

# ProfitCents University

*Industry Data to Jumpstart Advisory Services*

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SPRING 2022

COURSE  
100

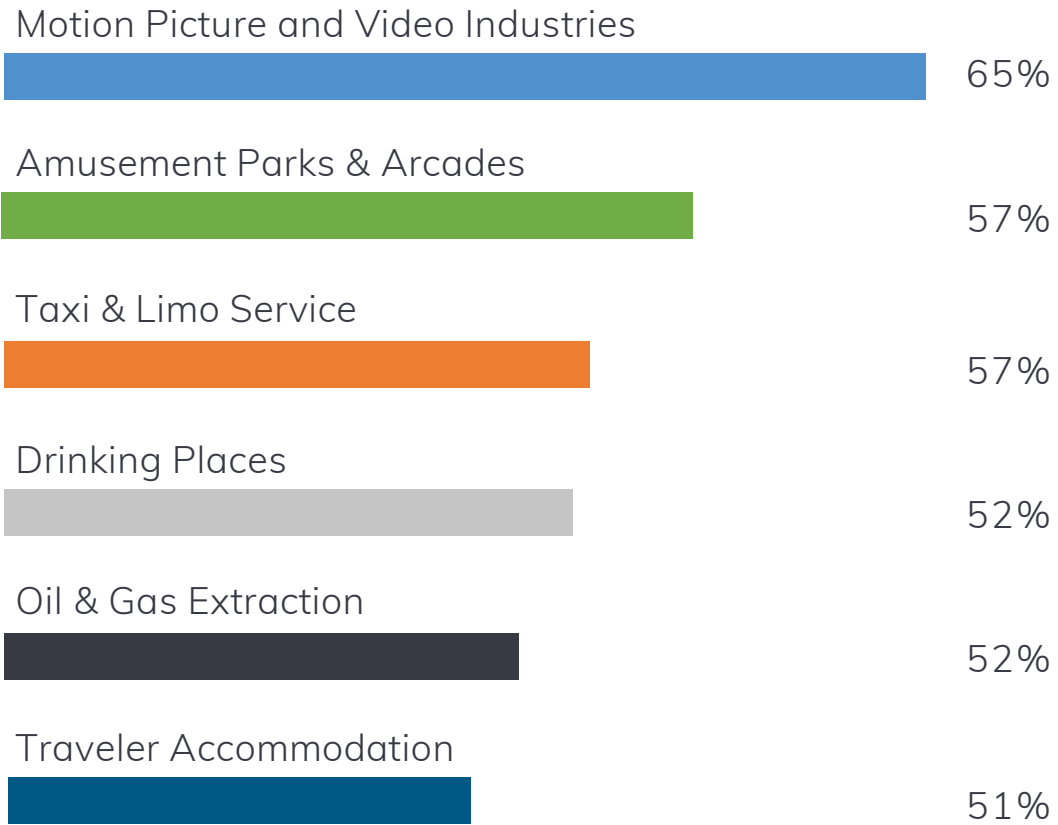


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# Introductory Survey

What were the fastest growing industries (in sales %) of 2021?



# 2021 Industry Growth



Course 100  
**Agenda**

**1**

**PCU Overview**

*Learn about our 3-part series*

**2**

**Presenters**

*Get to know your Client Success Team*

**3**

**PCU 100**

*Leveraging Industry Data for Client Opportunities*

**4**

**Case Study**

*Join Craig Andrews to talk about utilizing ProfitCents*

**5**

**Moving Forward**

*How can your CSM team be a partner*

# Series Overview



Industry Data to Jumpstart Advisory Services

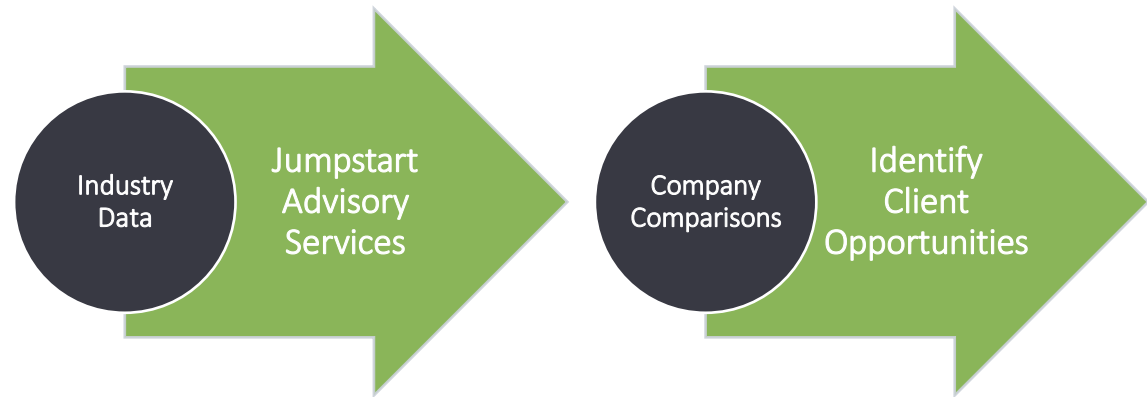


Engagements Built on Strategic Ratio Analysis and Forecasting



Building Advisory Beyond the Numbers

# Course 100



# Today's Presenters

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**Kristina Vidal**

*Senior Client Success Manager*

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**Cindy Thompson**

*Client Success Manager*

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**Paul Savage**

*Director of Client Services*

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# Where are we heading?

## 5 Key Insights



### Buyers and Challenges

Willingness to pay more when challenges are being addressed.



### Advisory Services

The biggest opportunity for revenue growth.



### Buyers and Priorities

Demonstrate value by tackling most needed services.



### Automation and Price

Communication, communication, communication.

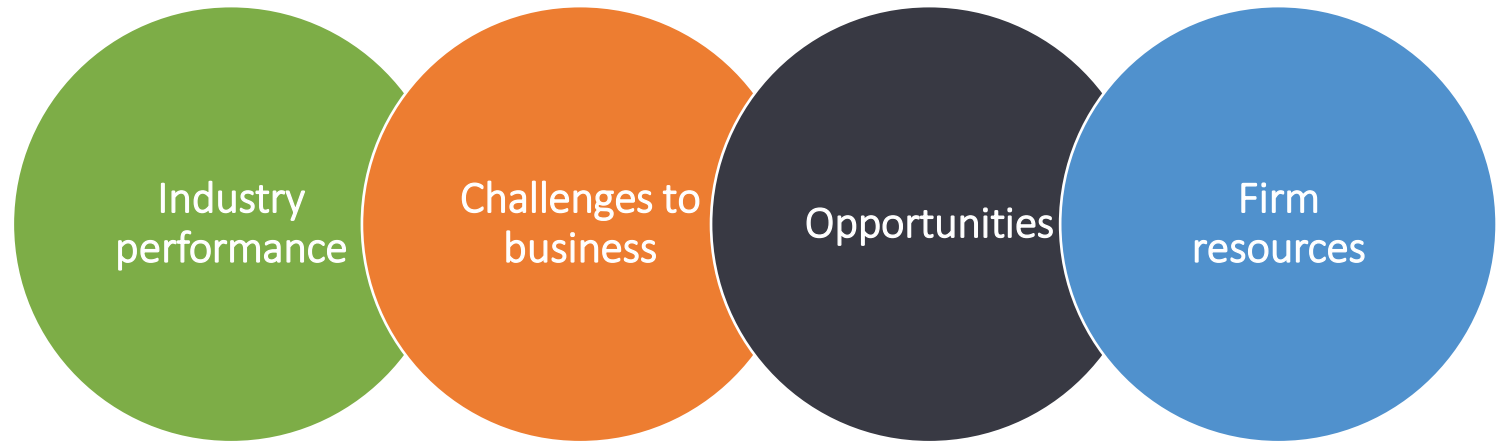


### Value Pricing and Benefits

Transparency while highlighting firm expertise.



# Answering the Questions?



# Leveraging Industry Data



Become an industry expert



Carve a vertical niche



Resonate with business owners



Provide relevance

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Industry: 2361 - Residential Building Construction  
Sales Range: All Sales Ranges  
Location: All Areas  
Prepared On: 3/10/2022

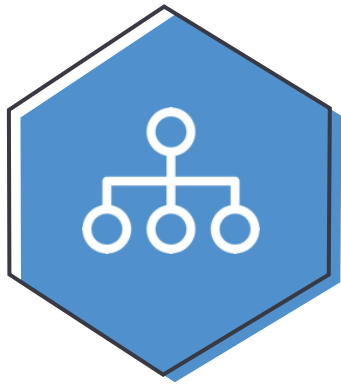
## INDUSTRY FINANCIAL DATA AND RATIOS

Average by Year (Number of Financial Statements)

Financial Metric	Last 12 Months (1,019)	2021 (1,055)	2020 (5,203)	Last 5 Years (35,180)	All Years (103,106)
Current Ratio	3.04	3.04	3.01	2.99	2.85
Quick Ratio	1.60	1.62	1.41	1.34	1.30
Gross Profit Margin	30.26%	30.15%	30.49%	29.73%	29.37%
Net Profit Margin	11.81%	11.75%	8.52%	5.94%	3.93%
Inventory Days	149.54	146.91	121.56	121.57	125.31
Accounts Receivable Days	24.45	25.98	19.14	15.26	16.22

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# Key Components of *Industry Data*



Industry Trends  
and Growth  
Metrics



Industry  
Recommendations



Common Size  
Statements



Key-Performance  
Indicators

# Industry Trends



Leverage 3 million+ sets of data



Multiple periods of analysis



Geographic and revenue filters

INDUSTRY FINANCIAL DATA AND RATIOS					
<a href="#">View Formula Key</a>					
Average by Year (Number of Financial Statements)					
Financial Metric	Last 12 Months (1,150)	2021 (1,238)	2020 (5,157)	Last 5 Years (36,738)	All Years (119,034)
Current Ratio	4.33	4.34	3.72	2.96	2.58
Quick Ratio	3.72	3.71	2.87	2.11	1.76
Gross Profit Margin	63.32%	63.07%	62.82%	62.15%	60.42%
Net Profit Margin	13.64%	13.61%	1.41%	2.92%	2.41%
Inventory Days	14.11	13.80	15.00	13.73	13.84
Accounts Receivable Days	0.69	0.70	0.53	0.47	0.48
Accounts Payable Days	14.92	15.00	16.31	15.30	17.04
Interest Coverage Ratio	18.18	17.95	7.79	10.26	9.78
Debt-to-Equity Ratio	2.62	2.68	3.70	3.22	3.20
Debt Service Coverage Ratio	11.67	11.66	5.01	6.30	6.12
Return on Equity	85.04%	81.68%	52.03%	54.08%	48.48%
Return on Assets	42.90%	42.51%	15.71%	22.39%	18.73%
Gross Fixed Asset Turnover	4.10	4.14	3.55	3.93	3.87
Sales per Employee	\$71,041	\$71,041	\$43,135	\$62,946	\$54,523
Profit per Employee	\$7,729	\$7,729	\$315	\$4,285	\$2,326

# Industry Recommendations

## COMPANY-SPECIFIC / INDUSTRY RECOMMENDATIONS

### LIQUIDITY

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*What are some potential ways to improve the company's ability to meet obligations as they come due?*

- ▶ Set longer terms for Accounts Payable when possible and allowable by the vendor. For example, increase a 30-day payment window to 60 days.
- ▶ Set up contracts that allow as much collection up-front as possible for large jobs. This will ensure that the job is being completed with funds provided by the customer.
- ▶ Complete jobs on a timely basis. If completion takes longer than expected, soft costs such as interest and penalties can start to drain cash from the business.
- ▶ Bill customers slightly earlier to accelerate the collection process, which can significantly improve the cash position. Consider billing based on progress toward completing the house. Generally, receiving payments at the rate that services are performed is ideal.
- ▶ Keep an accurate payables schedule on a week-by-week basis. This can help to determine what payments need to be made each week in order to avoid late charges and double billings.



Industry-specific



Liquidity, profitability or sales-based



Customizable to performance

# Key Performance Indicators(KPIs)

Industry-Specific Metric	Last 12 Months	2021	2020	Last 5 Years	All Years
Food Costs to Sales	30.10% (73)	30.20% (81)	28.10% (114)	27.40% (676)	27.30% (3189)
Sales per Seat	\$12,094 (3)	\$12,094 (3)	\$10,214 (7)	\$13,294 (51)	\$11,796 (852)
Direct Labor Ratio	30.10% (56)	30.00% (65)	30.30% (82)	29.30% (452)	28.40% (1426)
Food Costs to Food Sales	35.70% (65)	36.00% (73)	34.70% (85)	35.10% (523)	35.10% (2185)
Beverage Costs to Beverage Sales	24.00% (58)	23.90% (66)	24.60% (71)	25.80% (447)	27.80% (1798)
Revenue per Employee	\$58,171 (6)	\$58,171 (6)	\$39,653 (18)	\$62,149 (137)	\$54,473 (3750)
Beverage Costs to Sales	4.00% (70)	4.00% (78)	4.90% (95)	5.60% (536)	6.30% (1990)



Almost 1100 industries represented



Relevance to management teams



Additionally includes non-financial data points

# Common Size Statement

INDUSTRY DATA COMMON SIZE					
What Is Common Size?	Average by Year (Number of Financial Statements)				
Income Statement	Last 12 Months (1,150)	2021 (1,238)	2020 (5,157)	Last 5 Years (36,738)	All Years (119,034)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	36.68%	36.93%	37.18%	37.85%	39.58%
Gross Profit	63.32%	63.07%	62.82%	62.15%	60.42%
Depreciation	0.92%	0.91%	1.68%	1.88%	2.01%
Overhead or S,G,& A Expenses	40.02%	39.78%	46.58%	43.60%	42.95%
Other Operating Income	0.00%	0.00%	0.01%	0.02%	0.02%
Other Operating Expenses	8.33%	8.33%	12.37%	12.91%	12.16%
Operating Profit	14.03%	14.01%	2.16%	3.75%	3.29%
Interest Expense	0.43%	0.43%	0.72%	0.74%	0.79%
Other Income	0.06%	0.06%	0.06%	0.04%	0.04%
Other Expenses	0.03%	0.03%	0.09%	0.14%	0.12%



Financial and operational review of performance within an industry



Income statement presented as a % of sales



Balance sheet presented as a % of assets

# Knowledge Check

- Industry Data

- Generate report

- Add a geographic filter

- Filter by revenue range

- Download into Word



Home > Reports > Industry Data

### Search

Search for a keyword or a NAICS code   NAICS

**Industry Data** | Cover Page | General

KPIs  NO [Which industries are covered?](#)

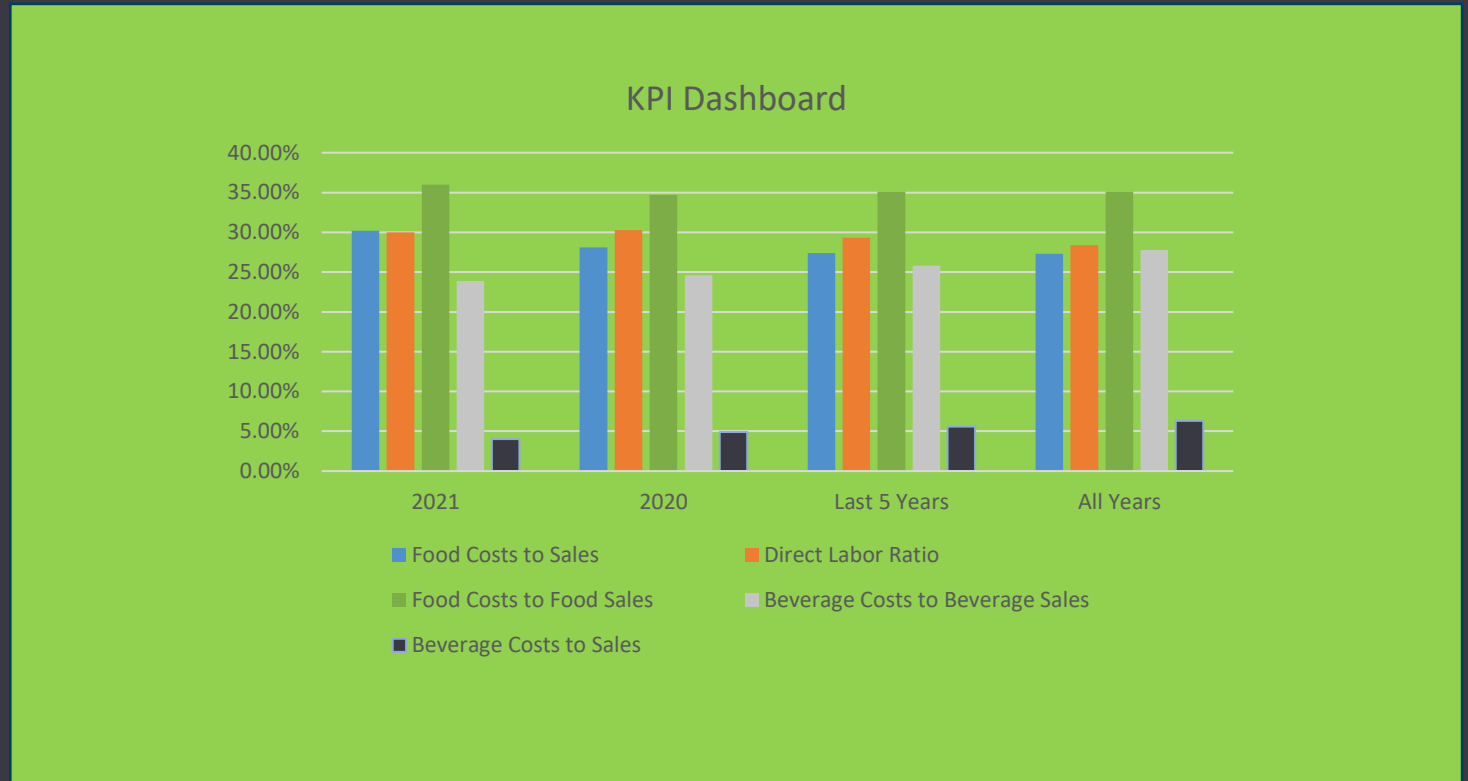
Geographic Filter  Region  State

Sales Range



# ProfitCents Pro Trick

Create Dashboards



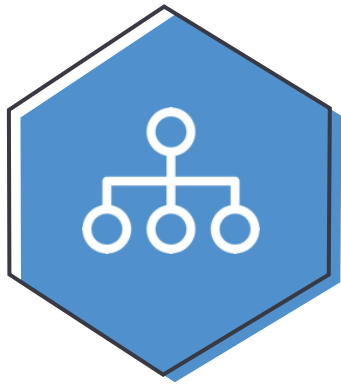
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## Industry Data Survey

How do you utilize industry data currently?

# Key Components of *Industry Data with Company Comparison*



Compare client and industry performance



Deepen client understanding



Identify opportunities



Develop a course

# Strengths and Weaknesses



Track across single or multi-periods



Identify industry challenges, while comparing client performance



Top 20/bottom 20% ratio analysis

Report prepared for: Main Street Pharmacy  
Industry: 446110 - Pharmacies and Drug Stores  
Sales Range: Yearly sales \$10 Million to \$50 Million  
Comparing To: Private Company Data  
Current Location: All Areas

### INDUSTRY FINANCIAL DATA AND RATIOS

Green: Company metrics highlighted in green are within the top 20% of the industry.  
Red: Company metrics highlighted in red are within the bottom 20% of the industry.

[View Formula Key](#)

Financial Metric	Company Data	Industry Data (Number of Financial Statements)			
		Recent 12 Months (23)	Distance from Industry	2021 (23)	2000-Present (1996)
Current Ratio	0.78	4.24	-82%	4.24	3.18
Quick Ratio	0.20	2.71	-92%	2.71	1.75
Gross Profit Margin	32.40%	27.61%	17%	27.57%	24.92%
Net Profit Margin	12.34%	6.64%	86%	6.77%	3.60%
Inventory Days	53.56	32.84	63%	32.50	34.26
Accounts Receivable Days	3.67	25.40	-86%	25.46	24.82
Accounts Payable Days	93.73	21.03	346%	20.95	26.69

# Conversation Starters

- ✓ Pose the question
- ✓ Response pivoting
- ✓ Action plan creation



# Knowledge Check

- Company Comparison
  - Generate report
    - Add KPIs
      - Turn on recommendations
      - Download into a PDF



Home > Reports > Industry Data

### Search

Search for a keyword or a NAICS code    NAICS

KPIs  NO [Which industries are covered?](#)

Geographic Filter

Sales Range  ▼

# ProfitCents Pro Trick

Utilize ETRR

Electronic Tax Return Reader





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## Case Study

How do you leverage industry data?

Craig Andrews – Owner - Apex ROI



# Four Sights



## Hindsight

Willingness to pay more when challenges are being addressed.



## Oversight

The biggest opportunity for revenue growth.

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## Insight

Communication, communication, communication.



## Foresight

Transparency while highlighting firm expertise.

# Success is a Partnership

Your Client Success Team is your ProfitCents Partner



## Custom Training

Work with your CSM to create custom sessions designed to meet the needs of you, your teams, and firm.

## Firm Goals

Identify and document firm/advisor goals for ProfitCents. Create a roadmap to meet targets.

## Track Usage

Set up usage reports, to check adoption, based on predetermined timelines.

## QBRs

Schedule quarterly, bi-annual or annual business reviews to monitor adoption, check goals, address obstacles and share best practices.

Thank You



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