



**VISUAL MEDIA
ALLIANCE**

*Extracting
Actions from
Financials*

What should we do??



**PRINTING INDUSTRY
PERFORMANCE & INSIGHTS**

**Sales Management &
Marketing Planning**

**Effective Recruiting &
Hiring Methods**

**Effective Supply Chain
Management**

**Strategic Planning, Goal
Setting, & Financial
Analysis (CSA)**

**Industry Outlook and
Macroeconomic Factors**

Financial Benchmarking

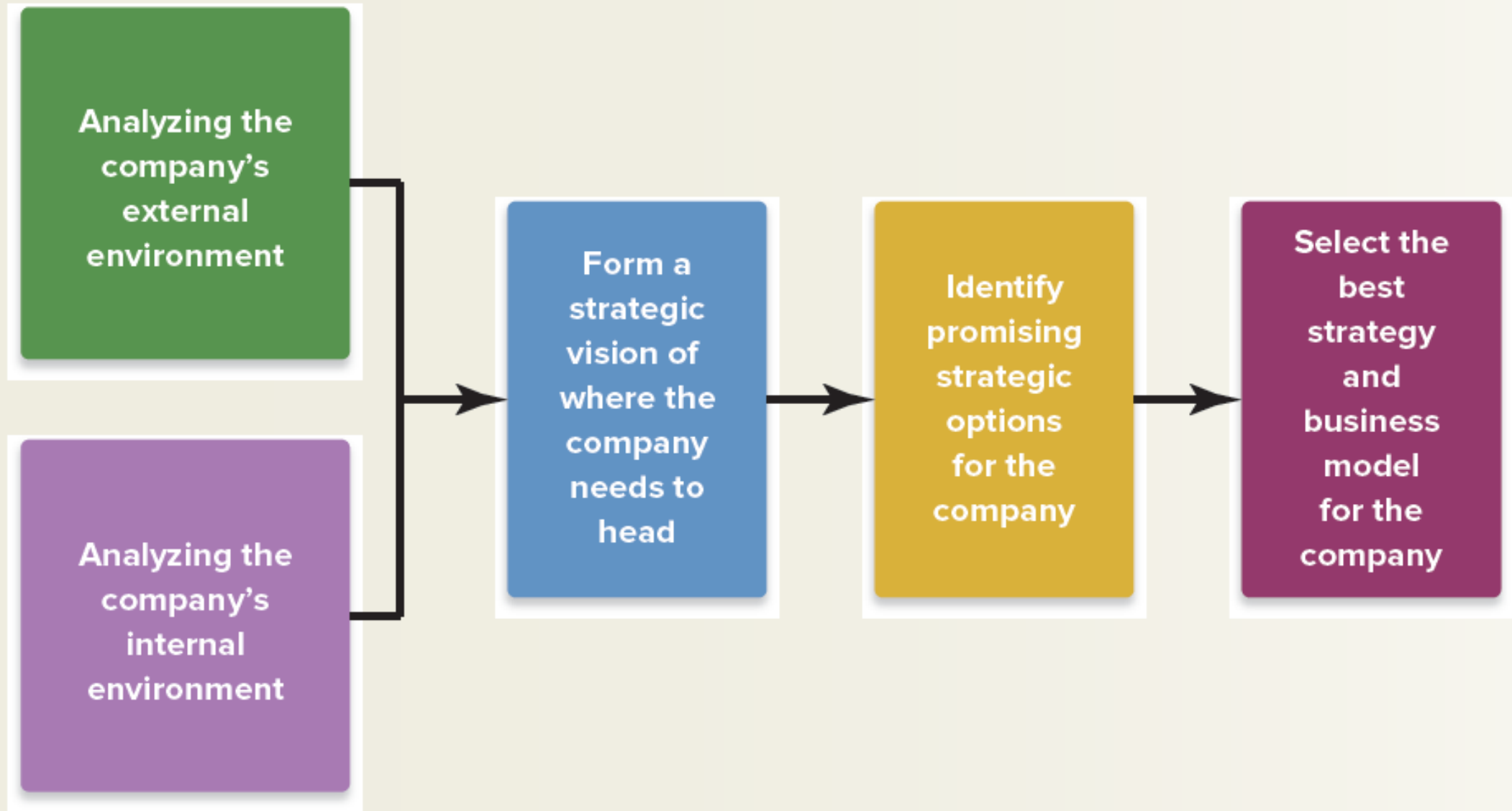


PRINTING INDUSTRY PERFORMANCE & INSIGHTS

- ◇ **In May**
 - ◇ **Financial Benchmarking**
- ◇ **In October – two topics**
 - ◇ **Industry Outlook**
 - ◇ **A management topic**
 - ◇ **Last October - Effective ways to “brand your company as a good place to work”**

Extracting Actions from Financials

- ◇ *Determining a path forward to enhancing performance is vital for your firm's success...*
- ◇ *And for leading your firm!*



Extracting Actions from Financials

- ◇ *But determining the right path forward is a challenge*
 - ◇ *Are we seeing the picture accurately... without bias?*
 - ◇ *So many things we could attack...*
 - ◇ *...but what is most important?*
 - ◇ *And what should we do?*

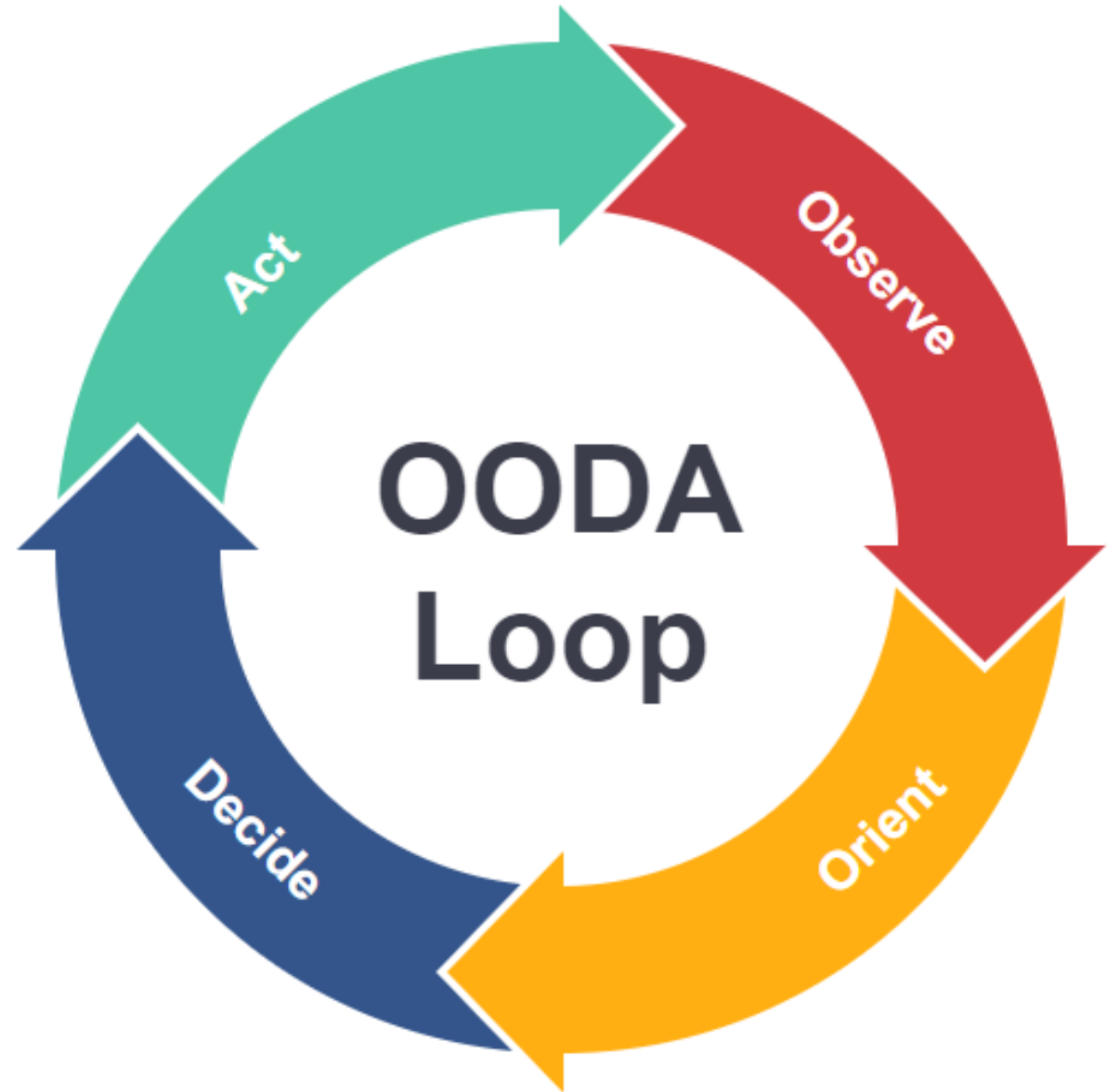
Extracting Actions from Financials

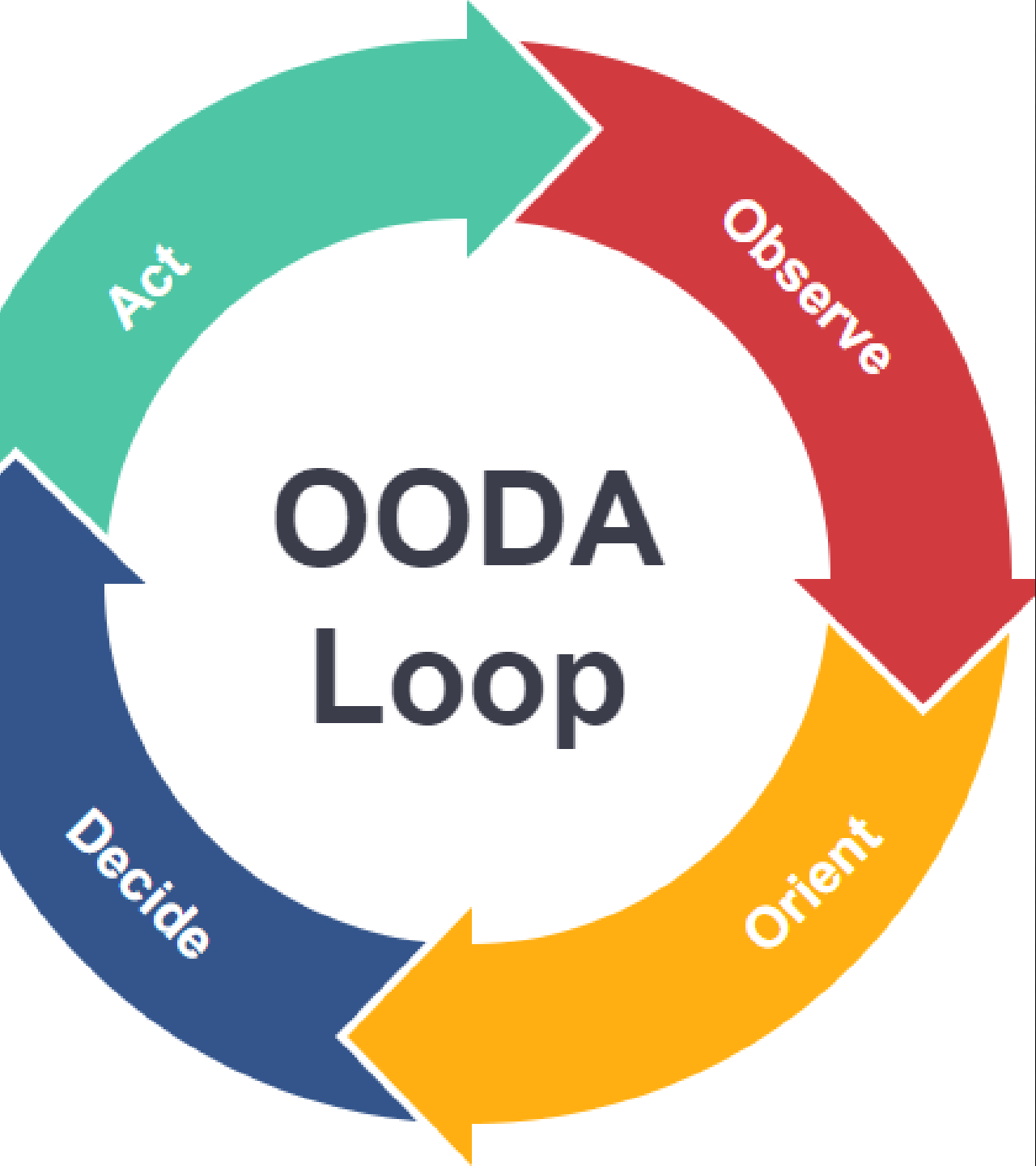
- ◇ *Statements from research papers...*
 - ◇ *“...the effective use and accurate interpretation of financial statements leads to the viability of any business especially for SMEs.”*
 - ◇ *“Worthy... decisions are grounded on... the ability to comprehend the financial statements.”*
 - ◇ *“...they (successful small business leaders) make effective use of financial data to make good decisions.”*

Extracting Actions from Financials

- ◇ *This is about USING financial data to help you strategically plan a path forward.*
- ◇ *Analyzing and using financial numbers requires a systematic approach.*
- ◇ *John Boyd... OODA*

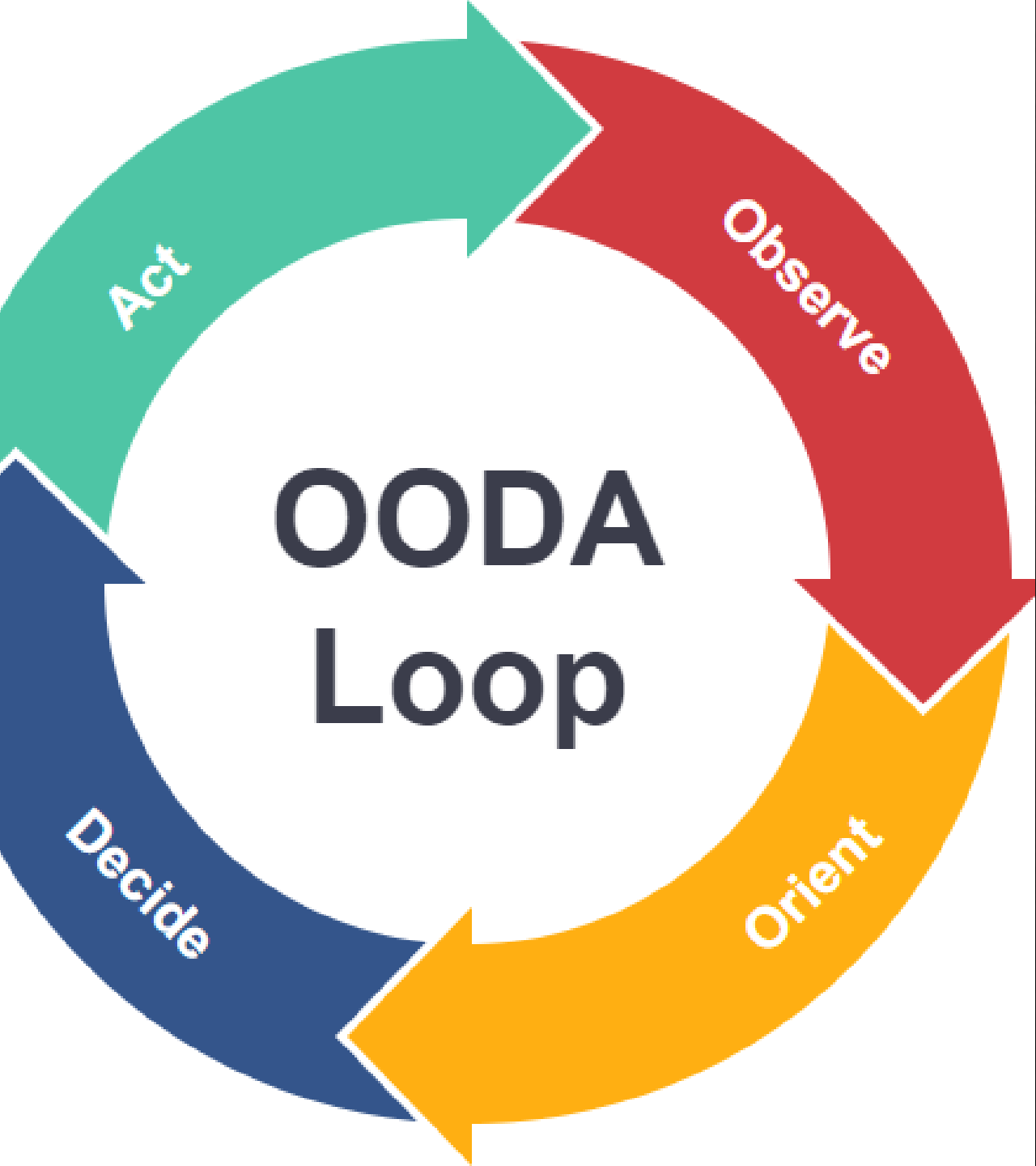
- ◇ *Colonel John Boyd, U.S. Air Force, developed this decision-making model after his dogfighting experiences in the Korean War.*
- ◇ *Boyd was a Pentagon “Game Changer!”*
 - ◇ *Do you want to be someone, or do you want to do something?*
- ◇ *Businesses such as Dell have implemented OODA-like processes.*
- ◇ *Various sports teams applied Boyd’s OODA loop to improve athletes.*





OODA Loop

- ◇ *Observe – Collect current information and data that will help you develop an accurate perception.*
- ◇ *Orient – Analyze this information. Use it to update your current reality. Re-orient.*
- ◇ *Decide – Determine a course of action.*
- ◇ *Act – Follow through on your decision.*
- ◇ *Cycle back to the Observe stage, to judge the effects of your action.*
 - ◇ *Make this an ongoing process.*



- ◇ *I provide an example of using the OODA process to analyze your financials and find a path.*
- ◇ *Is my example perfect....*
 - ◇ **NO!!** ...Indeed, you might find conflicting numbers in these financial statements!
- ◇ *Is my example a perfect fit for all printing firms?*
 - ◇ **NO!!** ...it's an "example" of applying the OODA process in financial analysis and strategic planning.

OODA – 1. Observe

- ◇ *Collect information and data*
- ◇ *Study the numbers*
 - ◇ *More than financial statements*
 - ◇ *See the numbers as tools*
 - ◇ *Develop a dashboard (like a sports team)*
- ◇ *Example*

OODA – 1. Observe

- ◇ *Some academics say limit the view to between five and eight numbers.*
 - ◇ *But will you miss something?*
- ◇ *Might include previous budgets*
- ◇ *Might include multiple benchmark rows*
- ◇ *If recently merged or acquired, might include the previous companies' results*
- ◇ *More of an art than a science*

OODA – 2. Orient

- ◇ *Analyze this information.*
- ◇ *Example – (Ralph, open hidden row, & importance)*
- ◇ *Work effectively with your accountants.*
 - ◇ *More than them “handing you financial statements”*
 - ◇ *Learn “da language”!*

OODA – 3. *Decide*

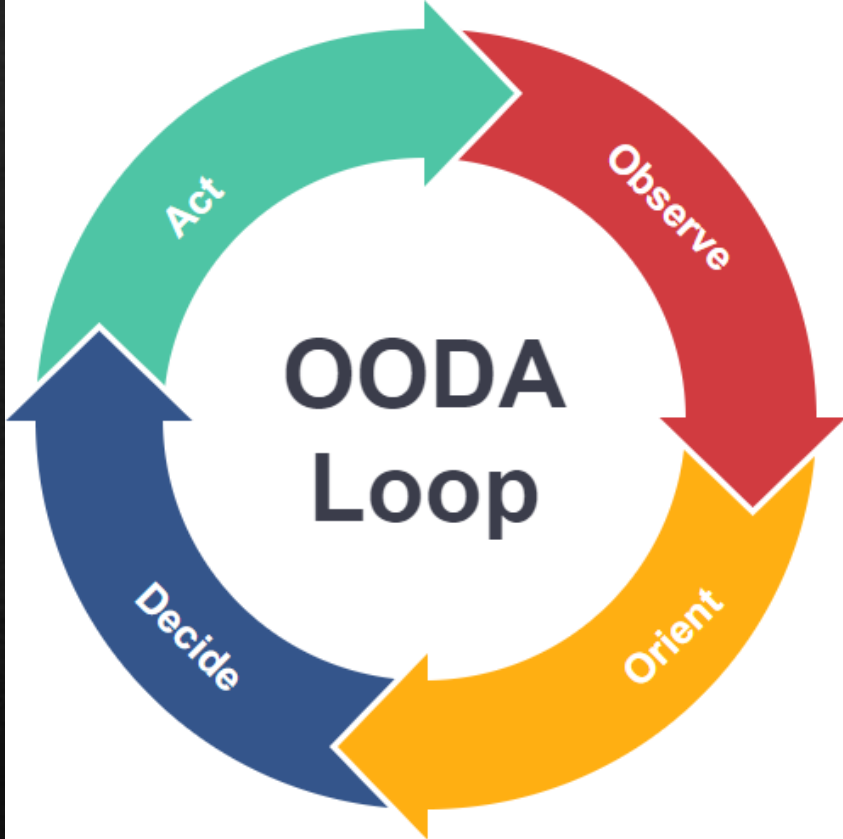
- ◇ *Determine a course of action*
- ◇ *Consider multiple options*
- ◇ *Include goals/milestones*
- ◇ *Example – (Ralph, Word document)*

OODA – 4. Act

- ◇ *Commit to and engage in those actions.*
- ◇ *What is the path to accomplish each action?*
- ◇ *Who is responsible for managing and completing each action?*
- ◇ *Set times and dates for assessing the progress of each action*
- ◇ *Apply those actions' effects to your budget!!*
- ◇ *Communicate the action path with your entire leadership team...*
 - ◇ *Maybe with your entire team*
- ◇ *Celebrate accomplishments with your team!*
 - ◇ *Recognize achievers!*
 - ◇ *Personable positive reinforcement!*

Little changes can make a significant difference

- ◇ *Implementing the proposed changes in our example would raise the EBITDA from 12.31% to 16.31% ...A 32.5% increase in EBITDA!*
- ◇ *In the 1990s, the British Cycling team was terrible.*
 - ◇ *So bad that European bike manufacturers didn't want to sell them bikes.*
- ◇ *They applied a strategy called "the aggregation of marginal gains."*
 - ◇ *Seats, uniforms, training, wind tunnel training, individualized training approaches, cyclists sleeping during events... and a ton more... anything that would generate a 1% improvement.*
- ◇ *From 2007 – 2017, British cyclists earned...*
 - ◇ *178 world championships*
 - ◇ *66 Olympic or Paralympic gold medals*
 - ◇ *5 Tour de France titles*



OODA – is a circle!

- ◇ *Develop an annual plan to apply OODA*
 - ◇ *For me, it was every December*

Closing thoughts

- ◇ *Very consistent with our CSA findings*
 - ◇ *Comprehensive Strategic Approach*
 - ◇ *Financial Analysis*
 - ◇ *Strategic planning*
 - ◇ *Goal setting*
- ◇ *“...financial literacy influences the financial attitudes, financial behaviors, organizational capabilities, and performance of SMEs.”*
- ◇ *“...financial literacy is a key factor that increases the success of SMEs.”*
- ◇ *Are you an accountant or finance expert? Most, if not all, of your competitors are not.*
 - ◇ *Develop this competitive advantage... it was for us!*
 - ◇ *But I could have done it even better.*
- ◇ *Grow in your ability to use financial knowledge to make decisions and plan!*

Closing thoughts

- ◆ *Akhtar, S. & Liu, Y. (2018). SMEs' use of financial statements for decision making: Evidence from Pakistan. Journal of Applied Business Research (JABR).*
- ◆ *Graña-Alvarez, R., Lopez-Valeiras, E., Gonzalez-Loureiro, M., & Coronado, F. (2022). Financial literacy in SMEs: A systematic literature review and a framework for further inquiry. Journal of Small Business Management.*
- ◆ *Leach, J. C. & Melicher, R. W. (7th Edition). Entrepreneurial Finance, published by Cengage.*

Closing thoughts

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◇ *THANK YOU!!*