



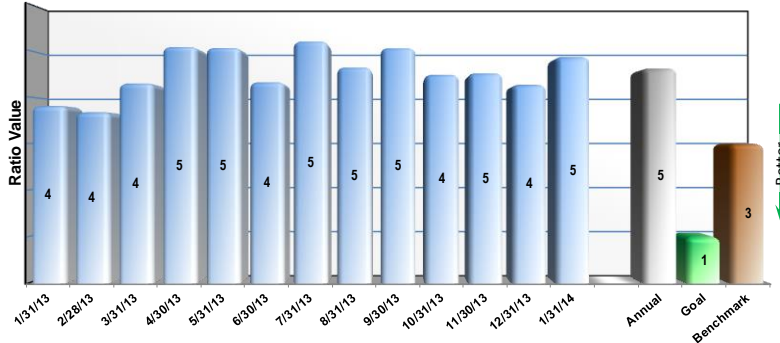
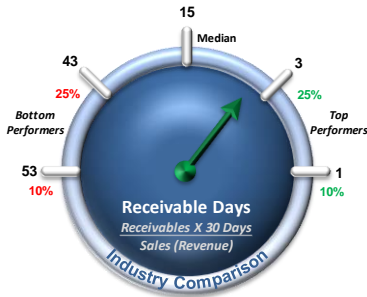
## Trend Charts

### Asset Management Ratios - Cash Conversion Cycle Elements

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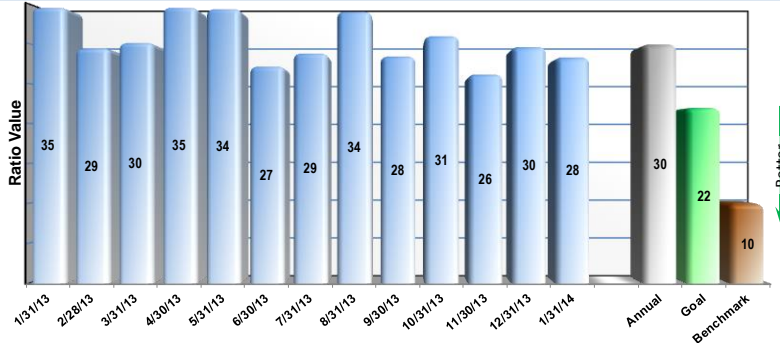


#### Receivable - Days: Average time customers take to pay



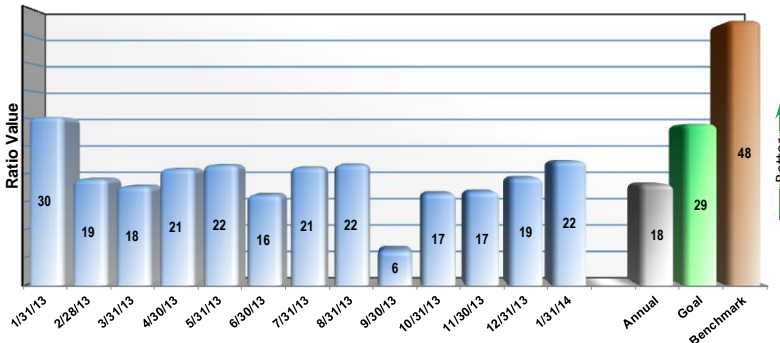
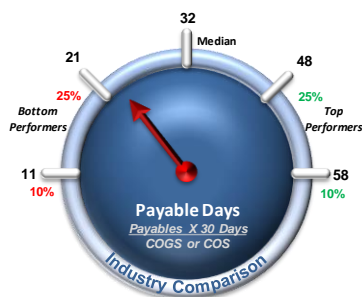
Performance to Goal: Accounts Receivable is 4 days over the Goal of 1 days with a \$28,187 negative cash impact.

#### Inventory - Days: Average days inventory remain in stock



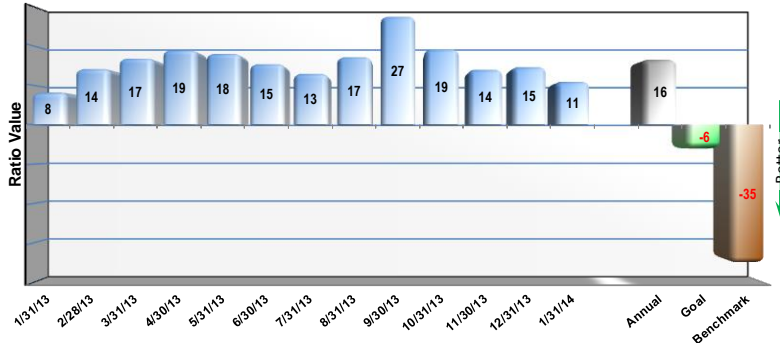
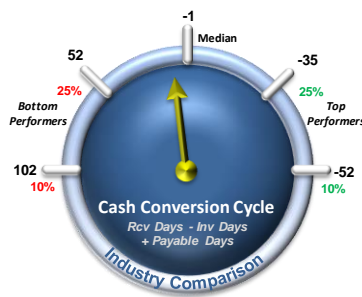
Performance to Goal: Inventory is 6 days over the Goal of 22 days with a \$11,348 negative cash impact.

#### Payable - Days: Average days to pay suppliers



Performance to Goal: Payments are 7 days faster than the Goal of 29 days with a \$11,838 negative cash impact.

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



Performance to Goal: The Cash Conversion Cycle is 11 days over the Goal of -6 days.

NOTE: Benchmark in charts is set to Top 25% (Quartile) of this industry NACIS code: 521210

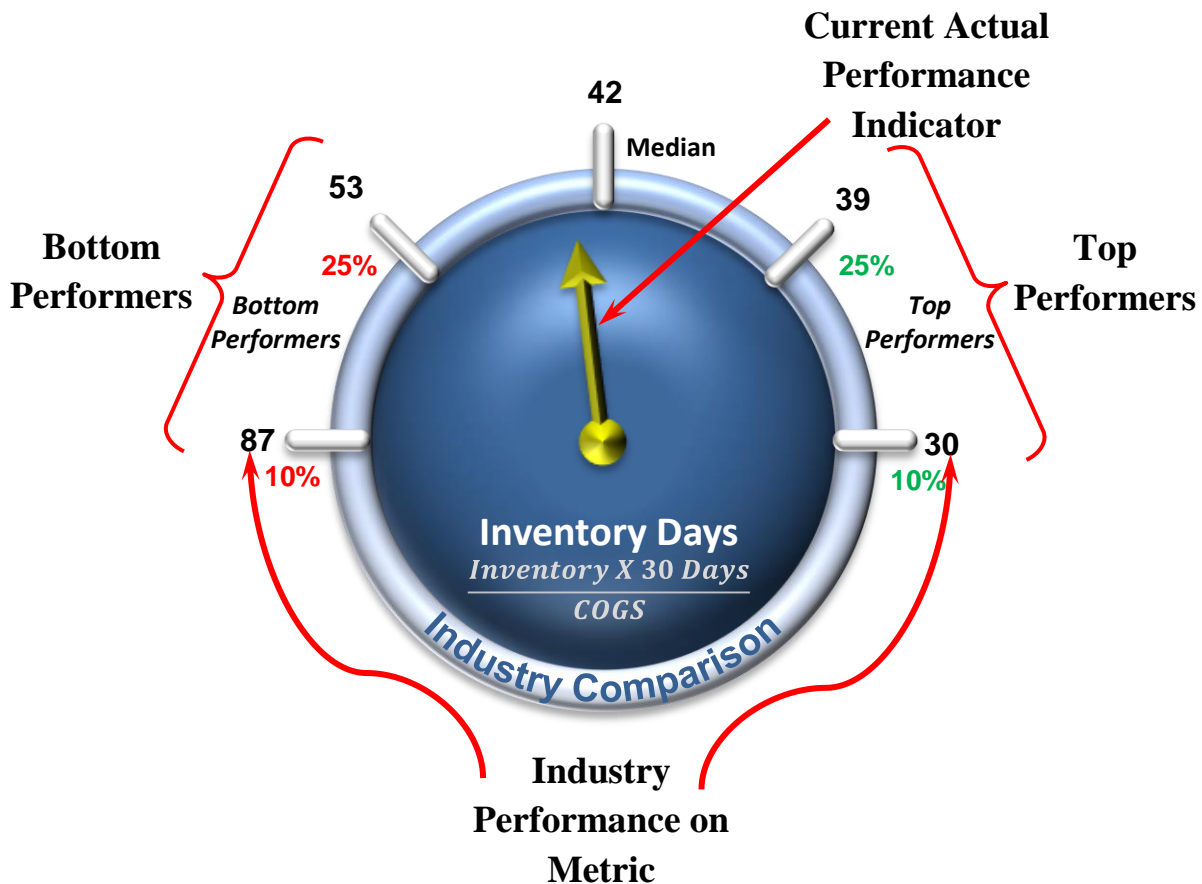
More Information

## Asset Management – Cash Conversion Cycle Elements

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 owed to 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 Scorecard page of the report. The earlier Scorecard 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).



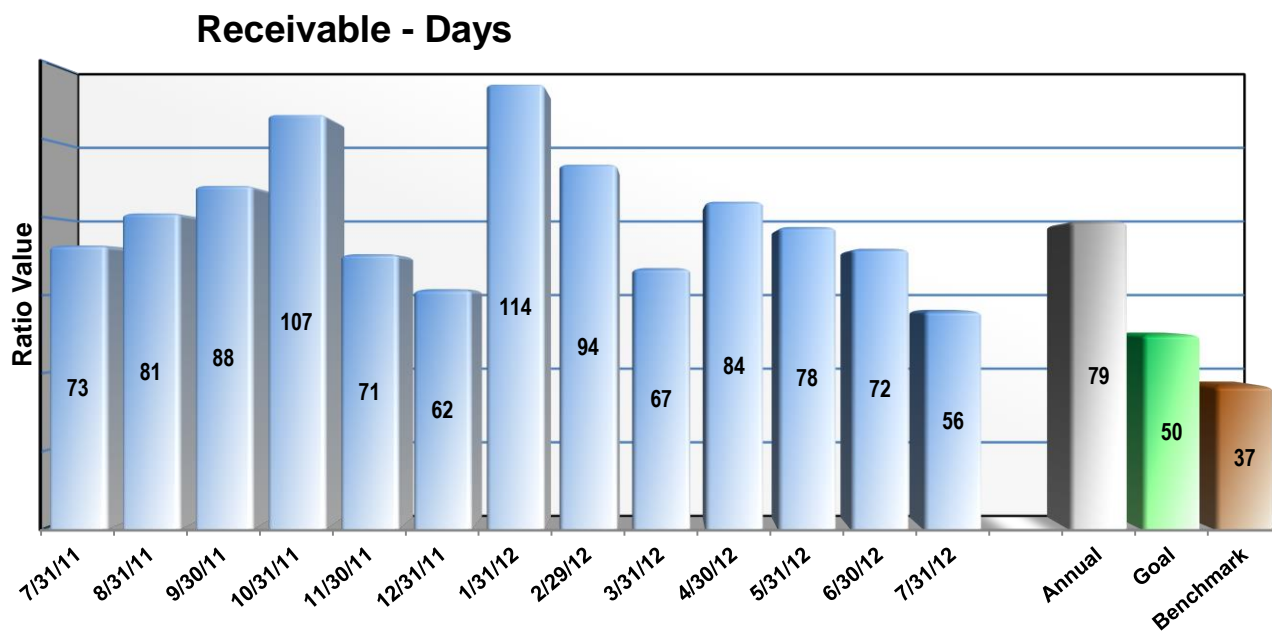
The meters (as shown above) are an indicator of where the company stands against their industry. The meter shows the data for your industry based on the NAICS code provided when a report is run. The right side of the meter shows the Top Industry Performers with the top 25% (in this case 39 Days) and 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 *last* group of metrics on the Scorecard table.

**The definitions for these metrics are as follows:**

**Receivable Days**



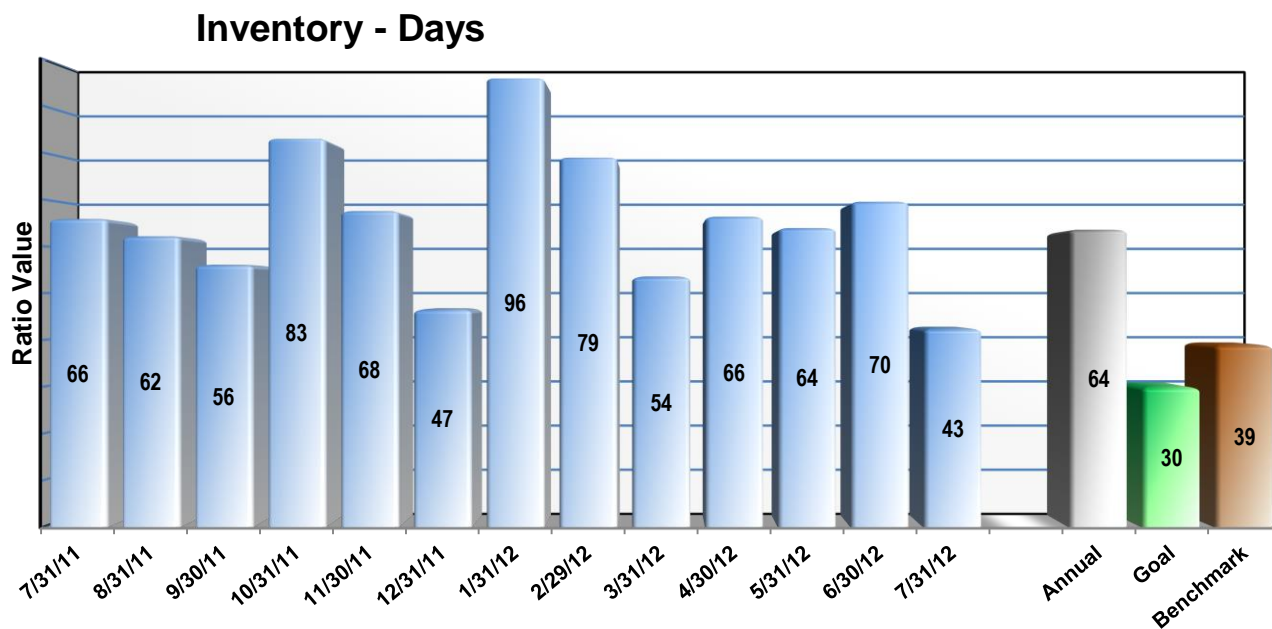
**Performance to Goal: Accounts Receivable is 6 days over the Goal of 50 days with a \$70,687 negative cash impact.**

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:

$$Receivable\ Days = \frac{365}{Accounts\ Receivable\ Turnover}$$

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 \$70,687 Cash Impact from not meeting the goal. That means if the company met the Receivable Days goal, they would have \$70,687 more money in the bank.

## Inventory Days



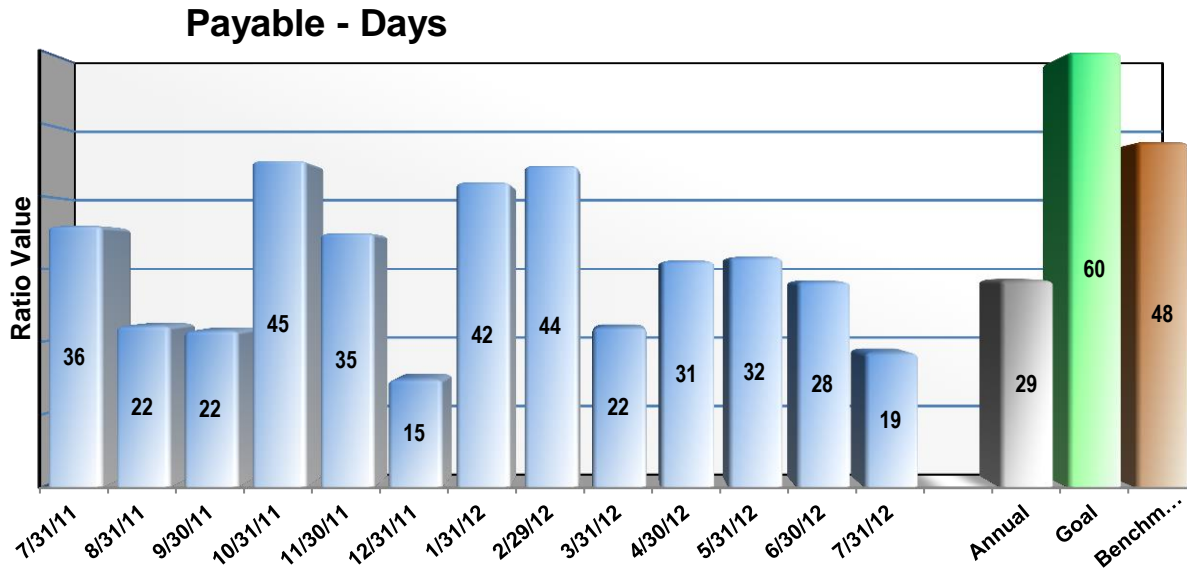
**Performance to Goal: Inventory is 13 days over the Goal of 30 days with a \$104,234 negative cash impact.**

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:

$$\text{Inventory Days} = \frac{365}{\text{Inventory Turnover}}$$

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 \$104,234 Cash Impact from not meeting the goal. This means that if the company met the Inventory Days goal, they would have \$104,234 more money in the bank.

## Payable Days



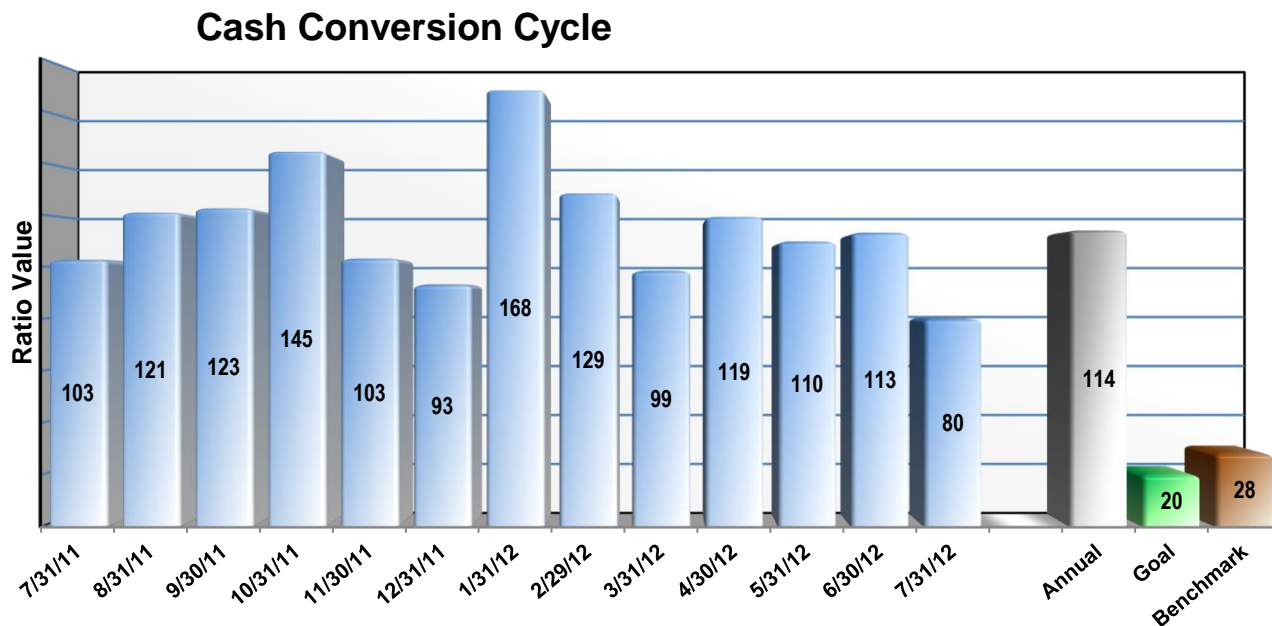
**Performance to Goal: Payments are 41 days faster than the Goal of 60 days with a \$345,130 negative cash impact.**

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

$$\text{Payable Days} = \frac{365}{\text{Accounts Payable Turnover}}$$

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 \$104,234 Cash Impact from not meeting the goal. This means that if the company met the Payable Days goal, they would have \$104,234 more money in the bank.

## Cash Conversion Cycle (CCC)



**Performance to Goal: The Cash Conversion Cycle is 60 days over the Goal of 20 days with a \$520,051 negative cash impact.**

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.

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

The bottom of the Payable Days section indicates the Cash differential the company is currently experiencing versus where they would be if the goal was met. In this example there is a \$520,051 Cash Impact from not meeting the goal. That means if the company met the Payable Days goal, they would have \$520,051 more money in the bank.