

# How to Read the Road Map

The Road Map represents a financial skeleton of your business. As you can see, it's a self-contained system; however, as with any system, it requires maintenance to function properly. Problems — in business or anywhere else — are solved when we get to the causes. In medicine doctors only treat the symptoms of a disease when the causes are unknown.

Business owners generally identify three major financial symptoms: low cash, low gross margin, and/or low net profit. That's right: low cash, low gross margin or low net profits are not the causes of financial problems; they are the effects — or symptoms — of other hidden financial problems. And that's where the Road Map becomes useful. To find causes we must trace back from the effects to examine a variety of possible causes for the symptoms.

The Road Map presents the “big picture” overview, but at the same time leads us through a process of analysis designed to pinpoint potential problem areas. This cause-and-effect analysis is an invaluable resource for business owners.

Now, in order to take positive action in any situation, you need to know three things:

Where you are

Where you want to go

How to get there

Your own financial statements — past and present — and your own ratio calculations can show you your present position. By comparing your position with that of the industry as a whole, you can determine where you would like to be at the end of the next operating period. The “Road Map” can help you determine how to get there.