



406 Consulting Group

406 CONSULTING GROUP PRESENTS

The **Compass** Newsletter

ISSUE 01 · SPRING 2025

Financial clarity for business owners who are ready to stop
guessing and start growing.

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NUMBERS TO
KNOW BY HEART

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TEMPLATE TIP

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REAL CLIENT
WIN

1

FREE STRATEGY
SESSION

FEATURE ARTICLE

The 5 Numbers Every Business Owner Should Know **by Heart**

Most business owners know their revenue. But revenue alone won't tell you if your business is healthy, scalable, or even profitable. These five numbers are the vital signs of your company — and knowing them changes everything.

CASH FLOW

01

Net Operating Cash Flow

Revenue is vanity; cash is reality. Your net operating cash flow tells you exactly how much real cash your business generates from its core operations — after paying the bills, before financing or investments. If this number is negative, no amount of sales growth will save you. Track it monthly, not annually.

PROFITABILITY

02

Gross Profit Margin

This is the percentage of revenue left after your direct costs of delivering your product or service. A healthy margin gives you room to invest, market, and grow. A shrinking margin is an early warning sign — often invisible until it's too late. Industry benchmarks vary, but you should always know yours.

LIQUIDITY

03

Accounts Receivable Aging

How much money is owed to you — and how old is it? Receivables over 60 days are a silent cash flow killer. Many businesses that look profitable on paper are actually cash-starved because customers aren't paying on time. Know your average collection period and set a policy to enforce it.

OVERHEAD

04

Break-Even Point

How much revenue do you need to cover all fixed costs before you make a single dollar of profit? Every business owner should be able to answer this without hesitation. Your break-even point is your financial floor — and knowing it helps you price, hire, and plan with confidence instead of guesswork.

GROWTH

05

Owner's Compensation as a % of Revenue

Are you paying yourself fairly — or are you the most underpaid employee in your company? Many owners either take too little (sacrificing personal financial health) or too much (starving the business of growth capital). A fractional CFO benchmarks this against your industry and builds a compensation structure that works for both you and the business. This number is the intersection of personal and business finance — and it's almost always overlooked.

"If you can't measure it, you can't manage it. These five numbers are your financial dashboard — don't fly blind."

TOOL & TEMPLATE TIP

Your 1-Page Monthly Financial Dashboard

Stop drowning in spreadsheets. Every business owner needs one clean, single-page view of their financial health — updated monthly. Here's the five-section template our team uses with every client:

- **Cash Position** — Current bank balance vs. 30-day forecast
- **Revenue vs. Budget** — Month-to-date and year-to-date variance
- **Gross Margin %** — Actual vs. prior month vs. prior year
- **Top 3 Expenses** — Flagged if over budget by more than 5%
- **Receivables Aging** — Total owed, broken into 0–30, 31–60, 60+ day buckets

PRO TIP

Review this dashboard in a 30-minute monthly meeting with your bookkeeper or controller. Decisions made with current data are always better than decisions made from memory.

CLIENT WIN · CASE STUDY

From Guessing to Growing: A Montana Contractor's Turnaround

\$0

VISIBILITY
INTO
CASH FLOW

90

DAYS TO FULL
CLARITY

22%

MARGIN
IMPROVEMENT

A regional construction company came to us with a common problem: revenue was growing, but the owner couldn't explain why the bank account always felt empty. They had no monthly close process, receivables were 75+ days old on average, and job costing was nonexistent.

Within 90 days, our team implemented a monthly close process, built a job-costing system in their existing software, and established a collections policy. The result: the owner could see — for the first time — which jobs were profitable and which were bleeding cash.

"I finally feel like I'm running my business instead of my business running me. I know my numbers now — and that changes every decision I make."

— Business Owner, Montana Construction Company

HOW 406 CONSULTING GROUP CAN HELP YOU KNOW YOUR NUMBERS

Fractional CFO — Strategic financial leadership without the full-time cost. We become your financial co-pilot.

Controller Services — Accurate, timely financial reporting so you always know where you stand.

Bookkeeping — Clean books are the foundation of every great financial decision. We keep yours spotless.

Tax & Tax Resolution — Proactive tax strategy and expert resolution for businesses facing IRS challenges.

Payroll & Advisory — Compliant, on-time payroll and forward-looking business advisory to fuel your growth.



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YOUR NEXT STEP

Ready to Know Your **Numbers**?

You've just read the 5 numbers every business owner should know. Now ask yourself honestly — do you know yours? If the answer is "not really," that's exactly what we're here to fix. Schedule a complimentary Financial Clarity Review with our team and walk away with a clear picture of where your business stands and what to do next.

Fractional CFO

Controller Services

Bookkeeping

Tax Strategy

Tax Resolution

Payroll

Business Advisory

Schedule Your Free Financial Clarity Review



30 minutes · No obligation · Real insights you can use immediately

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WEBSITE

406consulting.com

LOCATION

Billings, Montana

SERVICES

CFO · Tax · Bookkeeping · Payroll

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