



## BEST PRACTICES

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# Financial dashboard starter kit

**H**aving a good financial dashboard is among the best practices used by successful companies to make better business decisions. Knowing what parts of your business are working, where your operations are aligned and what needs your attention is essential.

It's not enough to look at a profit-and-loss statement once per month. A financial performance dashboard can help you find new problems and solve them before they require damage control. They also can reveal if your revenue is growing to meet goals or if you need to make a major course correction before incurring potential losses.

Financial performance dashboards are particularly well suited to small business owners who are seeking a process to help benchmark themselves or need a tool to help keep them on track.

There are dashboard technologies that can help you and your departments establish an integrated continuous improvement process, setting measureable goals and translating them into action with less time and fewer resources. The dashboard concept is not limited to owners and finance officers, though. Salespeople need to monitor and track multiple accounts and field managers need a dashboard to manage labor and job costs; every unit needs feedback and analysis that helps it manage and aggregate its data and performance levels better. As an owner you need to know where you stand every day. One of the biggest issues faced by owners is cash flow.

Because there are things you need to know daily, weekly and monthly, it's not uncommon for an owner to have a daily, weekly and monthly dashboard.

### Get started

Since there are as many ideas about what makes the perfect dashboard as there are dashboard tools, consider this useful baseline:

#### A daily dashboard may include:

- › Cash in the bank;
- › Checks received;
- › Payables due or paid;
- › Credit line available; and
- › Head count.

#### A weekly dashboard may include:

- › Direct labor hours worked;
- › Overtime hours worked;
- › Enhancement sales billed;
- › New sales sold;
- › New sales proposed; and
- › Backlog.

**A monthly dashboard may include:** (this also may show the same month in prior year to indicate whether you're doing better or worse year over year):

- › Receivable aging totals;
- › Average age of receivables;
- › Current ratio;
- › Quick ratio;
- › Debt-to-equity ratio;
- › Other ratios that may be part of bank loan covenants such as equity levels etc.;
- › Gross margin;
- › Net profit percentage;
- › Credit line;
- › Monthly revenue by service type;
- › Average hourly wage;
- › Payable days aging;
- › Return on equity, assets or invested capital; and
- › Compounded annual growth rate.

As you can see, it's helpful to have a dashboard so you can judge your company's health in real time. It may help you to sleep better knowing the overall big performance picture—where your company is headed and the challenges you face—rather than worrying about whether you made it through the day without any surprises.