INDEX

Page references followed by $f$ indicate a figure; and page references followed by $t$ indicate a table.

A

Accountability, 392–393

Accounting
  basics, 13–19
  jargon, avoidance, 98
  reports, limitations, 2
  stereotype, overcoming, 110–112

Accounts payable, 312

Accounts receivable, 398–401
  aging schedule, 405, 407–408
  example, 407$t$
  analysis, 55$f$
  assessment, 405–410
  dashboard, 123$f$, 405$f$, 406$f$
  DSO, 390–391
    drivers chart, 405
    example, 399$f$
    improvement, 405–410
  KPIs, 401–410
  past due analysis, 408$t$
  problem resolution, 378
  roll-forward summary, 408–409, 409$t$

Accounts receivable DSO, 51–52

Accretive-dilutive test. See Earnings per share

Accrual accounting, 14–19, 575

Accumulated depreciation, projection, 429$t$–430$t$

Acquisitions, 523–524
  activities, progress, 563
  annualized cost synergies, 564
  challenge, 535–537
  cost reduction, 538
  dashboard, 566$f$
  examination, 563–564
  example, 541$t$
  performance
    problem, 553–554
    synergies/strategic objectives, 435
  potential value, 539
  price, reduction, 552
  process, 559
  purchase price allocation, 433$t$
  sales/synergies, 563
  valuation
    elements, 537–539
    methods/metrics, 539–554
  values (setting), multiples (usage), 522–523
  value, sources, 551$f$

Activity-based measures, 54, 56
### Index

<table>
<thead>
<tr>
<th>Actual development costs, target development costs (contrast), 374</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual product costs, target costs (contrast), 374–375</td>
</tr>
<tr>
<td>Agile (versatile) associate, 209</td>
</tr>
<tr>
<td>Agile employees, percentage, 212</td>
</tr>
<tr>
<td>Agility, 575</td>
</tr>
<tr>
<td>assessment/metrics, 212–214</td>
</tr>
<tr>
<td>business, relationship, 210–211</td>
</tr>
<tr>
<td>dashboards, 213f</td>
</tr>
<tr>
<td>economic cycles, relationship, 210–211</td>
</tr>
<tr>
<td>improvement, 207f</td>
</tr>
<tr>
<td>measurement/factors, 7, 193</td>
</tr>
<tr>
<td>(See also Business agility) three-part process, 205f</td>
</tr>
<tr>
<td>Amazon, performance trends, 241f</td>
</tr>
<tr>
<td>Amortization, 15, 542, 575</td>
</tr>
<tr>
<td>Analysis</td>
</tr>
<tr>
<td>credibility/objectivity, 93</td>
</tr>
<tr>
<td>evaluation, 102–105</td>
</tr>
<tr>
<td>examples, reading/collection, 91–92</td>
</tr>
<tr>
<td>flow, 79</td>
</tr>
<tr>
<td>inventory/assessment, 104f</td>
</tr>
<tr>
<td>Analytical capability, building, 6, 89</td>
</tr>
<tr>
<td>Analytical models</td>
</tr>
<tr>
<td>accuracy/reasonableness, 79</td>
</tr>
<tr>
<td>development, 6, 71</td>
</tr>
<tr>
<td>best practices, 74–81</td>
</tr>
<tr>
<td>robustness/flexibility, 78–79</td>
</tr>
<tr>
<td>Analytical reports, usage, 416, 418</td>
</tr>
<tr>
<td>Analytical skills, inadequacy, 90</td>
</tr>
<tr>
<td>Analytical tools/concepts, 6, 43</td>
</tr>
<tr>
<td>Analytical tools, repository/portfolio (maintenance), 97</td>
</tr>
<tr>
<td>Analytical works</td>
</tr>
<tr>
<td>incompleteness/ineffectiveness, 570</td>
</tr>
<tr>
<td>portfolio maintenance, 92</td>
</tr>
<tr>
<td>Analytics, 3, 575</td>
</tr>
<tr>
<td>Annualized cost synergies, 564</td>
</tr>
<tr>
<td>Annual operating plan, 250</td>
</tr>
<tr>
<td>Annual plan process, evaluation, 276–277</td>
</tr>
<tr>
<td>Annual reports, usage, 229–230</td>
</tr>
<tr>
<td>Annual sales, 402</td>
</tr>
<tr>
<td>Annuity in perpetuity</td>
</tr>
<tr>
<td>present value, 447–448</td>
</tr>
<tr>
<td>value, 447</td>
</tr>
<tr>
<td>Apple, performance, 197f</td>
</tr>
<tr>
<td>trends, 240f</td>
</tr>
<tr>
<td>Artificial intelligence (AI), usage, 3</td>
</tr>
<tr>
<td>Assets, 575</td>
</tr>
<tr>
<td>business decisions, 428</td>
</tr>
<tr>
<td>equation, 17t</td>
</tr>
<tr>
<td>impairment history, 432–433</td>
</tr>
<tr>
<td>inventory, 426–427</td>
</tr>
<tr>
<td>levels, 255</td>
</tr>
<tr>
<td>management, example, 390f, 422f</td>
</tr>
<tr>
<td>turnover, 28, 196, 365, 396, 575</td>
</tr>
<tr>
<td>utilization measure, 25–28, 368</td>
</tr>
<tr>
<td>utilization review, 426–427, 427t write-offs, 432–433, 563</td>
</tr>
<tr>
<td>Assumptions/drivers, identification, 76</td>
</tr>
<tr>
<td>Auction process, usage, 561–562</td>
</tr>
<tr>
<td>Audiences</td>
</tr>
<tr>
<td>knowledge, 113–115</td>
</tr>
<tr>
<td>presentations, 115</td>
</tr>
<tr>
<td>Average days to fill open positions, 380</td>
</tr>
<tr>
<td>Average selling prices (ASPs), 339, 356</td>
</tr>
</tbody>
</table>

#### B

<p>| Backlog, 575 |
| analysis, 350f |
| Back-office activities, quality, 378 |</p>
<table>
<thead>
<tr>
<th>Balance sheet</th>
<th>13, 16, 285, 575</th>
</tr>
</thead>
<tbody>
<tr>
<td>cash flow, relationship</td>
<td>312, 315</td>
</tr>
<tr>
<td>DBO supporting schedule</td>
<td>298$t$–299$t$</td>
</tr>
<tr>
<td>Bar chart</td>
<td>127, 128$f$</td>
</tr>
<tr>
<td>Base case</td>
<td>112, 261, 489</td>
</tr>
<tr>
<td>Base forecast</td>
<td>335, 530</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>54, 56, 59, 182, 575</td>
</tr>
<tr>
<td>perspective, expansion</td>
<td>234$f$</td>
</tr>
<tr>
<td>summary</td>
<td>243$t$, 532$t$</td>
</tr>
<tr>
<td>target worksheet</td>
<td>243$t$</td>
</tr>
<tr>
<td>top-level benchmarking</td>
<td>238</td>
</tr>
<tr>
<td>usage</td>
<td>307</td>
</tr>
<tr>
<td>Benchmarks</td>
<td></td>
</tr>
<tr>
<td>comprehensive analysis</td>
<td>236$t$–237$t$</td>
</tr>
<tr>
<td>information, usage</td>
<td>59</td>
</tr>
<tr>
<td>types</td>
<td>239, 242</td>
</tr>
<tr>
<td>usage</td>
<td>242</td>
</tr>
<tr>
<td>Benefit-cost ratio (BCR)</td>
<td>476</td>
</tr>
<tr>
<td>Best delivery method, selection</td>
<td>116–117</td>
</tr>
<tr>
<td>Best possible DSO (BPDSO)</td>
<td>398, 405</td>
</tr>
<tr>
<td>estimate</td>
<td>404$t$</td>
</tr>
<tr>
<td>Best potential DSOs</td>
<td>398, 403–404</td>
</tr>
<tr>
<td>Best practices</td>
<td>7, 74–81</td>
</tr>
<tr>
<td>checklist</td>
<td>103$t$</td>
</tr>
<tr>
<td>review</td>
<td>99, 102</td>
</tr>
<tr>
<td>transference</td>
<td>539</td>
</tr>
<tr>
<td>Beta</td>
<td>454–459, 575</td>
</tr>
<tr>
<td>Bias, reduction</td>
<td>111</td>
</tr>
<tr>
<td>Big picture/client perspective</td>
<td>79</td>
</tr>
<tr>
<td>Blockbuster (BBI)</td>
<td>196</td>
</tr>
<tr>
<td>comparative performance</td>
<td>198$f$</td>
</tr>
<tr>
<td>Board of directors</td>
<td></td>
</tr>
<tr>
<td>communication</td>
<td>188</td>
</tr>
<tr>
<td>presentations</td>
<td>114–115</td>
</tr>
<tr>
<td>Bond valuation, example</td>
<td>446$f$</td>
</tr>
<tr>
<td>Book value</td>
<td>30–33, 423, 458, 575</td>
</tr>
<tr>
<td>Bottom-up process/top-down process</td>
<td></td>
</tr>
<tr>
<td>balance</td>
<td>253–254</td>
</tr>
<tr>
<td>Breakeven analysis</td>
<td>576</td>
</tr>
<tr>
<td>example</td>
<td>493$t$</td>
</tr>
<tr>
<td>point</td>
<td>67</td>
</tr>
<tr>
<td>sales level</td>
<td>212, 368</td>
</tr>
<tr>
<td>Budgeting</td>
<td>250</td>
</tr>
<tr>
<td>planning</td>
<td>99</td>
</tr>
<tr>
<td>problems</td>
<td>268, 271</td>
</tr>
<tr>
<td>process</td>
<td>267–271</td>
</tr>
<tr>
<td>Budget process, example</td>
<td>248$f$</td>
</tr>
<tr>
<td>Budgets</td>
<td>267</td>
</tr>
<tr>
<td>cycle</td>
<td>379</td>
</tr>
<tr>
<td>documentation/review</td>
<td>283</td>
</tr>
<tr>
<td>process</td>
<td></td>
</tr>
<tr>
<td>example</td>
<td>268$f$</td>
</tr>
<tr>
<td>output</td>
<td>271</td>
</tr>
<tr>
<td>roll-up, example</td>
<td>270$f$</td>
</tr>
<tr>
<td>Business</td>
<td></td>
</tr>
<tr>
<td>agility/economic cycles</td>
<td></td>
</tr>
<tr>
<td>relationship</td>
<td>210–211</td>
</tr>
<tr>
<td>case, usage</td>
<td>467</td>
</tr>
<tr>
<td>decisions (evaluation), P&amp;L/EPS (usage)</td>
<td>263</td>
</tr>
<tr>
<td>description</td>
<td>229</td>
</tr>
<tr>
<td>drivers</td>
<td>571</td>
</tr>
<tr>
<td>critical assumptions, identification/modeling</td>
<td>308</td>
</tr>
<tr>
<td>identification</td>
<td>272, 284–285</td>
</tr>
<tr>
<td>planning/analysis</td>
<td>8</td>
</tr>
<tr>
<td>forecasts</td>
<td>277</td>
</tr>
<tr>
<td>evolution</td>
<td>277, 279, 282</td>
</tr>
<tr>
<td>preparation</td>
<td>459, 461</td>
</tr>
<tr>
<td>summarization/presentation</td>
<td>297</td>
</tr>
<tr>
<td>information, presentation/communication</td>
<td>91</td>
</tr>
<tr>
<td>maturity</td>
<td>93</td>
</tr>
<tr>
<td>model, testing</td>
<td>367–368</td>
</tr>
<tr>
<td>orientation, absence</td>
<td>90</td>
</tr>
</tbody>
</table>
Business (continued)
Business outlook, 72–73,
   184–185, 250–251, 277, 576
architecture map, 286f
critical drivers, 285f
horizon, 281f
implementation, 282, 284
summarization/presentation,
   297
perspective, development, 94
planning/projections, 248–251
problems, 343
projections/plans, 7, 247
unit accountability dashboard,
   186f
valuation, 8, 74, 507
value, estimation, 508–517
Business agility
   defining, 205–209
   increase, 214
   measurement/factor, 204–214
Business model, 59, 576
   benchmark, company
      reports/SEC filings basis, 63t
   building, 262–263
   concept, limitations, 68–69
development, 210, 211
   example, 60t, 61t
   framework, 60–62
   homogeneity, 65t
   review, 62
   usage, 264f
   variability, relationship, 66–68
   variation, 62–64, 65t
Business performance, 99
   quality, impact, 377–379
   visibility, increase, 4
Business Performance Management
   (BPM), 7, 91
   accountability, 144
   assessment, 138
   content, measurement, 145–147
defining, 138–144
development/enhancement,
   144–155
execution, 141, 143
execution planning, 139–141
goal setting, 139
implementation, 165
management processes,
   integration, 183–189
mistakes, avoidance, 189–191
monitoring, 143–144
objectives
   defining, 145
   focus, 158
periodic review/revision, 188–189
principle, 160–161

C
Canned dashboards, usage,
   157–158
Capital
   approval process, 424–425
   asset intensity at cost (fixed asset
turnover at cost), 432
   assets, 316t, 389, 576
      intensity (fixed asset turnover),
         28, 431
   budgeting, 500–502
   depreciation, 428–431
   drivers, cost, 450–452, 451f
effectiveness, 528, 576
   example, 422f
   shareholder value driver, 148,
      153
   efficiency, example, 390f
   intensity, 421–423, 576
   KPIs, 431–433
management, 8
cash flow, relationship, 389,
   421
importance, understanding,
   392
plan, ranking, 503t
post implementation review, 425–426
process, effectiveness, 422–423
rationing, 500–502
reinvestment rate, 432
requirements, 312, 428
review, 424–425
Capital asset pricing model (CAPM), 486
Capital, cost of, 8, 255, 441, 449–458, 528, 576
dashboard, 460f, 461
estimation, 452–453
manager reduction, 456–458
reduction, 457
shareholder value driver, 148, 153
value, sensitivity, 450f
Capital expenditures
integration, 428
manufacturing project, 479t–480t
pharmaceutical product development, 481t–482t
Capital investment decisions (CIDs), 8, 91, 99, 251, 306–307, 485
components, 470
concepts, 465
impact, 73–74
presentation, 499–500
process, effectiveness (evaluation), 502–505
risk/uncertainty, impact, 485–499
role, 571
Capital investment proposal (CIP), 483
components, 424–425, 425f
Capital investments, 500f
allocation, 502t
economic merits, evaluation, 469–478
examples, 471–472, 478–483
implementation plan, 467–468
process, 466–469, 466f
projection, 428–431
projects
executive review, 468–469
monitoring, 483
review, 504t
Capital structure, 576
financial policy, relationship, 457f
measures, 29–31
Capsule financials, 317t–318t
Cash balances, excess, 436–437
Cash effectiveness (CE%), 34
example, 34t
Cash flow, 8
balance sheet, relationship, 315
capital management, relationship, 389, 421
DBO supporting schedule, 298t–299t
discounting, 514
estimation, 469–472
initial investment, 470
multiples, 544–545
projections, 73, 297
statement, 18t, 576
Cash generation/requirements, 33–35
Cash management lag (CML), 401, 405
Cause-and-effect relationships, 161
Center of excellence, creation, 95
Chief executive officers (CEOs), presentations, 113–114
Churn rate, 345–346
Circular reference, 524
Client interviews, 99
Client surveys, 99, 105–106
Closing cycle, 96, 379–380
Collection activities, 256
<table>
<thead>
<tr>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Column graph, 127</td>
</tr>
<tr>
<td>Common stock equivalent, 576</td>
</tr>
<tr>
<td>Communication problems, 90</td>
</tr>
<tr>
<td>skills, improvement, 92</td>
</tr>
<tr>
<td>Company, sources of information disclosures, 229–230</td>
</tr>
<tr>
<td>presentations, 230</td>
</tr>
<tr>
<td>website, usage, 228–229</td>
</tr>
<tr>
<td>Comparable/relative pricing methods, 544–545</td>
</tr>
<tr>
<td>Comparables, 576</td>
</tr>
<tr>
<td>selection, 525</td>
</tr>
<tr>
<td>Comparative histogram chart, 125f</td>
</tr>
<tr>
<td>Comparative performance, 198f</td>
</tr>
<tr>
<td>Comparative value, 554f</td>
</tr>
<tr>
<td>Compensation plans, 74</td>
</tr>
<tr>
<td>Competency, 100t, 101–102</td>
</tr>
<tr>
<td>Competitive analysis, 227, 357</td>
</tr>
<tr>
<td>Competitive forces, 146</td>
</tr>
<tr>
<td>Competitive position, 330, 332–333</td>
</tr>
<tr>
<td>Competitors analysis, 228–232</td>
</tr>
<tr>
<td>usage, 307</td>
</tr>
<tr>
<td>attributes/actions, 333</td>
</tr>
<tr>
<td>Complex slides, usage, 120</td>
</tr>
<tr>
<td>Compliance activities, percentage of time spent, 380</td>
</tr>
<tr>
<td>Compound annual growth rate (CAGR), 21, 23, 151, 443, 576</td>
</tr>
<tr>
<td>Compounding, 442</td>
</tr>
<tr>
<td>example, 443f</td>
</tr>
<tr>
<td>Comprehensive benchmark analysis, 236t–237t</td>
</tr>
<tr>
<td>Consensus, building, 572–573</td>
</tr>
<tr>
<td>Conservative scenario, 261</td>
</tr>
<tr>
<td>Context creation, 145–147, 146f, 392</td>
</tr>
<tr>
<td>provision, 211</td>
</tr>
<tr>
<td>Continuous business outlook, 282</td>
</tr>
<tr>
<td>Continuous improvement, 54</td>
</tr>
<tr>
<td>Control premium, 576 analysis, 540, 544–545, 545t</td>
</tr>
<tr>
<td>test, 549t</td>
</tr>
<tr>
<td>Control premium-synergies macro test, 550f</td>
</tr>
<tr>
<td>Control process, example, 248f, 268f</td>
</tr>
<tr>
<td>Conversion process, 411f</td>
</tr>
<tr>
<td>effectiveness, 411</td>
</tr>
<tr>
<td>Cost and breakeven analysis, 66t</td>
</tr>
<tr>
<td>Cost-based analysis, 216</td>
</tr>
<tr>
<td>Cost center reporting, 99</td>
</tr>
<tr>
<td>Cost of capital, 255 shareholder value driver, 148, 153</td>
</tr>
<tr>
<td>Cost of Goods Sold (COGS), 26, 353–356, 577</td>
</tr>
<tr>
<td>impact, 418</td>
</tr>
<tr>
<td>Cost of journal entries, 378</td>
</tr>
<tr>
<td>Cost of quality (cost of quality failures), 377–378</td>
</tr>
<tr>
<td>Cost of revenues, 353–356</td>
</tr>
<tr>
<td>Cost per revenue transaction, 373</td>
</tr>
<tr>
<td>Cost pie chart, 124f</td>
</tr>
<tr>
<td>Costs, activity based, 58t</td>
</tr>
<tr>
<td>Cost structure, revision, 68t</td>
</tr>
<tr>
<td>Credit memos, issuance (cost), 378</td>
</tr>
<tr>
<td>Credit terms, 256</td>
</tr>
<tr>
<td>Creditworthiness, 256</td>
</tr>
<tr>
<td>Critical assumptions, identification/modeling, 308</td>
</tr>
<tr>
<td>Critical business drivers identification, 284–285</td>
</tr>
<tr>
<td>improvements, identification, 571</td>
</tr>
<tr>
<td>Critical information, delivery, 4</td>
</tr>
<tr>
<td>Critical success factors (CSFs), 304, 391–393, 557–560</td>
</tr>
<tr>
<td>usage, 116</td>
</tr>
<tr>
<td>Current ratio, 29</td>
</tr>
<tr>
<td>Customer/competitor growth index, 344–345</td>
</tr>
</tbody>
</table>
Customers
   analysis, 228–232
   competitor, quarterly update, 232
   loss, 345–346
   retention, 345–346
   returns, 377
   satisfaction, 332, 346–347
   service, 256, 332
Cycle time, 376, 416
Cyclical industries, cost structure
   fixed component (reduction), 67
Cyclical scenarios, development, 211

D
Daily dashboards, 170
Dashboard, 131, 157, 577
   creation, 166–174, 188
   principles, 168
   development, considerations, 166–167
   examples, 123f, 162f–163f
   measures, 161
   objectives, 157–160
   real-time/predictive insights, 158–159
   samples, 175
   types, 170, 173
   usage, 3, 7
Data
   integrity, 165
   visualization, 159, 182, 577
   usage, 3, 121–133
Days sales in inventory (DSI), 26–27, 238, 577
   metric, 312
Days sales of inventory (DSI), 413
Days sales outstanding (DSO), 26, 27, 32, 51, 238, 577
   basis, 256
   count-back method, 402–403, 403t
Debt, 577
   cost
   estimation, 453, 454
   weight, 453, 454–456
Debt to equity (D/E) ratio, 30
Debt to total capital (D/TC) ratio, 30, 458
Decision making process,
   understanding, 5
Decision trees, 50–51, 494–495, 495f
   example, 496
   product replacement, 51f
Defect rates, 378
Dell, business model redefinition, 68–69
Departmental budget, example, 269r
Department dashboards, 170
Depreciation, 14, 316t, 428–431, 577
   policy, 422
Depreciation and amortization
   (D&A), 520, 577
Diagnostic tools, 52–54, 91
Diplomacy, 112
Discounted cash flow (DCF), 449f, 509f, 540, 577
   analysis, 129–130
   creation, 530
   importance, 546, 549–550
   model, usage, 449
   sensitivity analysis, 516t
   stand-alone, 547t, 548t
Discounted cash flow (DCF)  
(continued)  
synergy, 548  
usage, 489  
valutication method, 508  
valuation model, 510  
Discounting, 445, 445f  
Discount rates (DRs), 472, 474  
increase, 501  
usage, 486–488  
Discounts, percentage, 356  
Distribution channels, 577  
leverage, 538  
Divestitures, 523–524  
Documentation, 76  
Doughnut (ring) chart, 125  
percentage completion, example, 126f  
Downside events, 205  
Downside scenarios, 49–50  
Downturns, recovery (preparation), 211  
Dual access graph, 129f  
Dual axis chart, 127–128  
Due diligence, inadequacy, 557  
Dupont formula, 51–52  
Earnings, multiples, 517–521, 544–545  
Earnings per share (EPS), 289, 396, 578  
accretive-dilutive test, 539, 540–544, 543t, 546, 578  
focus, 188  
trend/variance, relationship, 115  
usage, 263  
Economic-based measures, 545–553  
Economic case, usage, 467  
Economic cycles, 205, 210f  
agility/business, relationship, 210–211  
Economic profit, 16, 396, 578  
measures, 2  
test, 550, 552  
Economic profit/ROIC test, 540, 550, 551t  
Economic variables, 254  
80/20 rule, 382  
Eisenhower, Dwight, 271  
Emotional intelligence, 112  
Emotional maturity, 93  
Employees  
average training hours, 222  
benefits, 220  
costs, 220  
engagement, 222–223  
surveys, 222  
hire rate percentage, success, 226  
recruitment/immersion, 223, 226  
retention, 222–223  
satisfaction, 222–223  
training/development programs, effectiveness, 222  
turnover, 223  
surveys, 222  
End of Life Cycle, 412  
Engineering change notices (ECNs), 201, 374, 375, 578
Engineering change order (ECO), 578
Enterprise goals, setting, 59, 242
Enterprise value, 578
Enterprise value/EBITDA ratio, 520, 544
Enterprise value/EBIT ratio, 519–520
Enterprise value/revenue ratio, 544
Equipment, projection, 429t–430t
Equity, 578
market value, 519
value, estimation, 515
Equity, cost, 577
estimation, 453–454
weight, 453, 454–456
Error rates, 378
Event trees, 50–51, 494–495, 497f
Event/trend problems, detection (provision), 4
Exception-based reporting (EBR), 173
Excess and obsolete (E&O) inventory, 414f
management, 414–415
Excess cash (retention), economic cost (estimation), 437t
Execution judgment (elimination/replacement), BPM (usage), 160
Execution planning, 139–141
Execution team, building, 572–573
Executive intuition, 111
Executive Summary, 118
actions, 119
Exhibits, usage, 119–120
Expected return, risk (relationship), 488f
Expected value (EV), 49–50
Expenses, histogram, 125f
Experience, types, 101
External activities, promotion, 209
External factors/environment, insight, 159–160
External information, usage, 59
External reporting, 101
Extrapolation, 252–253
F
Factory utilization, 369
Finance
fundamentals, 6, 13
organization, 95f
team, leadership/organization, 94–96
Financial Accounting Standards Board (FASB), 110, 578
Financial acumen, 98f
Financial analysis learning, 90–94
Financial analysis, objectives, 3–5
Financial closing cycle, 379–380
Financial history, inclusion/review, 511
Financial information, communication/presentation, 6, 109
Financial leverage, 451, 458, 578
Financial model, 59
applications, 72–74
architecture, 77f
development, 75–76
defining, 71
documentation, 76
documentation, 76
example, 81–88
portfolio, 82t–83t
robustness/flexibility, 78–79
Financial performance, 224f
innovation/value, relationship, 199–201
Financial picture, 263, 265
comprehensiveness, 289, 297
Financial Planning & Analysis (FP&A), 1, 56, 89, 233, 569
accomplishment, 95
assessment, 99
capabilities, 6
client surveys, 105–106
effectiveness, assessment, 570
efforts, causes, 90
importance, 94
improvement plan, 106, 107
management processes, integration, 5f
performance management, relationship, 138
slack, creation, 96
structure, integration, 96f
Financial projections, 272
analysis/evaluation, 301, 488–496
development, 273–274, 570–571
evaluation, 256–258
preparation, 254–255
types, 249–251
Financial projections, evolution, 248–249
Financial ratios
limitations/pitfalls, 35–36
usage, 36
Financial ratios/indicators, 19
usefulness, 19
variations, 21
Financial report, example, 22t
Financial results, best practices projection, 252–266
Financial statements, 99
basics, 13–19
interrelationships, 20f
Financial synergies, 538–539
Financial terms/measure, 40t–41t
Financial training programs, usage, 98–99
topics, 99
Financing accounts, 393
Financing, impact, 255
Finished goods inventory, 44t, 46t
analysis, 47t
Firm value, estimation, 515,
517–521
First-time production yield, 376
Fixed assets, 421
turnover, 28
Fixed cost, 66, 212, 368, 459, 578
Fixed costs per week, 368
Footnotes, usage, 229
Forecasts, 72–73, 267, 412–413,
579
accuracy, 373, 415
documentation/review, 283
effectiveness, measurement, 334, 341
evaluation worksheet, 338t
evolution, 277, 279, 282
frequency/timing, 297, 301
horizon, 280f, 304
determination, 512
outlook, 184–185, 250–251
philosophy, human behavior (relationship), 335
progression analysis, 342f
range, actual revenue (contrast), 258f
scenarios, development, 336
Form 8-K, usage, 230
Form 10-K, usage, 229–230
Formal programs, usage, 98
Formulas, protection, 78
Forward multiples, 522–523
Free cash flow/free cash flow to the firm (FCF/FCFF), 579
Full potential valuation, estimation, 533f
Full-time equivalent (FTE), 220
Functional benchmarks, 232–233
Function dashboards, 170
Future cash flows
   discounting, 446, 508–517
   projection, 511–512
Future cash value (reduction),
   uncertainty (impact), 442
Future financial performance,
   projection/modeling, 3
Future operating performance,
   elements (estimation),
   511–513
Future payment, discounting,
   445–446
Future performance, expectations/predictions/projections,
   485–486
Future value (FV), 442–443
Future value of an annuity (FVA),
   443–444, 444f

G
Game plan, development, 272, 273
General Electric (GE) portfolios, 64
Generally accepted accounting
   principles (GAAP), 14, 579
deficiencies, 523
Goal setting, 139
Goodwill, 389, 542
   impairment charges, 435
   KPIs, 434–435
   total asset percentage, 434f
   turnover, 563
Gross margins, 8, 329, 579
   analysis, 355t
   DBO supporting schedule,
   292t
   key performance driver, 309
   percentage, 366
   percentage of sales, 23–24
   pricing strength dashboard, 357
   pricing strength, relationship, 358f
   reconciliation, 356f
   relative pricing strength,
   relationship, 351–356, 355f
   topside measure, 152
   usage, 2

H
Headcount analysis, 220, 221t, 370, 371t
High-impact opportunities, 99
High-leverage improvement
   opportunities, identification,
   531–533
Histogram
   example, 125f
   usage, 124
Historical results
   incorporation, 78, 307
   review, 307
Historical trends, plan trends
   (contrast), 257f
Hockey sticks, 372
Holistic approach, 501–502
Human capital
   impact, 216f
   measurement/factors, 7, 193
Human capital management
   (HCM), 187, 193, 214–226
   alignment/accountability, 219
   analysis/presentation, 230, 232
   assessment, 132f
   compensation/incentives,
   219–220
   dashboard, 225f, 226
   development/training, 219
   engagement/evaluation, 219
   financial performance, 224f
   measures, 220–226, 378–379
   organization development, 217
   portfolio
   analysis, 218f
   management, 217, 219
   processes/activities, 217–220
Human capital management (HCM) (continued)
recruitment/immersion, 219
retention, 219
strategic planning, 217
Human resources (HR)
communication/retention/motivation, 660
employee costs, 220, 380
retention, 564
Hurdle rate
increase, 501
setting, risk (basis), 489f

I
Impairment
charges, 563
history, 432–433
Improvement plan, 106
Incentive plans, 74
Income statement, 13, 14–16, 285, 579
captions, usage, 289
DBO income statement, 295–296

Individuals
analytical capability, 90–94
manager dashboards, 173

Industry
capital asset requirements, 422
reports, 228
Information sources, 228
Information technology (IT)
costs, sales percentage, 380
help desk, request levels/response times, 381
network time, 381
project, 189
usage, 183
In-house workshops, usage, 98

Innovation, 194, 332, 579
dashboard, 203f, 354f
efforts, impact, 195–196
environment, assessment, 204
financial performance/value, relationship, 199–201
importance/factors, 7, 193
measures, 201t
power, 196, 199
programs, types, 194–195
Input areas, identification, 76
Intangible assets, 389, 433–434, 579
KPIs, 434–435
total asset percentage, 434f
Intangibles, 528
shareholder value driver, 148, 153–154
turnover, 563
Integrated valuation, summary, 525–534
Interest coverage, 30–31
Internal growth rate (IGR), 34–35
Internal rate of return (IRR), 474, 475, 478, 579
analysis, 552–553
IRR/NPV ratio, 540
Inventory, 410–420
dashboard, 416, 417f
forecast analysis, 420t
items, tracking, 418
KPIs, 413–415
levels, 63
levels, drivers, 410–413
roll-forward summary, 420t
slow-moving/obsolete inventory levels, 414–415
trend schedule, 418, 419t
turns, 413
understanding/assessment, tools, 416
unique inventoried parts, number, 415
visibility, improvement, 416, 418
write-offs, 377
Inventory turns, 26
Invested capital, 60–61, 64, 579
Investment levels, 255
Investor communication, 188
Investors
  communication, improvement, 458
  company presentations, 230
Invoice error rate, 373
Irrational exuberance, reduction, 211

J
Journal entries, cost, 378
Judgment/intuition, replacement, 190

K
Kahneman, Daniel, 111
Key innovation measures, 201
Key performance drivers, projection, 309–318
Key performance indicators (KPIs), 7, 137, 157, 579
development, manager education, 181
goodwill, 434–435
intangible assets, 434–435
measures, 161
development, 161, 164–166
monitoring, 276
objectives, 157–160
operating effectiveness, 365–382
posting, practice, 166
real-time/predictive insights, 158–159
selection, 160–166, 188
usage, 2, 144, 256, 570
manager education, 181
Key performance measure (KPM), 579

L
Lagging financial measures, 35
focus, 2
Lagging performance measure, 579
Leadership structure, 90
Lean management, 182
Lean manufacturing, 54
Lewis, Michael, 111
Liability, 579
Life cycles, 210
Line graph, 126, 126
Liquidity
  measures, 29–31
  projections, 73
Long-range forecasts, 73
Long-range projections, requirement, 251
Long-term assets, 8, 421
Long-term capital
  dashboard, 437, 438
  improvement, management tools, 424–428
Long-term performance, estimation (challenges), 304–305
Long-term projections (LTPs), 7, 303
applications, 305–307
capital assets/depreciation, 316
capital requirements, 312
capsule financials, 317–318
costs/expenses, 312
critical assumptions, identification/modeling, 308
development, 307–318
key performance drivers, projection, 309–318
Long-term projections (LTPs)  
(continued)  
operating expense projections,  
\(313t-314t\)  
presentations, \(319f, 319-324\)  
revenue/margin projections,  
\(310t-311t\)  
situation assessment, 307  
strategic issues, identification, 308  
Lost orders, 357

M  
Management  
assumptions, 112  
attention, 391–392  
bias, 112  
practices, integration, 4  
reporting, 187  
Management Discussion and Analysis (MD&A), 229  
Management processes  
BPM, integration, 183–189  
creation, 195  
integration, 5f  
PM, integration, 184f  
Managers, information (provision), 5  
Manufacturability, design, 412  
Manufacturing  
cycles, 212  
process, automation (case study), 471–472  
project, capital expenditure, 479t–480t  
Marathon training program, example, 141t  
Margin  
documentation, 84t  
model, documentation, 83–88  
projections, \(310t-311t\)  
Market  
capitalization (value), 580  
forces, 146  
interest rates, 451  
share, 3357  
size, 340–341, 340t  
value, growth, 196  
Marketing, DBO supporting schedule, \(293t-294t\)  
Markets analysis, 59, 228–232  
usage, 307  
Mean, 47  
Measurement  
definitions, 165  
importance, 193  
systems, problem, 1–3  
Median, 47  
Medical center, dashboard, 178f  
Mergers and acquisitions (M&As), 74, 170, 306, 383  
actual ROIC, planned ROIC (contrast), 463  
actual sales/profits, planned sales/profits (contrast), 562  
analysis, 8, 535  
auction process, sale, 561–562  
best practices, 557–560  
company success, 434  
critical success factors, 557–560  
dashboards, 564, 565f  
KPIs, 562–564  
mistakes, 554–557  
overpayment, reasons, 555–556  
parent/partner, sale, 561–562  
plan, meeting, 561  
planning/communication/ integration/execution, problems, 555–557  
process, effectiveness, 562–563  
soft issues, anticipation/addressing (failure), 557
strategic justification, 558
strategic rationale/fit, problem, 555
strong market sale, 562
synergies
identification, 559
problems, 556–557
valuation, discipline, 558–559
Messaging strategy, creation, 115–116
Mission-oriented frameworks, 154
performance framework, 155f
Models
architecture, 285–286
development, 75–76
development, best practices, 74
template, 87f–88f
portfolio, establishment, 81
Monthly business reviews, 185, 187
Most admired benchmarks, 239, 242
Multiples, 580
base, adjustment/normalization, 523–524
factors, 521–522
pricing method, 546
usage, 522–523
problems, 524–525
Multiples, framework, 521–525
Multiyear compounding, 443
N
Natural expense code analysis, 382–383, 383t
histogram, 384f
Netflix (NFLX), 196
comparative performance, 198f
Net income, 15, 580
Net operating assets/invested
capital, example, 18t
Net operating profit after taxes
(NOPAT), 15
Net present value (NPV), 448, 472–473, 473t, 478, 580
analysis, 552–553
New business creation, 306
New customers, revenue, 346
New hires, investment, 215t
New product development (NPD), 170, 214, 306, 362
assessment, 383
dashboard, 172f, 202f
KPIs, 374
process, 373–374
dashboard, 386f
status, 375t
New products
ECNs, 375
information, 411–412
production yields, 375
revenue percentage, 345
sales projections, 342
Nonfinance managers, education, 116
Nonfinancial managers, financial literacy, 97–99
Nonoperating accounts, 393
O
Objectivity (performance measure
guideline), 164
Obsolete inventory levels, 414–415
On-demand business outlooks (DBOs), 250, 273, 282
design process/model
architecture, 285–286
development, objectives, 283
income statement, 295t–296t
presentation, summary, 300f
process/model, construction, 285
supporting schedule
balance sheet/cash flows, 298t–299t
gross margins, 292t
**On-demand business outlooks (DBOs)** *(continued)*
- marketing, 293t–294t
- product margins, 290t–291t
**On-time delivery (OTD),** 347, 530 metric, 150
**Operating capital,** 389, 580
- cash/debt, subtraction, 394t
- dynamics, understanding, 394–396
- forecast, example, 395t
- management, 393
- percentage sales, 27–28
- turnover, 27–28
- value, unleashing, 396–398
**Operating cash cycle,** 27
**Operating effectiveness assessment/improvement tools,** 382–387
- dashboard, 385f, 387
- drivers, 362–365
- example, 363f
- key performance indicators, 365–382
- measures, 365–367
- process view, 363f
- shareholder value driver, 148, 152–153
**Operating expenses effectiveness,** 8, 361
- projections, 313t–314t
**Operating income,** 67
**Operating income percentage sales,** 25
**Operating income/profit,** 580
**Operating income, sales percentage,** 365
**Operating leverage,** 66–68, 451–452, 459, 580
- examples, 67t, 68t
**Operating margins,** 196
**Operating measures,** 21–25
**Operating plans,** 267, 272–277
- assumptions/actions, identification, 274
- documentation/review, 283
evaluation, dashboard, 278f
**Operating plans/budgets,** 72
**Operating profit after tax (OPAT),** 15, 580
**Operational effectiveness impact,** 364
topside measure, 152
**Operational planning,** 99, 184, 383
**Operational reviews,** 185, 187
**Opportunity cost,** 442
**Option trees,** 494–495, 497f, 498f
- value, 498–499, 499f
**Order backlog levels,** 349–350
**Organizational structure,** 90
**Organizations**
- agile associates,
- acquisition/development, 209
- analytical capability, 94
- audible, 205–209
- BPM development/enhancement, 144–155
development, 217
- goals/objectives, achievement, 3
- mission, 146
- objectives, 283
- performance, 196, 199
- recognition/response, 208–209
- strategy, 146
- structuring, 95–96
- value creation, 196, 199
- vision, 206, 208
**Outsourcing,** 412

**P**
- Pareto analysis, 47
- Past due analysis, 408t
### Index

- **Past-due collections**, 404
- **Past due collections, root cause analysis**, 408
- **Past-due customer orders**, 415
- **Past-due orders**, 347
  - level, 150
- **Past due, root cause**, 409
- **Payback**, 474–477, 474t, 475t, 580
- **People management**, 378–379
- **People-related costs**, 220
- **People utilization**, 368
- **Perceived risk, operating managers (impact)**, 458

#### Performance

- **actual performance, projected performance (contrast)**, 459, 461
- **assumptions, monitoring (process development)**, 276
- **benchmarking**, 147, 227
  - perspective, expansion, 234
- **dashboards, creation**, 166–174
- **drivers**, 304
  - objectives/identification, 285–286
- **enterprise goals, setting**, 242
- **evaluation**, 233–242
- **evaluation, benchmarking**, 232–242
- **example**, 197
- **extrapolation**, 261
- **framework**, 148, 155
- **goals, establishment**, 272, 273
  - implicit assumptions, 524–525
  - improvement dashboards, 173
- **leading indicators, emphasis**, 164–165
- **measures**, 343–351, 458–461
- **monitoring**, 4
- **perspective, comprehensiveness**, 305
- **progress, tracking**, 276

#### targets

- **establishment**, 272, 273
  - setting, 154
- **trees**, 51–52
- **trends**, 39f, 286, 289
  - extrapolation, 304–305
- **visibility**, 392

#### Performance assessment

- **example**, 37t–38t

#### Performance improvement

- **52–54**
- tools/disciplines, 54

#### Performance management (PM)

- **1, 7, 89, 569, 570**
  - communication/training, 180–181
- **context, creation**, 145–147, 146f
- **corporate development**, 188
- **delivery mechanism**, 182–183
- **executive support**, 180
- **forecasting/business outlook**, 184–185
- **FP&A, relationship**, 138
- **framework, establishment**, 180f
- **institutionalization**, 7, 179
- **link**, 255–256
- **management processes, integration**, 5f, 184f
- **objectives**, 3–5
  - oversight, 183
- **process**, 139f
- **strategic/operational planning**, 184

#### Performance management analysis (PMA)

- **138**
- **focus**, 143

#### Performance management framework (PMF)

- **4, 580**
  - implementation, 145

#### Performance measures

- **31–33**
  - development, 161, 164–166
  - guidelines, 164–166
Performance measures (continued)
selection, 160–166
worksheet, 167f
Periodic payments (PMTs), 444
Perpetuity, 447–448, 514, 580
Personal health/fitness dashboard,
example, 162f–163f
Pharmaceutical product
development, capital expenditure, 481t–482t
Pie chart, usage, 124
Planning cycle, 212
Plans
development, 265–266
objectives/targets,
communication, 275–276
trends, historical trends
(contrast), 257f
Portfolio
analysis, 218f
maintenance, 92
management, 217, 219
Post-planning horizon value,
estimation, 513–514
Predictive models, 52
accuracy/reasonableness, 79
development, 6, 71
Predictive (leading) performance
measure, 581
Presentations, 80
brevity, 120
content, 118
delivery, 120–121
development, 117–120
best practices, 74–81
exhibits, usage, 119–120
eye contact, importance, 121
flexibility, 120
graphics, usage, 121–133
objectivity, 121
outline, 120
questions, anticipation, 121
skills, improvement, 92
takeaways/actions, identification, 119
technical terms/explanations,
avoidance, 121
Presentation skills, problems, 90
Present value (PV), 442–443, 447–448, 581
Present value factor (PVF), 448
Press releases, usage, 230
Price-earnings growth (PEG) ratio, 520–521
Price-earnings (P/E) multiple, 188, 199
usage, 514
Price-earnings (P/E) ratio,
518–519, 581
Price-to-sales ratio, 518
Pricing methods, 544–545
Pricing strength, 581
dashboard, 357
Probability, 49–50
Problem resolution, 256
Process
assessment/improvement, 182
benchmarks, 232–233
dashboards, 170
efficiency, 392
evaluation, 383, 387
improvement tools, 181–182
innovation, 194–195
perspective, 363f
Procurement cycles, 212
Procurement process, 411f
effectiveness, 411
Product
competitive analysis, 357
development, 185
pipeline, revenue, 348f
lifecycle issues, 411–412
line, breadth, 412
margins, 290t–291t
pipeline, revenue projection, 348
quality, 256, 412
replacement, 51f
return, 404
revenue, 84t
Profitability, 365
Profitability index (PI), 477, 501
Profit after tax (PAT), 15, 19
 Profit and loss (P&L), 469–470
measures, 16t
model, 59
statement, 14–15
usage, 263
Profit growth, 195
Projections
assumptions/risks/upsides,
identification, 259
development, business model
(usage), 264f
long-term projections, 303
usage, 252
Projects
acceptance/rejection, 477–478
cash flows, estimation
(association), 469–472
dashboards, 173
examples, 94
expected performance,
measurement, 472–477
investment analysis, 490t–491t
life, cash flows, 471
management, 185
post audit review, 426
review, 185, 187
timeline, 142t
Property, plant, and equipment
(PP&E), 312, 389, 421
Property, projection, 429t–430t
Proxy statement, 230, 581
Public company, costs, 381–382
Publicly traded companies,
disclosures, 229–230
Purchasing power (reduction),
inflation (impact), 442
Q
Quality, 399
control, 378
failures, total cost, 378
Quarterly business reviews, 185, 187
Quarterly corporate dashboard, 169f
Quarterly performance, 231f
Quarterly sales trend, 344t
Quartile analysis, 45
Questions, anticipation, 121
Quick ratio, 29–30
Quote levels, 349
R
Raw data, transformation, 45
Real options, 498–499
Recession scenario, 261
Reconciliation (waterfall) graph,
128–129, 129f
Reference materials, 91
Regulation FD, 230
Rehearsing, importance, 120
Relative pricing strength, 528
gross margins, relationship,
351–356, 355f
measures, 356–358
shareholder value driver, 148, 151–152
Relevancy (performance measure
guideline), 164
Reporting cycle, 96
Reports
development, 117–120
evaluation, 99, 102–105
Reports (continued)
examples, 94
inventory/assessment, 104t
outline, 120
types, 228
Research analyst reports, 228
Research and development (R&D)
budget, establishment,
59, 263
percentage of sales, 366
percentage sales, 24
Residual value, 471
Resource allocation, 101
Rest of year (ROY)
forecast, 257
project performance, 337–338
Restructuring, 523–524
Retail
comparison, 324f
model, 320t
transactions, fraud, 173
Retailers, perspective, 322t–323t
Return
levels, 375–376
risk, relationship, 450f, 487f
slack, 475
value creation, relationship,
315
Return on assets (ROA), 31, 581
Return on equity (ROE), 31, 52,
396, 581
analysis, 53t
consideration, 362
tree, 32
Return on invested capital
(ROIC), 32–35, 60, 64,
196, 581
consideration, 362
measure, 365, 563
usage, 434
Return on invested capital market
(ROICM), 33
Return on sales (profitability), 25
Revenue, 195, 329
cost, 353–356
dashboard, 351
detail, views (preparation), 334,
337–343
documentation, 83–88
forecasting process, improvement,
334–337
forecasts, accuracy, 341t
key performance driver, 309
levels, projection/testing, 334
linearity, 165, 184, 276,
370, 581
margins, 8
measures, 352t–353t
analysis, 351
multiples, 517–521, 544–545
new customer revenue, 346
patterns, 370, 372, 372f, 405
percentage, 345
plan model, examples, 85t–86t
planning worksheet, product
detail, 337t
prediction, 511
probability analysis, 263t
process/receivables improvement
dashboard, 174f
product development pipeline,
348f
projections, 73, 310t–311t
product pipeline usage, 348
tools, 342
rate, year to date (YTD),
257–258
revenue per customer, 349
revenue per transaction,
348–349
timing/pattern, 256
variance, 339f
Revenue/customer fulfillment, 383
Revenue growth, 196
  assumptions, identification/documentation/assumptions, 336–337
  competitive position, 330, 332–333
  competitor attributes/actions, 333
  cost/pricing advantages, 332–333
  customer satisfaction/service, 332
  dashboard, 354f
  drivers, 330–343
    drill-down example, 331f
  innovation, 332
  input, 350–351
  issues, 342–343
  lost orders, 346
  market, 330
    size, 340t
  new market entry, 333
  order backlog levels, 349–350
  past-due orders, 347
  performance measures, 343–351
  quote levels, 349
  share analysis, 340t
  sources, 200f
  year-over-year revenue growth, 21, 345f

Revenue process, 55f, 123f, 170, 373, 581
  accounts receivable dashboard, 405, 406f
  assessment, 405–410
  effectiveness, 400–401
  assessment, 410
  improvement, 405–410
  KPIs, 401–410
  quality, 256
  timeline, 400f

Revenue/sales growth (shareholder value driver), 148, 150–151

Rework, 377

Ring chart, 125

Risk, 8, 441
  basis, 489f
  expected return, relationship, 488f
  factors, 230
  identification/monitoring, 5
  impact, 485–499
  mitigation, 5, 205
  perception, 452
  return, relationship, 450f, 487f
  sources, 486

Rolling forecasts, 279, 581
  business outlook horizon, 281f
  implementation, 282, 284
  method, 287–288t

Root cause analysis, 54, 408

Rotational assignments, 209

S

Sales
  focus, 188
  gross margin percentage, 23–24
  growth, 21, 23, 344, 528, 538
    usage, 434
  percentage, 380
  plan, expected value, 50t
  quarterly sales trend, 344t
  run-rate analysis, 258f
  sales per employee, 367, 368t
  transactions, discount/margin, 173

Scales, usage, 130–131

Scenario analysis, 48–49, 79–80, 259–262, 515–516, 582
  applications, 49
  assumptions/drivers, variation, 76
  usage, 492–494

Scenarios
  development, 272, 274–275, 492–493
  examples, 262f, 494f
  measurement, 493
Scorecards, usage, 2
Securities and Exchange Commission (SEC), 582
Regulation FD, 230
Self-financing, 34–35
Selling, general, and administrative (SG&A), 32, 63, 152, 364, 582
percentage of sales, 366–367
percentage sales, 24–25
Senior executives, presentations, 113–114
Sensitivity analysis, 48, 79–80, 259–262, 515, 582
assumptions, 261f
assumptions/drivers, variation, 76
examples, 492t, 493t
usage, 492
Sensitivity chart, 129–130, 130t
Shareholder value, 571
building, multiples framework, 521–525
drivers, 148
Simple compounding, example, 442–444
Simulations, 495–496
Situational analysis, 147
Six Sigma, 54, 182
Skills inventory, 99, 100t, 101–102
Skip-level meetings, 223
Ski resort, dashboard, 177f
Slow-moving inventory levels, 414–415
Space shuttle cockpit, instrument panel, 4f, 158f
Space utilization, 369–370
Special purpose projections, 251
Specialty retail, dashboard (example), 176f
Speedometer chart, 130, 130f
Stacked column graph, 127f
Stacked columns, float (usage), 128f
Stand-alone value, 121, 537, 540f
Standard deviation, 47–48
Statement of Cash Flows (SCF), 13, 17–19, 285
Statistical tools, 43
Stock price
increase, 536–537
sensitivity analysis, 48t
Stock volatility/beta, 458–459
Strategic alternatives/scenarios evaluation, 308–309
modeling capability, 304–305
Strategic initiatives, 146
review, 272
Strategic investment, defining, 477–478
Strategic issues, identification, 308
Strategic model, 321
Strategic objectives, 254
review, 272–273
Strategic planning, 184, 217, 305, 383
Strategic plans, 73
Strengths limitations opportunities threats (SLOT), 147
analysis
example, 308f
usage, 307
Strengths weaknesses opportunities threats (SWOT), 147
Stretch scenario, 261
Summary charts, 131
Supplemental disclosures, usage, 230
Supplier performance, 415
Supply chain dashboard, 417f
Supply chain management, 170, 376–377, 582
assessment, 383
dashboard, 416
KPIs, 413–415
Synergies, 537–539, 582
cautions, 539
identification, 559
problems, 556–557
valuation, 549

T
Talent acquisition/evaluation/development, 187
Target costs, actual product costs (contrast), 374–375
Target development costs, actual development costs (contrast), 374
Terminal value (TV), 471, 512–514, 582
estimation, 513–514
Textron portfolios, 64
Times interest earned (interest coverage), 30–31, 582
Time value of money (TVOM), 441–448, 472
application, 448
Top-level benchmarking, 238
Total fixed costs, 67
Total Quality Management, 54, 182
Total return to shareholders (TRS), 195, 582
Trailing multiples, 522–523
Training programs, effectiveness, 222
Transaction processing, 96
percentage of time spent, 380
Trend analysis, 252–253
Trigger events, establishment, 211
Tversky, Amos, 111

U
Uncertainty, 8, 441
impact, 442, 485–499
increase, 304
sources, 486

Undoeing Project, The (Lewis), 111
Uneven cash flows
example, 448
present value, 448
Unique parts, number, 376–377
United Technologies portfolio, 64
Upside/downside events, 260
identification, 274–275
Upside scenario, 261
Utilization rate, 369

V
Valuation, 91, 571, 582
comprehensive summary, 526, 528
decisions, 8
discipline, 558–559
dynamics, exploration, 515–517
methods, 553
summary, 133, 525–534, 526, 526t, 527f
usage, 517–521
Value
attainment, 150
creation, 148–154, 196, 199
enterprise goals, setting, 242
returns, relationship, 315
decomposition, 516–517, 517f
estimation, 531–533
innovation/financial performance, relationship, 199–201
sensitivity, 450f
Value-added activities, 96
Value added per employee, 367, 368t
Value-added product, usage, 35–36
Value drivers, 91, 507, 520–531, 528, 582
human capital, impact, 216f
improvements, identification, 571
planning/analysis, 8
Value performance framework (VPF), 148, 149f, 151, 528, 529f, 582
usage, 531
Variability, volatility (contrast), 452
Variable contribution margins, 67
Variable cost, 24, 66–68, 212, 452, 583
Vendors
  number, impact, 376
  performance assessment, 377
Vertical integration, 412, 423
Visibility, improvement, 416–418
Visuals
  impact, 159
  usage, 122–130
Volatility
  reduction, 457
  variability, contrast, 452
W
Warranty
  costs, 377
  levels, 375–376
Waterfall graph, 128, 129f
Weekly dashboards, 170
  example, 171f
Weighted average cost of capital (WACC), 487, 514, 583
  computation, 453–456, 454t
  estimation, 488
  inputs, example, 453t
  usage, 452–453
  visual summary, 455f
Working capital, 8, 312, 389, 583
  drivers, 99
  improvement, example, 397t
  requirements, 238
Write-offs, 432–433
Y
Year-over-year growth, 21, 345f
Year to date (YTD)
  comparison, 257–258
  projected performance, 337–338
Year to date to last year (YTD-LY), 257
Yield to maturity, 454, 583