

HIGH-VOLUME

WORKSHEET 1 OF 9

Monthly Eight-Ratio Dashboard Update

One table, updated every month after books close. Takes under 45 minutes.



Complementary worksheet for
Financial Ratio Analysis
by Ibrahim Anwar

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What This Is For

A monthly 45-minute discipline that keeps eight financial ratios current, trended, and flagged before any external party sees them. Most ratio problems that surface at credit applications or investor meetings were already visible in the numbers four to eight months earlier. They were not acted on because no one was reading the numbers with any regularity. This worksheet makes the reading a fixed cost — an unavoidable event at the end of every month — rather than a reactive scramble.

The eight ratios cover all four diagnostic categories simultaneously: liquidity (current ratio, quick ratio), activity (DSO, DIO), solvency (DER, ICR), and profitability (GPM, NPM). Running all eight in one session means a deteriorating trend in any one category cannot hide behind a strong-looking number in another. A business reporting healthy GPM while its current ratio drops toward the bank floor needs to see both numbers in the same table, in the same month, before the next board meeting.

Benefits

What you get when you actually run this worksheet on a real situation:

- Builds the trend data that confirms whether a ratio is moving structurally or seasonally — one month is a data point, three months in the same direction is a structural trend.
- Surfaces flag conditions before the bank, auditor, or investor calculates the same numbers independently from your own submitted statements.
- Assigns responsibility: every flagged ratio in the table leaves the meeting with a named person, a concrete action, and a deadline.
- Replaces ad-hoc ratio calculation before credit events with a running baseline that makes credit conversations factual rather than reactive.
- Separates a monthly ritual from a crisis response — the habit produces early warnings; without it, every problem is discovered late.

Framework To Use

— Four-Category Coverage Test

Eight ratios, four diagnostic dimensions. A table missing any column is blind in that dimension.

Eight Ratios – Four Diagnostic Dimensions

Dimension	Ratio 1	Ratio 2	What it reveals if both are read together
Liquidity	Current Ratio	Quick Ratio	Gap between the two shows how much liquidity depends on inventory moving fast enough to pay bills
Activity	DSO (days)	DIO (days)	Together they describe the working capital cycle before DPO is factored in
Solvency	DER	ICR	Structure vs. capacity: how leveraged the balance sheet is, and how far EBIT can fall before interest is uncovered
Profitability	GPM (%)	NPM (%)	Gap between them isolates whether margin pressure is at the purchase level or inside operating costs

How To Use

Follow these steps in order. Each one builds on the previous.

- 1 Pull the month-end trial balance or management accounts. Confirm that accounts receivable and payables are as of the same date — mixing dates produces a current ratio that is wrong in both directions.
- 2 Calculate all eight ratios from that statement. Use the same formulas every month. Do not change methodology mid-stream unless the accounting treatment of an input has changed — if it has, note it in the table.
- 3 Enter the results in the This Month column. Copy the prior month from last month's completed worksheet into the Prior Month column.
- 4 Set the Baseline column once, from the average of the first two to three months you calculate — update it only when the business model changes materially.
- 5 Fill the Direction column: up, down, or stable. Up is not always better — rising DER or rising DSO is a bad direction even though the number got larger.
- 6 Apply your preset flag thresholds. Mark Y in the Flag column for any ratio that crossed a yellow threshold. Write the threshold and the reason in the margins.
- 7 For each Y: before closing this worksheet, write the three items — most likely cause, one concrete action assigned to a named person, and a deadline for reporting back. Do not leave the Flag column without entries.
- 8 File the completed worksheet. Next month's worksheet copies This Month into Prior Month as its starting point.

Example Use

A building materials distributor with \$5.2 million in annual revenue closes the books for October and runs the dashboard. Current ratio is 1.08x, down from 1.21x in September. GPM holds at 19.3%. ICR is 1.82x, stable. DSO moved from 52 to 61 days.

The owner fills in all eight ratios from the October trial balance. Current ratio 1.08x lands in the yellow zone — the preset threshold was below 1.20x flags yellow, below 1.00x flags red. DSO 61 days also triggers yellow; the threshold is 55 days.

Two Ys appear in the Flag column. The owner writes, in the margin next to current ratio: most likely cause is the \$48,000 trade payable to the main supplier that came due October 28 and was paid before month-end, which drew down the cash balance. Action: verify whether the payable timing is a one-month event or whether the supplier's invoice cycle has permanently shifted to October. Deadline: confirm with accounts payable by November 5.

For DSO 61 days: three customers representing approximately \$340,000 in receivables are now past 50 days. Action: the accounts receivable coordinator follows up with all three this week. Deadline: status report at the November 8 internal meeting. The owner notes that if DSO stays above 55 days in November, it confirms a structural lengthening trend rather than a one-month spike.

The completed worksheet shows that no other ratio crossed a threshold. The liquidity dip is likely explained by the payment timing; the DSO rise needs one more month of data to classify. The meeting ends with two assigned actions, two deadlines, and a clear watch condition.

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

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One table, updated every month after books close. Takes under 45 minutes.

RATIO	BASELINE	THIS MONTH	PRIOR MONTH	DIRECTION	FLAG?

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. Row labels: Current Ratio · Quick Ratio · DSO (days) · DIO (days) · DER · ICR · GPM (%) · NPM (%). Direction: up / down / stable. Flag: Y if any yellow or red threshold was crossed. Write thresholds in the margin if they are not printed on the form.

2. For each Y in the Flag column: write (a) most likely cause, (b) one concrete action assigned to a named person, (c) deadline for reporting back. If cause is unknown, write who will investigate and by when. Do not leave the session until all three items are written for each Y.

3. After completing the table: which single ratio changed the most from prior month to this month in absolute terms? Is that change in a better or worse direction? Is it now closer to or further from the covenant limit or bank threshold than it was three months ago?

Tips and Traps

TIPS

- Run the worksheet on the same calendar date every month — within three business days of books closing. The ritual value is in the regularity, not in the format.
- Set flag thresholds conservatively for the first three months while you learn your business's normal seasonal range. Tighten them after six months of baseline data.
- Write the cause explanation in plain operational language, not accounting language. 'DSO up because the three HOREKA accounts pay 60 days regardless of invoice terms' is more useful next month than 'receivables variance positive.'
- Read the Direction column across all eight ratios as a pattern, not individually. Three ratios deteriorating in the same month, even mildly, is a more significant signal than one ratio crossing a threshold alone.
- Keep all completed worksheets in one folder. The ability to retrieve October two years ago in under two minutes is what makes trend analysis possible under time pressure.

TRAPS

- Marking no flags in months where nothing looks dramatically wrong. Ratios moving from safe to yellow over several months can each individually look acceptable; the cumulative drift is invisible without looking at Direction across twelve months.
- Using end-of-month receivables balance in DSO without averaging — a business with strong month-end billing has higher month-end receivables than its actual average, producing a DSO figure that systematically overstates collection speed.
- Changing the baseline mid-year because the business 'looks different now.' The baseline is a fixed reference point; changing it destroys comparability. Note changes in the margin, never overwrite the baseline cell.
- Treating the Flag column as optional paperwork. A Y with no written cause and no assigned action is a flag that accomplished nothing — it recorded a problem but produced no response.

Appendixes

Appendix A — Preset Threshold Bands for Eight Ratios

These bands are starting points. Adjust for your industry and seasonal profile.

Current Ratio	: green ≥ 1.50	yellow 1.00-1.49	red < 1.00
Quick Ratio	: green ≥ 1.00	yellow 0.80-0.99	red < 0.80
DSO (days)	: green < 45	yellow 45-70	red > 70
DIO (days)	: green < 50	yellow 50-80	red > 80
DER	: green < 1.50	yellow 1.50-2.00	red > 2.00
ICR	: green > 2.00	yellow 1.50-2.00	red < 1.50
GPM (%)	: set green/yellow at +/- 2pp from your 3-period baseline		
NPM (%)	: set green/yellow at +/- 1.5pp from your 3-period baseline		

Indonesian bank minimums for UMKM credit (general):

Current Ratio minimum	: 1.00x
DER maximum	: 2.00x (investment credit); 1.50x (unsecured)
ICR minimum	: 1.50x (common floor in most facilities)

Appendix B — Flag Action Template

Copy this block for each Y in the Flag column:

Ratio flagged : _____
 This month value : _____
 Threshold crossed : yellow / red
 Most likely cause : _____
 Action required : _____
 Assigned to : _____
 Deadline : _____
 Reporting back at : _____

Appendix C — When a Flag Requires Escalation vs Monitoring

Monitor one more month (do not escalate yet):

- First time this ratio has flagged yellow
- Consistent with known seasonal pattern
- Quick ratio is still above 0.8x
- No covenant threshold is within 0.2x of actual

Escalate immediately (act before next month):

- Same ratio flagged yellow for second consecutive month
- Any ratio crossed from yellow to red
- Ratio is within 0.2x of a covenant threshold
- Two or more ratios flagged red simultaneously
- DSO AND DIO both above red threshold simultaneously



WHERE THIS WORKSHEET COMES FROM

Financial Ratio Analysis

Read Your Own Financial Statements Before the Bank Reads Them for You

by Ibrahim Anwar

This worksheet is one of nine in the *Financial Ratio Analysis* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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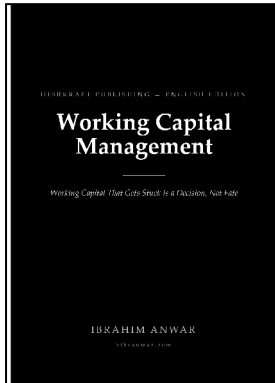
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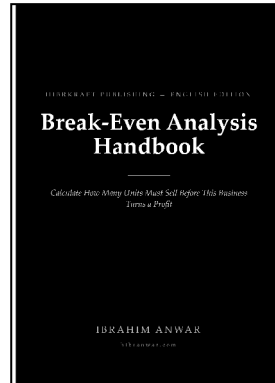
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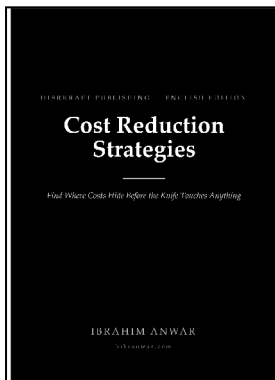
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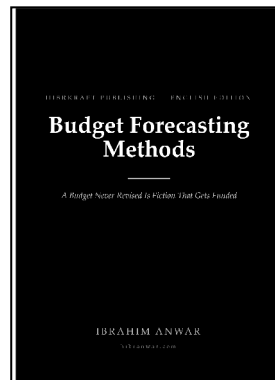
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