



Business Success Services | Part 2

Features:
Price Point Analysis
Key Performance Metrics



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Business Consulting Overview

Froehling Anderson can help identify areas of your business that affect profitability and growth and provide you with solutions that are practical and technically sound.

As your business consultant, we'll join your company's management team to facilitate long-term objectives and specific strategies that lead to the growth and success for your business.

We are dedicated to sharing knowledge, collaborating solutions, and nurturing your success. Business Success Services provide you with the knowledge needed to make informed decisions to support the growth and profitability of your business.





Business Success Services

Throughout this new eBook series from Froehling Anderson, we will be featuring specific, targeted information about each of our Business Success Services. This new product line comes as we expand our business consulting offerings based on client feedback on how we can help make their business more successful.

What We Offer:

- Strategic Planning
- Financial Budgeting and Financial Projections
- Key Performance Metrics Reports
- Price Point Analysis
- Capital Budgeting
- Pro Forma Financial Statements



Price Point Analysis Overview

Price Point Analysis helps determine profitable or unprofitable work by examining how costs are assigned to products or services.

Price point analysis is a feature offered through Froehling Anderson's new Business Success Services. The process starts by looking at pricing strategy and then allocating costs incurred in a business in a way that can be used to improve its management. In other words, price point analysis tracks costs to determine profitability and evaluate pricing strategy.

Finding the appropriate price for your product should be a process that is detailed, data-driven, and profit minded. Froehling Anderson is committed to helping you find your perfect price for your product or service. You can use a variety of metrics that help you decide the price that's right for you, including:

- Price points held by your competitors
- The variable costs and fixed costs
- What kind of customers your business is targeting
- Know and lower your breakeven point.

Pricing is a complicated process, but Froehling Anderson can make it easier. We know what it takes to remain competitive in the market.



Price Point Analysis Process

Focus on the 4 major areas during the price point analysis process:

Setting prices between ceiling and floor

In order to help set the best cost for your product or service, begin by looking at what the market will bear for your product or service (ceiling) and both the variable and fixed costs of the service or product (floor). Once this is determined, you have the information to price appropriately to be profitable.

How good cost practices help you make good decisions

Good pricing can help you choose the jobs that make the most sense. While some businesses focus on the bids that seem like they'll pay the most, they often don't account for the cost of those bids, nor the man hours necessary, often making good jobs unprofitable.

Methods of including overhead

Next, focus on how to include overhead into your costs. Often, this requires including overhead costs into the "floor" of your pricing strategy and pricing accordingly.

Knowing how volume effects your break-even point

Effective pricing strategies factor in how the volume of work can affect profitability. It is important to know how the ceiling and floor can change with volume of the product or service as well as the break-even point. Your break-even point is defined by when your costs to provide the product or service equals what you think you can charge for it. If your costs and break-even point are too high, consider ideas to lower these to more competitively price and become more profitable.

Price point analysis assists in implementing changes in pricing structure and identifies areas for cost savings.



Key Performance Metrics Overview

Key performance metrics compare key indicators to companies in your industry and the historical financial performance of your company.

Monitoring key performance metrics is useful to help management easily keep a pulse on their business. Every business is different and may have unique metrics to measure performance and Froehling Anderson can help determine what these metrics may be. Key performance metrics allow management to do the following:

- View trends
- Compare to industry data
- Foresee challenges and opportunities
- Focus on the big picture
- Investigate specific areas

The Froehling Anderson Difference

Froehling Anderson has two proprietary reports for key performance metrics to help management with their decisions. Our Business and Industry Ratio Snapshot (BIRS) compares your company with your industry with common ratios and indicators.

Another is a custom dashboard with your key performance metrics, whether financial or non-financial, available as a quick look that provides real-time performance information.



Key Performance Metrics Advantages

Key performance metrics demonstrate how effectively your company is achieving your key business objectives. Understanding these metrics often highlights strengths and weaknesses that affect your business's profitability.

- Liquidity ratios, which include working capital and quick ratio.
- Profitability ratios, which include gross profits, return on net sales, return on total assets, and return on net worth.
- Leverage ratios, which include debt-to-assets and debt-to-equity.
- Efficiency ratios, which include inventory turnover, receivable turnover, days in inventory, sales outstanding, payables outstanding, and days for cash cycle.

LIQUIDITY RATIOS



PROFITABILITY RATIOS



Key performance metrics offer the benefit of identifying financial areas of improvement to efficiently communicate and manage business results.



CPAs with Solutions

Froehling Anderson provides business consulting, tax, audit and accounting services with the same personal delivery of high standards and quality that have sustained us for 77 years.

We have a simple philosophy about the way we approach the accounting business: “Put the people before the numbers.” Before we can help you plan for a better financial future, we must have a thorough understanding of where you have been and where you are now.

Froehling Anderson is committed to client service and building long-lasting relationships with our clients. To ensure we continue to provide the best client service and services that address our clients’ needs, we attend internal and external training, seek feedback in a variety of formats from our clients and obtain guidance from industry leaders.



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