

IMAX Business Analysis

The Imax Business Analysis Tool (IBAT) produces a **functional OPERATING** analysis of your business. This is not a rehash or precise of financials. Rather this becomes a working document for what changes are required in simple steps.

Key Benefits

- Rating your Current Financial position
- Comparison to a Benchmark
- Key operating variables for business change
- Measuring improved performance

Example Pty Ltd

Imax Analysis Tools Score Sheet For Example Pty Ltd								
#	Category	Actual Figures	Benchmark	Points Scored				
				Excellent	Good	Par	Poor	Disgraceful
1	Cost of Sales - Percentage to Sales	80.0	70%	0	0	0	0	-1
2	Gross Profit - Percentage to Sales	20.0	30%	0	0	0	0	-1
3	Operating Expenses - Percentage to Sales	15.0	13%	0	0	0	0	-1
4	Profit Before Tax - Percentage to Sales	4.2	15%	0	0	0	0	-1
5	Total Gross Wages & Salaries - Percentage to Sales	42.0	35%	0	0	0	0	-1
6	Current Ratio	0.93	1.80	0	0	0	0	0
7	Cash Ratio	-0.28	1.00	0	0	0	0	-1
8	Debt Ratio	0.47	0.30	0	0	0	0	-1
9	Debt-to-Equity Ratio	-0.44	0.50	0	0	0	0	-1
10	Times Interest Cover	6.13	2.00	3	0	0	0	0
11	Debtor Days	62.05	45.00	0	0	0	0	-1
12	Stock Turns	18.38	4.00	3	0	0	0	0

Learn How To Increase your Profit by \$79,500 and more using the Imax Business Analysis Tool

Using your financial data, we apply our algorithms to present you with a score sheet as follows: Your scores are compared to Good Business Practice Benchmarks and our unique algorithms calculate the relevant score from 3 down to -1. The scores are added up and produce the "Final Score Card."

IMAX Analysis Result			
Final Score Card			
	Score	% of Max Score	Comment on your Score
Par Score	12.00	33%	URGENT HELP REQUIRED
Max Score	36.00		
Your Score	-3	-8%	
The Final Wash-Up			
	Current Position	Your goal	The difference our products make
Profit Before Tax	30,750	110,250	79,500
Cash Position	-35,000	88,196	123,196

Call us now for your own individualised Imax Business Analysis

Example Pty Ltd above has an overall score of -3 out of a possible 36. This company is in desperate need of help. Generally, anything above a Par score is acceptable but gives plenty of room to improve. We set Profit (Blue) and cash position (yellow) goals for the next twelve months.

From this point, we give step by step analysis from the score sheet.

Example Pty Ltd Results	Probable Causes
<p>1</p> <ul style="list-style-type: none"> • Cost of Sales – too high • Your ratio = 80%. Benchmark 70% 	<ul style="list-style-type: none"> a) Direct labour is too high – utilisation is 65% - labour efficiency needs to improve. b) Direct labour cost is \$85 per hour – should be \$75 per hour – Cost reduction c) \$45,000 increase in Profit
<p>2</p> <ul style="list-style-type: none"> • Operating Expenses – too high • Your Ratio =15%.Benchmark = 13%. 	<ul style="list-style-type: none"> • Digital marketing is too high - your spending is not translating into sales. • \$1,500 increase in Profit
<p>3</p> <ul style="list-style-type: none"> • Debtor Days – too high • Your score = 62 Days. Benchmark = 45 Days 	<ul style="list-style-type: none"> a) Review how you collect money from debtors b) \$23,356 improvement to your cash position
<p>4</p> <ul style="list-style-type: none"> • Stock Turns – great result • Your Score = 18.38 turns/year. Benchmark = 4 times 	<ul style="list-style-type: none"> • Improve cash position by \$15,000 by holding less stock at any one time
<p>5</p> <ul style="list-style-type: none"> • Gross Wages & Salaries – too high • Your Score = 42%. Benchmark = 35% 	<ul style="list-style-type: none"> a) A revue of wages and casual wages is required b) \$19,500 can be added to profit

Functional Operating Analysis

1. **Cost of Sales** – your result of 80% compared to the benchmark of 70%.

So what is the problem?

Further to the financial results above, together with other answers from you, we deduce:

- Direct labour is too high – utilisation is 65% - you have a labour efficiency problem
- Value add labour cost is \$85 per hour – should be \$75 per hour. This is due to inefficiencies and cost blowouts as follows:
 - Casual labour requires a 25% reduction in cost.
 - Recruiting costs need a 10% reduction in price.

2. **Operating Expenses** - too high – currently =15%.Benchmark = 13%.

One cost that jumps out is digital marketing. What you are spending is not translating into sales.

3. **Debtor Days** – this measures how efficiently you are collecting money. In this case, it takes 62 days to collect your money from debtors. To improve your cash position, aim for 45 days.

4. **Stock turns** – a top score of 3 – fantastic.

We could possibly look to lowering your inventory on hand.

Cash flow is a big issue for most businesses. Our Analysis provides a step by step approach to improving cash flow.

Presented here is a short but effective snapshot of how our Business Analysis works.

We respond to each line item extensively.

We have demonstrated point by point how we suggest Example Pty Ltd can:

Improve Profit by \$79,500 AND their cash position by \$123,196

What information you need to provide

1. Latest 12 months Profit and Loss – preferably inhouse accounts rather than tax accounts
2. Latest Balance 12 month Balance Sheet – preferably in-house again.
3. Depending on the kind of business, we will ask other questions relating to:
 - a. Value-adding staff numbers and a breakdown of other staff – an org chart usually works.
 - b. Payroll by person for past 12 months
 - c. Core business and what makes your business different
 - d. Distribution structure or marketing plan
 - e. Company structure – i.e. directors/shareholders/trusts
 - f. Accounting package you use
 - g. Customer list with the past twelve months sales per customer

We may have other questions and will advise if we need further information.

Three levels of the Imax Business Analysis Tool

1. Basic Analysis - as this example shows
2. Intermediate Analysis - a lot more in-depth and drills down into a lot more detail. – 3years financials required; incorporates trend analysis
3. Complete Analysis - includes all financials, marketing, operations, and complete budgeting worked from operations back into a financial budget.

Imax has been providing these tools for over 20 years and have collectively over 100 years of experience.

Whatever Level of Analysis you choose your improvement in Profitability and Cashflow would be many times your Investment

Call Michael or Arthur now on 03 9481 6244 or email info@imaxbg.com.au for your own individualised Imax Business Analysis