

Q.P. CONSULTING, INC.

2011-2012 FINANCIAL MODEL

This is a one-page summary for owners to use in managing their quick printing operations. The data is based upon statistical data gathered by QP Consulting, Inc. We encourage you to compare your numbers against the numbers below, expense for expense, to evaluate opportunities where you might increase your profitability.

Top Quartile Cost of Sales

AVERAGE*
27.5%

YOUR GOAL - 29% or less!

You should strive to keep your total Cost of Goods (COG) at 29% or below, keeping special attention to paper costs, since this single item represents the largest of all COG in most printing operations. Paper costs should rarely exceed 10% of sales, regardless of whether you are primarily offset or digital.

Top Quartile Payroll Expenses

AVERAGE*
25.5%

YOUR GOAL - 30% or less!

Every P&L needs to have a single expense category titled "Payroll" under which all payroll and payroll related expenses should be listed. This would include all wages, salaries, commissions, payroll taxes, employer FICA, Medicare, SUTA, unemployment taxes, health insurance premiums, etc. Exclude all salaries, benefits and perks paid to the owner.

Top Quartile Operating Expenses

AVERAGE*
21.9%

YOUR GOAL - 24% or less!

Although "Operating Expenses" are often defined or categorized as expenses that are fixed and don't vary with sales, don't make the mistake in thinking they cannot be reduced or eliminated. If you need to cut expenses, look at every single expense entry and ask yourself if it is really needed. If not, then consider eliminating it completely. Remember, in tough times, even rents can be re-negotiated!

Top Quartile Income

AVERAGE*
25.1%

YOUR GOAL - 17% or more

Top Quartile Income is more specifically defined as "owner's compensation" (O.C.). "O.C. is all the money that is left over in the business after covering all expenses, but before paying the owner a salary or providing him/her with any fringe benefits." You should not use or include salaries/benefits paid to spouses or other partners to calculate this amount. Note that the 25.1% represents the average of the top quartile, not necessarily the highest achievable number. The range for O.C. in the top quartile ranges between 21-31%.

Top Quartile Sales Per Employee (SPE)

AVERAGE*
\$140,000

YOUR GOAL - \$135,000 Minimum

Sales Per Employee (SPE) is a popular and widely accepted benchmark in the printing industry. To calculate SPE, simply divide total annual gross sales by the total number of equivalent full-time employees, including all working owners and spouses, required to produce those sales.

* Indicates Average Achieved/Reported for companies falling in the 76-100% percentile.

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