



# F I T

FINANCIAL IMPROVEMENT TOOLKIT

## **Product Overview**

---

2007 © UNIDO  
by EPIC • GOLEM IMS GmbH  
Vienna, Austria  
<http://www.win2biz.com>



## Why do you need FIT?

### IMPROVE THE USE OF YOUR FINANCIAL ASSETS

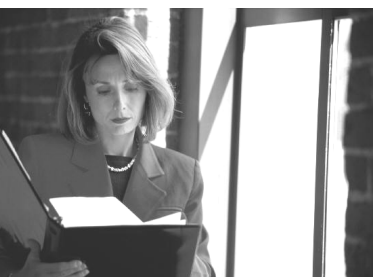
---

Efficient use of financial assets is one of the main elements of success in business. Enterprise managers must define a strategy that most effectively utilizes and allocates financial resources in order to attain, maintain and improve a company's competitive position in the market.

Careful monitoring through strategic business indicators enables managers to analyze and monitor past and present use of financial and other key resources. FIT, the "Financial Improvement Toolkit," is especially designed to assist company managers in deciding on improvements of the efficient allocation of financial assets on a yearly basis. In addition it can help managers and consultants to comply to new financial standard BASEL II requirements for credit risk minimization in obtaining credits or investments.

FIT is a personal computer-based (PC) software developed for managers who want to establish their own Strategic Management Assistant and Adviser.

“... it is always on hand, ready to deliver immediate and accurate options in order to control general and sensitive enterprise issues. It is easy to use for getting a brief overview or in-depth analysis. It gives a true picture of the enterprise at a glance and generates alternatives for annual strategic decisions. It promotes clearer understanding of enterprise practices and allows simple data entry, but prevents unauthorized use.”



## What is FIT?

FIT, the "Financial Improvement Toolkit", is a PC software assisting company managers in deciding on improvements of annual financial assets allocation. Efficient use of the financial assets is one of the main components of business success. Managers want to define strategies that most utilize and allocate financial resources in order to attain, maintain and improve a company's competitive position in the market.

FIT presents 23 indicators based on a yearly income statement and a yearly balance sheet of the SBU that is to be analyzed. The minimum time span for making FIT application is usually at least 3 years of business activities.

### FIT ASSISTS MANAGERS BY:

---

- Providing a coherent view of the financial situation of an enterprise.

## FIT - PRODUCT OVERVIEW

- Monitoring the factors of financial health, which determine a company's profitability.
- Providing managers with decision support to improve the use of limited financial resources.
- Facilitating the process of continuous improvement of enterprise performance.

## FIT CONSISTS OF 3 MAIN COMPONENTS:

---

1. Data entry forms
2. Data view in graphs
3. Data and Graphs printouts

## Who can use FIT?

### *Managers in Small and Medium-sized Enterprises*

FIT is useful for those who want to obtain a better understanding of their enterprise's activities, consequences of particular decisions, and the impacts of changes in the external business environment. The methodological basis is a standard auditing and balance sheet analysis business environment.

### *Auditing and financial management*

FIT will be of particular interest to professionals and students who want to teach and learn about the use of financial resources at the enterprises. FIT provides for an easy to use practical training and decision support tool.



## Data required to operate FIT-system

There are the following data required for FIT financial statements annually:

### ***Fixed and Current Assets:***

- Current assets
- Stocks
- Other Current assets
- Fixed assets
- Other assets

## FIT - PRODUCT OVERVIEW

| Fixed and current assets.      |              |
|--------------------------------|--------------|
| Current Year: 1994             |              |
| <b>Current Assets</b>          |              |
| Cash and marketable securities | 100          |
| Trade Debtors                  | 400          |
| <b>Stocks</b>                  |              |
| Raw Materials                  | 130          |
| Work in progress               | 230          |
| Finished Goods                 | 120          |
| <b>Total Stocks</b>            | <b>480</b>   |
| Other Current Assets           | 20           |
| <b>Total Current Assets</b>    | <b>1 000</b> |
| <b>Fixed Assets</b>            |              |
| Gross Book Value               | 4 000        |
| Accumulated Depreciation       | 3 200        |
| <b>Net Book Value</b>          | <b>800</b>   |
| Other Assets                   | 121          |
| <b>Total Assets</b>            | <b>1 921</b> |

### **Liabilities and Equity:**

- Current Liabilities
- Long-term liabilities
- Other Liabilities
- Shareholders Equity

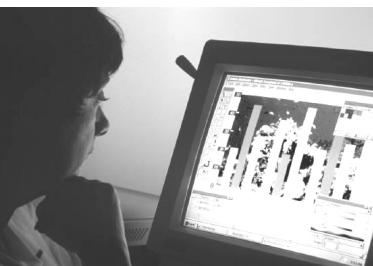
| Liabilities and Equity.             |              |
|-------------------------------------|--------------|
| Current Year: 1994                  |              |
| <b>Current Liabilities</b>          |              |
| Short-Term Borrowing                |              |
| Current portion of long-term debt   | 0            |
| Trade creditors, others             | 300          |
| <b>Total Current Liabilities</b>    | <b>300</b>   |
| Long-Term Debt                      | 1 100        |
| Other Liabilities                   | 0            |
| Shareholders Equity                 | 500          |
| <b>Total Liabilities and Equity</b> | <b>1 900</b> |

### **Income Statement for SBU:**

- Revenue
- Cost of Goods
  - Marketing Costs
  - Research and Development
  - Income
  - Others
  - Number of employees

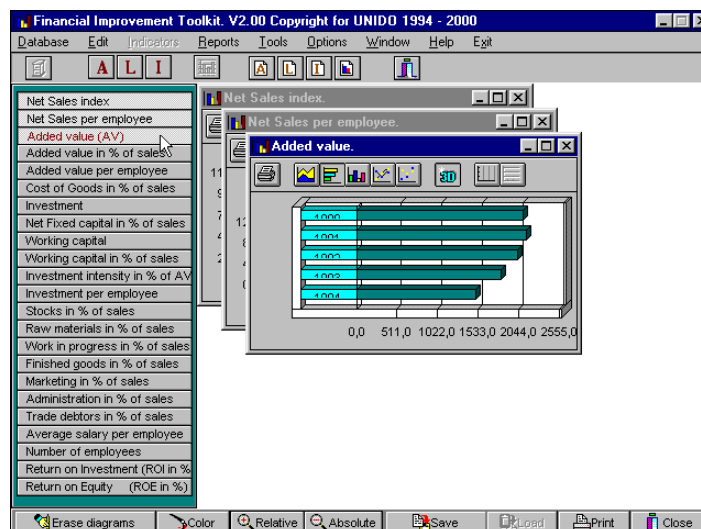
## FIT - PRODUCT OVERVIEW

| Income Statement for SBU   |             |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
|--|-------------|---------------------------------------|-------------|---------------------------------|--|-------------|------|-------------|-----|------------------------|---|-------------|---|------------------|-------------|----------------------------|------------|------------------------|---|--|--|----------------------|--|---------------|--|-----------|------|------------------|----|---------------|-----|---------------------------------------|-----------|--------------|----|--------------------------|------------|---------------|----|--|--|----------------------------|-------------|---------------|--|--|--|----------------|-----|------------------------|--|-----------------------|-------------|-------------|-----|---------------------|-----|-------------------|---|--|--|-----------------|----|--|--|------------------------------|------------|--|--|
| Current Year: 1994   |             |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <table border="0"> <tr> <td><b>Revenue</b></td> <td></td> <td><b>Research and Development</b></td> <td></td> </tr> <tr> <td>Gross Sales</td> <td>2700</td> <td>Product R&amp;D</td> <td>160</td> </tr> <tr> <td>Returns and Allowances</td> <td>0</td> <td>Process R&amp;D</td> <td>0</td> </tr> <tr> <td><b>Net Sales</b></td> <td><b>2700</b></td> <td><b>Total R&amp;D Costs</b></td> <td><b>160</b></td> </tr> <tr> <td>Net Intracompany Sales</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td><b>Cost of Goods</b></td> <td></td> <td><b>Income</b></td> <td></td> </tr> <tr> <td>Purchases</td> <td>1190</td> <td>Interest Expense</td> <td>80</td> </tr> <tr> <td>Direct Labour</td> <td>560</td> <td><b>Income before Tax and Interest</b></td> <td><b>30</b></td> </tr> <tr> <td>Depreciation</td> <td>50</td> <td><b>Income before Tax</b></td> <td><b>-50</b></td> </tr> <tr> <td>Manufacturing</td> <td>80</td> <td></td> <td></td> </tr> <tr> <td><b>Total cost of goods</b></td> <td><b>1880</b></td> <td><b>Others</b></td> <td></td> </tr> <tr> <td></td> <td></td> <td>Other Expenses</td> <td>370</td> </tr> <tr> <td><b>Marketing Costs</b></td> <td></td> <td><b>Total Salaries</b></td> <td><b>1120</b></td> </tr> <tr> <td>Sales Force</td> <td>230</td> <td>Number of Employees</td> <td>198</td> </tr> <tr> <td>Media Advertising</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td>Other Marketing</td> <td>30</td> <td></td> <td></td> </tr> <tr> <td><b>Total marketing costs</b></td> <td><b>260</b></td> <td></td> <td></td> </tr> </table> |             | <b>Revenue</b>                        |             | <b>Research and Development</b> |  | Gross Sales | 2700 | Product R&D | 160 | Returns and Allowances | 0 | Process R&D | 0 | <b>Net Sales</b> | <b>2700</b> | <b>Total R&amp;D Costs</b> | <b>160</b> | Net Intracompany Sales | 0 |  |  | <b>Cost of Goods</b> |  | <b>Income</b> |  | Purchases | 1190 | Interest Expense | 80 | Direct Labour | 560 | <b>Income before Tax and Interest</b> | <b>30</b> | Depreciation | 50 | <b>Income before Tax</b> | <b>-50</b> | Manufacturing | 80 |  |  | <b>Total cost of goods</b> | <b>1880</b> | <b>Others</b> |  |  |  | Other Expenses | 370 | <b>Marketing Costs</b> |  | <b>Total Salaries</b> | <b>1120</b> | Sales Force | 230 | Number of Employees | 198 | Media Advertising | 0 |  |  | Other Marketing | 30 |  |  | <b>Total marketing costs</b> | <b>260</b> |  |  |
| <b>Revenue</b>   |             | <b>Research and Development</b>       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Gross Sales  | 2700        | Product R&D                           | 160         |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Returns and Allowances   | 0           | Process R&D                           | 0           |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <b>Net Sales</b>   | <b>2700</b> | <b>Total R&amp;D Costs</b>            | <b>160</b>  |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Net Intracompany Sales   | 0           |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <b>Cost of Goods</b>   |             | <b>Income</b>                         |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Purchases  | 1190        | Interest Expense                      | 80          |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Direct Labour  | 560         | <b>Income before Tax and Interest</b> | <b>30</b>   |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Depreciation   | 50          | <b>Income before Tax</b>              | <b>-50</b>  |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Manufacturing  | 80          |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <b>Total cost of goods</b>   | <b>1880</b> | <b>Others</b>                         |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
|  |             | Other Expenses                        | 370         |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <b>Marketing Costs</b>   |             | <b>Total Salaries</b>                 | <b>1120</b> |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Sales Force  | 230         | Number of Employees                   | 198         |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Media Advertising  | 0           |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| Other Marketing  | 30          |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <b>Total marketing costs</b>   | <b>260</b>  |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |
| <input type="button" value="Accept"/> <input type="button" value="Restore"/> <input type="button" value="Cancel"/>   |             |                                       |             |                                 |  |             |      |             |     |                        |   |             |   |                  |             |                            |            |                        |   |  |  |                      |  |               |  |           |      |                  |    |               |     |                                       |           |              |    |                          |            |               |    |  |  |                            |             |               |  |  |  |                |     |                        |  |                       |             |             |     |                     |     |                   |   |  |  |                 |    |  |  |                              |            |  |  |



## FIT assistance

The list of indicators on the left side of the screen below can be used for viewing 23 indicators in graphs.



The following list consists of the indicators for viewing enterprise performance.

### 1. Net Sales index

shows the trend in net sales over years.

### 2. Net Sales per employee

measures the amount of average net sales per employee for each year.

**3. Added value**

can be translated as the "Economic Productivity" of an enterprise. Measured as the net sales less purchased goods and services needed to produce the net sales and monitored over time, this indicator provides an early warning of changes in profitability.

**4. Added value in % of sales**

measures the degree of vertical integration within a firm and indicates the extent of net sales value produced "in-house."

**5. Added value per employee**

portrays the average amount of added value produced for each employee. Added value per employee, an indicator of labor productivity, shows the effectiveness of the work force. It may be compared with salary per employee or investment per employee.

**6. Cost of Goods in % of sales**

is used to analyze the major cost components incurred in generating sales amount and their trend over time.

**7. Investment**

represents the total amount of capital (net fixed assets plus working capital) needed to generate the sales volume. This indicator is calculated by subtracting total current liabilities from total net assets.

**8. Net Fixed capital in % of sales**

is a measure of capital productivity relative to sales and is calculated as the amount of net fixed assets used to generate the sales volume.

**9. Working capital**

shows the actual amount of capital available to the enterprise for its operations. Identifying of the amount of the capital used for production facilitates better allocation of a company's resources.

**10. Working capital in % of sales**

shows how effectively working capital is being used to generate sales.

**11. Investment intensity in % of Added value**

defined as investment divided by added value, is a key measure of a firm's financial standing and refers to the actual added value per year relative to the necessary investments.

**12. Investment per employee**

reveals the degree of automation operating in a particular company. A rule of thumb is that production volume per employee must increase as more capital is invested per employee.

**13. Stocks in % of sales**

is used to identify possible problems in working capital (or investment intensity). This indicator will assist in improving various infrastructure elements of enterprise management, such as logistics, just-in-time production or supply chain management. This indicator is also referred to as inventory as a percentage of sales.

**14. Raw materials in % of sales**

reflects the effective use of inventory and helps to identify potential problems with working capital (or investment intensity).

**15. Work in progress in % of sales**

is used to show the extent to which the materials are used in sales generation through the percentage of unfinished products calculation.

**16. Finished goods in % of sales**

indicates storage level of the ready products. It shows how well are the finished goods being sold.

**17. Marketing in % of sales**

is used to analyze the major marketing cost components necessary for generating sales as well as trends over time.

**18. Administration in % of sales**

is used to analyze the major administrative cost components necessary for generating the sales and their trend over time.

**19. Trade debtors in % of sales**

monitors how trade contributes to sales.

**20. Average salary per employee**

reflects trends in payroll development on a per employee basis. The value is calculated by taking the annual total of all salary payments for the enterprise per average number of staff employed during that year (based on total person hours).

**21. Number of employees**

shows the average number of employees for a year, indicates how many persons are involved in producing goods (and services) for sale.

**22. ROI (Return on Investment)**

is one of the most important indicators in the financial management of any enterprise, provides insight on the effectiveness of the investment strategy. Securing the continued growth and development of an company requires the review of ROI, which gives information on the amount of income generated with the current investment strategy (based on the cost of capital).

### 23. ROE (Return on Equity)

is defined as income before tax divided by shareholder's equity. It may be compared with potential returns on alternative investments available to shareholders.

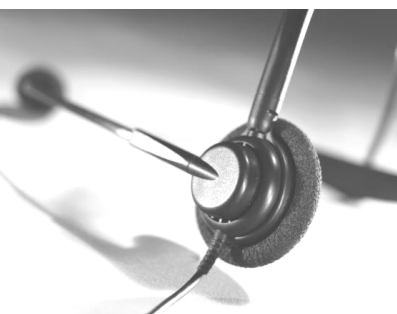
The minimum time span for FIT application is usually at least 3 years of business activities.



## Utilities

FIT utilities provide customization the following options for the users:

- Database backup/restore
- Add additional language/work in multilingual environment
- Print reports (database tables)
- Print graphs
- Get extensive help



## Contacts

Inquiries regarding the Business Performance Management Software from the **United Nations Industrial Development Organization (UNIDO)** and Training Programmes for entrepreneurs can be made to the following organizations:

### **Enterprise Performance Improvement Center (EPIC)**

by GOLEM IMS GmbH

as UNIDO official partner, implementing training and distribution of UNIDO business software products

A-1220 Vienna, Austria

E-mail: [info@win2biz.com](mailto:info@win2biz.com)

<http://www.win2biz.com>

or

UNIDO, P.O. Box 300,  
A-1400 Vienna, Austria,  
Phone: +43 1 26026,  
Fax: +43 1 26026 6840.