

A photograph of a forest with a single, exceptionally tall and mature pine tree standing out from a dense stand of younger, thinner pine trees. The sky is a clear, pale blue.

Thrive.

Mackay Research Group
Your Guide to Robust Profitability.

Financial Performance Studies

The primary purpose of a Financial Performance Study should be to help the manufacturers improve their financial results. The current economy has challenged manufacturers at historical levels. In these turbulent times manufacturers need meaningful, relevant guidelines. The most cost-effective vehicle for providing those guidelines is a Financial Performance Report (FPR). It is an analysis of the financial performance of the industry, including an income statement, balance sheet and key financial ratios. This report is similar to studies some associations call a Cost of Doing Business Report, Operating Ratio Report, Financial Benchmarking or a Profit Report.

The main areas where a Financial Performance Study assists the typical company improve performance include the following:

- Gauges your company's performance vs. industry peers to identify strengths and weaknesses.
- Segments the high profit companies to determine the key factors for success
- Prepares each participant with an individual company report, showing their performance compared to relevant industry benchmarks.

Each study is customized to the organization's unique chart of accounts and the needs of the industry involved. Two specific deliverables are provided as part of a Financial Performance Study:

1. **Industry Performance Report** — This document must be comprehensive yet easy-to-understand and use. It's also essential to provide guidelines for improving results.
2. **Participant Support** — Firms that take the time and effort to take part in the survey need to be compensated for their effort. We do this in an individual company Financial Performance Report (FPR). Each participating firm receives a report that tells them how to improve results. This report also compares the participant's company to the industry and to others in the same sales classification. Mackay Research Group sends these reports directly to the survey participants.

Benchmarking Surveys

The primary objective of benchmarking or industry profile survey is to gain a more comprehensive understanding of critical operational areas of management within your industry.

The statistics in a Benchmarking Report can assist in gauging the performance of your company's manufacturing operation. The bottom line measure of success is, of course, profit. The question then becomes which strategic benchmarks analyzed in this report lead to higher profitability?

This survey provides a detailed review of the following areas:

- **General information** — sales volume, product categories, customers served
- **Operations** — design & engineering, age profile of equipment, machine utilization, purchasing
- **Quality** — customer requirements, ISO certification, inspection procedures, on-time performance
- **Sales profile** — sales forecast, order backlog, markets served
- **Organization** — employees by job function, employee training, employee outreach programs
- **Safety** — incidence rates of work-related injuries
- **Insurance** — annual premiums & rate increases for auto, product liability & healthcare

Benchmarking Report

Data is presented for the "typical" company, by sales volume category, and line of business. An analysis of variance providing the range of common experience for all applicable measures is also included in this report.

Compensation Studies

One of the most pressing issues that companies in today's economy must deal with is how to compensate employees. Soaring healthcare costs are having a heavy impact on profitability. The purpose of a compensation survey is to give your manufacturers timely information regarding employee compensation programs, including wages, salaries, commission plans, and fringe benefits.

A compensation study provides information on topics such as:

- Employee compensation & bonus plans
- Beginning & experienced wage rates
- Work injuries/safety
- Healthcare plans & premiums
- Retirement income plans
- Paid vacation & holidays

The purpose of a compensation survey is to help companies determine what competitive rates of pay are and to determine what benefit programs are expected by today's employees. With this information, your manufacturers will be better equipped to control payroll expenses while maximizing employee productivity.

Compensation Report

The compensation report provides the cumulative results of all companies that respond to the survey. Results show the "typical" compensation level for common job titles. Characteristics of the benefit programs offered by employers are also uncovered. Data is arranged by sales size, geographic region and employee count, assuming an adequate sample size is provided.

The figures provided in the report provide managers with invaluable insights for setting salary levels and for adjusting fringe benefits offered. This data is also useful for recruiting and employee promotion purposes.

Types of compensation surveys

- Executive compensation
- Sales staff compensation
- Professional staff (engineers & service personnel)
- Plant wages & fringe benefits

Educational Programs

Educational programs have been an important focus of Mackay Research Group for over fifteen years. We consistently receive outstanding ratings because we adhere to three fundamental criteria in all of our programs:

1. All programs are customized to your industry.
2. The programs are practical, with action-oriented concepts that you can apply immediately.
3. Each program is developed and presented by a knowledgeable, experienced professional who is familiar with your industry.

Below is an illustrative listing of profitability-oriented presentations we conduct regularly.

- Improving the Bottom Line
- Doing More With Less
- Profit is Everybody's Business
- Where has all the Cash Gone?
- Plan Profit First

Mackay Research Group

Mackay Research Group's primary objective is to assist small to mid-size companies achieve robust profitability and financial security. Our principal customers are trade associations and affiliated organizations.

The Mackay Research Group provides comprehensive, time-sensitive information on employee performance, operating performance and ultimately financial performance in your industry.

■ **Financial Performance Studies** — Collect financial data that lets participants compare themselves to relevant profit and operational targets in the industry.

■ **Benchmarking/Industry Profile Surveys**— Provide valuable insight into best practice operating performance in the industry.

■ **Compensation Studies** — Compile the salary, wage and fringe benefit information for executive, managerial and/or plant employees.

■ **Educational Programs**— Tailor seminars to provide an understanding of how specific management actions impact



John R. Mackay, President

Prior to forming the Mackay Research Group John was Vice President of the Profit Planning Group, a research and executive education firm headquartered in Boulder, Colorado. He joined the Profit Planning Group in 1982 to head up its profitability survey activities. Over his 20 year tenure, John helped build PPG's client roster from 1 to 80 associations, most of which were distributor-member based.

In 2001, PPG began to expand its client base to include more trade associations with manufacturer members. In the process, it became clear that many of the tools they had developed for distributor clients did not quite fit for manufacturers and that some changes would be required. It was also obvious that the Profit Planning Group could not provide the level of service that manufacturer associations deserved given PPG's heavy distributor client base. What was needed was a small, more entrepreneurial group dedicated to a manufacturer focus. To respond to this growing need, in 2003 Mackay spun-off a segment of the company so he could work with these clients in a more targeted manner.

He is a frequent seminar and convention speaker on topics such as Improving the Bottom Line, Getting Serious About Profit, and Doing More with Less.

John received his undergraduate degree from The Ohio State University and his MBA from the University of Colorado.



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