm will be deprived of cash if it increases its investment in resources in order to support customer sales. It is thus a measure of liquidity risk. However, shortening the Cash Conversion Cycle creates its own risks: while a firm could even achieve a negative Cash Conversion Cycle by collecting from customers before paying suppliers, a policy of strict collections and lax payments is not always sustainable.

$$CCC = \text{Relievable Day} + \text{Inventory Days} - \text{Payable Days}$$

The Light Blue columns represents the Metric Value for that month, with the far right column (in grey) being the Annual or average for the last 12 months. The numeric value of the monthly and annual metric is indicated with the number found in the middle of each column. The Red horizontal line is the Benchmark, which is set to the top 25% on the NACIS Code industry. The actual value of the Benchmark can be found in the legend being the number in r ctgpy gugu (). The Green Line Is this company's Goal for this metric. Cu"Note: On the very first report the Goal is set for the company at the top 10% on the NACIS Code industry or the best-in-class. And Finally there is a linear Trend Line shown in Blue that calculates how the company is trending on this metric with the right arrow tip predicting where next month could be based on the trending values.