

***The Return on Equity Planner***  
**from**  
**The Strategic Benchmarking for Value Network**  
**Provides a Free Analytical Tool for Business Owners and Managers**

by

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As a business owner or manager, you know the difficulty in obtaining and interpreting financial information that is genuinely useful in running your business and satisfying the needs of lenders.

What if you could have at your finger tips a financial analysis tool that was easy to use, allowed you to see the financial drivers of your business, explore “what if” scenarios for improvement of your financial position and provided for increased knowledge, allowing more effective communication with lenders?

The **Return on Equity Planner** (ROE Planner) available at no charge, from the **Strategic Benchmarking for Value Network**, (SBfV Network) is just such a tool.

Business owners are often so busy running day to day operations, they do not take time, or do not have the knowledge, to evaluate the effect of their operational decisions on the financial health of their companies. Often the value of an owner’s business represents 80% or more of his net worth, yet frequently little time is spent on developing a strategy to build that value. To develop an effective strategic plan to build value and improve financial health, a business owner must clearly understand the financial effects of the interrelated operational aspects of his business.

Return on Equity (ROE) is a key measurement of financial health of a business, but if utilized as strictly an ending number, it fails as a management tool. Often ROE is conceptually understood by business owners, but the relationship of its components and how a manager can utilize those components in operational decisions, remains unknown.

An analytical tool is now available to professional advisors, business owners and financial managers that not only demonstrates the cause and effect of operational decisions on the financial health of the business, but it educates the business owner in the functional relationship of the components of his operation and how they affect his company’s financial health and value.

The **Return on Equity Planner** (ROE Planner) from **Strategic Benchmarking for Value Network** (SBfV) is based upon the formula developed by a finance executive at E.I. du Pont de Nemours and Co., of Wilmington, Delaware. In 1919 the DuPont system of financial analysis was created to effectively differentiate between companies with different financial leverage and asset turnover rates, but having the same return on equity. The DuPont formula gives a much more complete picture of a company’s financial situation than the traditional formulas of return on equity, return on investment and return on assets.

The ROE Planner from SBfV is configured so that it provides an invaluable tool in communicating vital financial information to business owners, banks, stakeholders and clients. *But it does much more.*

It clarifies the interrelated aspects of day to day business operations, while demonstrating their cause and effect on the financial health and value of the company. The “what if” aspects of the ROE Planner allow the business owner to determine, strategically, a course of action to positively influence the financial situation of his company.

I recently utilized a prototype of the ROE Planner with a small business client. Not only did the ROE Planner allow the owner to evaluate alternative scenarios for financial improvement, but utilizing the Flowchart aspect of the planner, the components and their relationship to efficient utilization of capital were clearly illustrated. For the first time in an eighteen year business career, the owner understood how to improve his business’s financial health and how to build wealth through his day to day operations.

As a business owner and manager you know the challenge of successfully managing your business to meet your goals and those of your lender. The ROE Planner from SBfV is one tool that will assist you in identifying the financial drivers of your company, understanding and communicating financial issues, analyzing the components of the business’s financial situation and developing a strategic plan for improvement.

The **Return on Equity Planner** is available at no charge from the **Strategic Benchmarking for Value Network** on their website at [www.strategicbenchmarking.com](http://www.strategicbenchmarking.com) or contact Timothy L. Rhine at [tlr@corporatecapital.bz](mailto:tlr@corporatecapital.bz)

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