



# Understanding Your Company's Financial Drivers

If you want to be recognized as an employee who positively contributes to your organization, one of the things you need to understand about your company is the basic financial metrics that drive it. By understanding the financial metrics that drive your company, you will have better insight into the reason decisions get made the way they do and potentially even be better able to look into the future and anticipate change that may be coming.

Does your company make its revenue by selling something that is relatively low priced to many, many people? Or, does your company sell something relatively high priced and rely on only a few sales per year?

Does your company sell to other companies or to individual consumers?

Is what you are selling something that needs to continue to be purchased, or a 1 time item?

Does your company's revenue come evenly over the year, or is it cyclical or seasonal?

Is there a specific industry that you focus on?

Is your company's product or service sticky?

Does your company's revenue stream come from individual sales or is it recurring?

What makes up the cost structure of your business?

Do you have costs associated with raw materials? How volatile are the costs of those materials?

Are the majority of the costs related to labor?

What is the margin that companies in your industry typically achieve and how does it compare to your company?

What was your company's revenue:

1st Quarter:

2nd Quarter:

3rd Quarter:

4th Quarter:

What was your company's cost:

1st Quarter:

2nd Quarter:

3rd Quarter:

4th Quarter:

What was your company's margin:

1st Quarter:

2nd Quarter:

3rd Quarter:

4th Quarter:

How does this impact you?

1. What do you see as a risk to your company's finances?
2. Is there anything you can watch that would give you insights that something in the market your company operates in might be shifting?
3. How can you use these insights to help yourself when making career decisions?
4. How can you use these insights to be a better employee?

Tip: Put a recurring reminder on your calendar each quarter to look at the financial results and see if you spot any changing trends.