

VISIONARY CONSULTING

MONTHLY STRATEGIC REPORT

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THE PURPOSE OF MONTHLY STRATEGIC REPORT

“The secret how to become strong company”



This report contains consolidate financial statements of more than 30 company including subsidiaries and branches abroad.

This report made by one day, Shows the transition of the sales from establishment. Usually financial statements could be used for the analysis, however this financial statements are not aimed only to tell that result. It is aimed to change the company, through the result.

This strategic report is explicitly telling you how to change the company.

Changes the company?? The point is that the speed of changed is different by industry. Then why the speed different by industry? There are 2 reasons :

1. The speed of inovation technology is different by each industry, for example in the case of a car's engine and tires. For the engine, the trend is shifted to electric car and mainstream now is motor. this is a significant change. How abaout the tire? the new material the tire has been researched, but still the subtitude has not yet been developed. So this area has slower in technological inovation

2. The second reason is Globalization, whether the company is vulnereable to the borderless world. A client moves their business aboard. Generaly, logistic company is not easy influenced by technological inovation, but if the client itself shifts their business to aboard by globalization, even the logistic company is influenced. How about your industry?

But actually, there is a change that influences all industries. It is demographic change. This change is happening around the world as well as japan. The demographic change is ultimately linked to the number of clients or employees.

In any industry, the final consumer of the product or service is a person. This is why the deographic change influences all industries.

There are 2 types of change.

Each product has the lifecycle of growing. Wise company launches new products before decline. Even if the total sales doesn't change, the composition of their products or sales mix is indeed changing.

How do we call this? It is "innovation".

Innovation is the most significant role of the management. Whether the company is making an innovation or not. That is whether the company has a business in red ocean. The company that will grow is surely investing in a new business project.

Doing in new project means that the company has a business in red. Business in red could also be another case. One is existence business with negative profit, which is declining. This business with negative profit is not good. While making a profit from existence business, the company should invest in new business project.

This financial statements have planning sheets. This contains the aims to support the realization of (future) vision.

Actually, this is not where to start with. Firstly, we should focus on the component which creates more profits. This is the second innovation, called Process Innovation. Normal innovation is to start something completely new. Process innovation, on the other hand, is to perform the existence business with the new method.

This is the one where BATS Consulting support. The support through early closing. We close the monthly accounting just in one day.

To close monthly accounting in one day, we need to involve a lot of parties into the project. Closing is not coming from the accounting department alone, but all the departments, such as sales, manufacturing, inventory, management, and payroll. We close monthly accounting in one day.

There are three points (effectives) for this:

1. Cost cutting. Time is a cost. Not only money but time is also a cost. Company shortens the time between manufacturing process and purchase order. Saving time in all processes help the cost cutting.
2. The company can make the next decision by knowing the current status. The purpose of the monthly closing is not lying on the mere summary of figures but to plan the future by analyzing the current status. Not just making figures but rather, use them! Drastic time saving helps the company to make another room to consider the next decision.
3. The effort in early closing will make a change to employees mindset. People are instinctively inclined to avoid changes. Therefore, in order to start something new, it should always becoming from the President Director. In the process of innovation, making small changes will create a significant change.

If we apply the P-D-C cycle to the monthly strategic report, it falls into C "Check". The purpose of the check is "to analyze the result and use it for the next process". Further, it is for action plan, such as what we have to do based on the result, or where to improve to make profits.

In reality, many companies, separate P-D-C cycle from each other.

A company which separates P and D, is not making the plan into action. If the plan is not based on the action plan, action will not be made.

We use "Target Achievement Meeting" and "BATS Consulting Profit Planning Sheet" to make the exciting goals detail and analyzable, and to make it a feasible plan. A company which separate D and C, is not managing the process of action. This type of company sets the target and start the action, but gives up in the middle way of action. BATS Consulting have two methods, Target Achievement Meeting which is the strategic meeting to make an exciting target that we have mention before and another one is the progress check meeting of the daily action. This works as check of the action.

Lastly, a company which separate C and P, is not linking to planning after checking. For this company we use the strategic monthly report to make the next planning. Here, early closing makes it much more effective. Checking at an earlier timing leads to early improvement.

Checking action in weeeekly progress meeting. Planning of the next month in monthly strategic report. These, will shortern the P-D-C cycle from one year into one month. This high speed P-D-C cycle changes the company.

Then, how can the company changed in practice?

The first purpose is for all the employees to understand where to improve in able to make the profits. Profit and Loss Statement (P/L) is the responsibility of the employees. They have to know the status of the P/L of the company to fulfill the responsibility. In order to know the status, the company should share the information with the employees, so this "Monthly Strategic Report" is shared to all the employees in your company.

The second purpose is for the management, to understand the management method (Cash Flow Management) to retain money.

Balance Sheet (B/S) is the responsibility of the CEO. The Management also have to understand the current status of the Balance Sheet and the Cash Flow to support the CEO, but the Cash Flow is a little difficult for some management members to understand, so the B/S and C/F statement are well summarize for easy understanding.

The third purpose, which is the most important characteristic, is the improvement of organization and innovation of mindset.

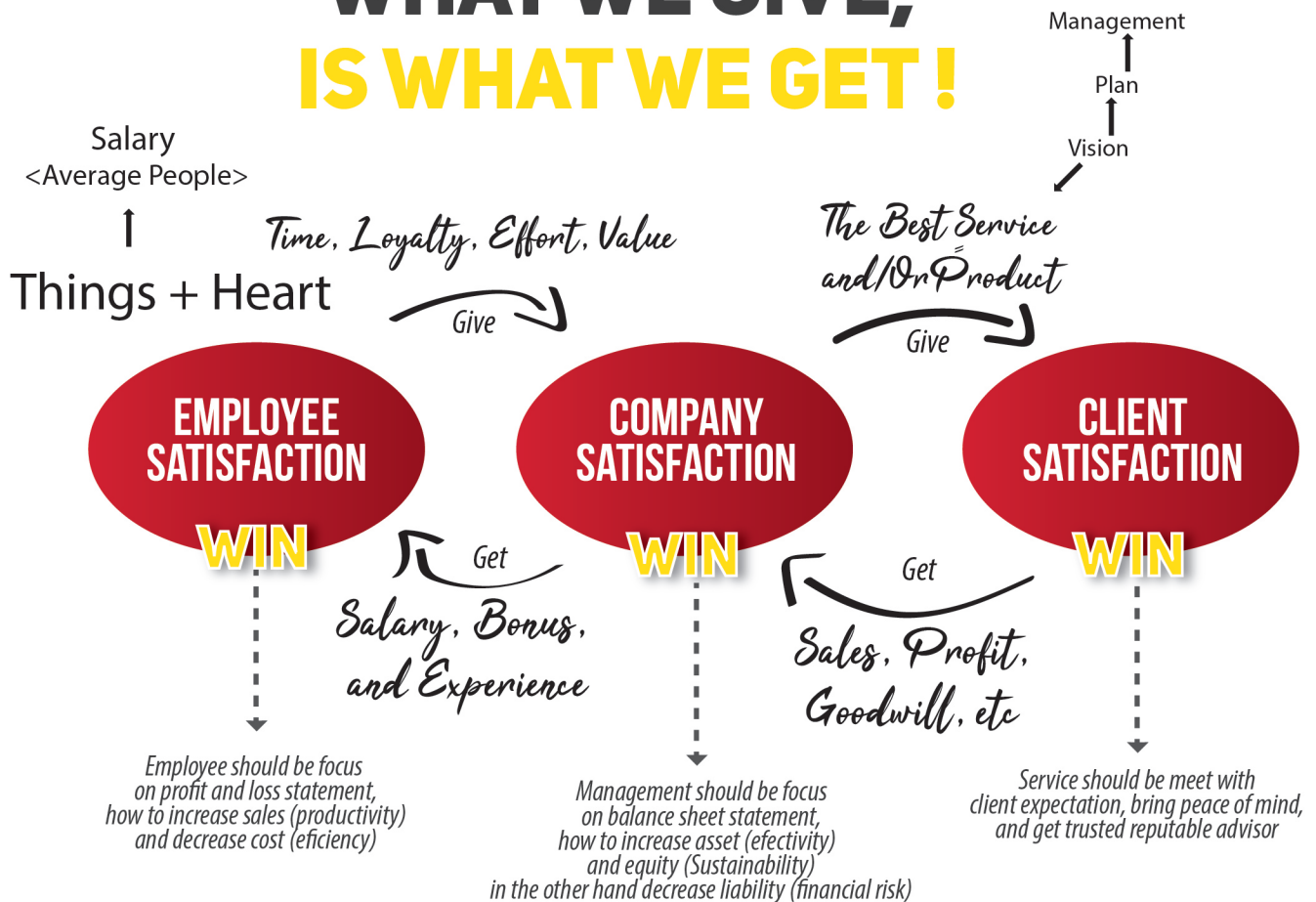
Ultimatly, this is aiming at the innovation of all the employees and organization, which makes the profit.

Commonly, Financial Statement is intended to analyze the figures and look at the result, HOWEVER

This report is used for employee education. It will develop the employee mindset and action.

THE 3 CIRCLES OF MANAGEMENT

WHAT WE GIVE, IS WHAT WE GET !



There are 3 characteristics STRONG COMPANY :

- 1. The Company has a strong financial structure, the accumulated result of the past performances.** You can divide the retained earnings by the numbers of years of the company. The figures shows the money that the company retained annually from the establishment
- 2. The Profit Ratio.** This Ratio shows the current performance if the company has the profitable product or service.
- 3. The Growth Rate.** It means stable growth and not swelled expansion. the salary of the employees should be increased gradually. Without growth, the company cannot increase the salary of the employees. What will happen if the company increase the salary in the situation?

The profitability deteriorates, but growth is the same, meaning with future drawing. A strong company has balance of this 3. With BATS Consulting monthly strategic report the financial structure improves even without increase sales. If you used this, financing is coming better and better

Normal financing is takes the P/L approach, which mitigates the sales and profit, however, the monthly strategic report takes the B/S approach, which works, as financial restructuring.

Is there appraised lost of inventory or unused asset? We start from that. We start with the B/S to solve the issues of money

The Point Of Employee Education In terms of employee education, ultimately, there are 2 types of employees. First is the employee who mainly considers what he or she can GET from the company. another one is the employee who mainly consider what he or she can GIVE to the society through the company. are you believe with this? Okay.

The former type of employee will get salary, knowledge, technical skill, or experience. The tendency of these employees is when they feel to have no more gain, they blame the issues to others, complain to the company, and do not try to take to changed by themselves.

On the other hand, employees who mainly considers to GIVE value to the society through the company. the tendency of these employees is, because they focus on how much they can give, they take the issues as their own responsibility and try to take action to changed by themselves.

Which One is Better?

Then, the reason why there are 2 type the employees, is because...

Actually, a company itself is also classified into two types. One is a company whose purpose is to increase the visible figures such as sales or profit. Another one is a company whose purpose is to give values to their clients through their products or services.

The point is that the employees are also influenced by the positioning of the company. Which purposes is the company focusing on? The employee reflects the management. *To make it short, in a company whose purpose is to get sales or profit, the employees will also centralize on what they get.

Then, in the first place, what do you think is the purpose of the company?
Exactly. As you answered, basically it would be to give the latter. Increase the sales and profit, and pursue for the result, OR to give values to the society. If we think of these, it pertains to the company mission.

Not many companies set their company mission to increase the sales or profit. Most companies set it as contributing to society through products or services". The purpose of the company is to give something to the society.

In other words, the purpose of company's mission is to define the "meaning of the company ". For what purpose does the company exists? This is summarized in the company mission. The company mission, that leads to tell the "purpose of work" should be shared to the employees. Why do we work? If this is not clear, the employees could easily shift to the former type .

We should unite the factor of the company and the employees into the direction of "giving values" with the company mission. *if this is not clear enough, people instinctively tend to focus on what they get.

The unity of the employees' and the company's vector will lead to the employees' action power, and if the will to Give is strong, it increases the action power .

We have told the importance of the purpose of company and company mission... There is a word "vision", which sounds similar to "mission".

What is the difference of company mission and vision? We will talk about that.

I believe that the mission represents the purpose. It shows the direction that a company goes into.

The mission, which is purpose, can be changed along the era, but not often changed. For example, the company name of Glico stems from Glycogen. This came from their desire to give enough nutrition to the kids of postwar when there was a shortage of nutrition, however, last decades brought over-nutrition, and giving additional nutrition to kids could lead to obesity. The purpose could be changed by the era, still, the main purpose, or Glico's company mission, does not change.

On the other hand, vision represents milestones to achieve the mission. The ideal of certain points: 3 years, 5 years, 10 years from now, which the company imagines. That is the vision. It should be Visible in your eyes. Of course, there are different visions in 3 years and 5 years.

In short, "at which point in the future, what the company wants to become" is the vision. The main difference of the two, mission and vision... is "Time (axis)".

*We achieve the vision in this time axis with objectiveness. The thing that shows the vision objectively is the management plan. There are a lot of companies that does not prepare the middle term business plan. I ask why and they say "we don't know the future".

Middle term business plan is not future anticipation. It is drawing of how the company wants to become in the future. *In short, middle term business plan is the reflection of vision. It shows how the company wants to become, or what it should be, on the planning paper.

*In the company without it, the employees start to complain as "our company does not have vision"

This does not work well. Vision and middle term business plan are milestones, not "what the company will become", but "what the company wants to become". The ideal situation of a certain point. We want to create the era. Ride on the wave or just follow it. Create it by yourself or just wait for it. If you are just waiting for it, other companies take it and if you only follow, it will end up with the closing of the company.

In this way, there is circulation of values in the business activities of the company. With more and more profits, it means that the company gives more values to the world. On the other hand, with less and less profits, it means that the company is not providing enough values.

In short, this is the relationship of exchange of equal values. You will gain the profit as much as the value that you give. Our company mission is "What we give is what we get". What we get is visible, so we look at what we get to know what we give. If we think what we get is little, then we need to think that the value we gave was little. We should not blame the external factors, but rather focus on our own value. **Therefore, profit is a measure of how much value we are Giving.

The reason why we seek profit is because it is to seek the values which are reflected in profit. Profit is only a measure to check the value. Then consequently, the profit will be increased.

As a result, the company that gives more values is making more profit and becoming bigger.

*This does not mean that the company has to become bigger immediately but it is important to become a strong company

To become strong company!!

Then how can we become a strong company?

To become a strong company, we have to circulate the values.

The milestones to circulate the values is to enhance the Customer Satisfaction, and Employee Satisfaction.

Assuming this circulation into a bicycle, CS represents the front wheel, while ES is the back wheel.

Here, the management has two main roles.

*The role of the president is first. to control the direction which the bicycle goes to, and second give the motive force to the back wheel. He will control the front wheel with the handle, and keep pedaling for the back wheel with his foot.

Which direction to go in? The one who grasps the handle and decides the direction is the president. The employees are not deciding the direction. If the direction is wrong, it means that the president looks at the short sighted sales or profits, and without the mission or future vision, the company comes to the end just as if the bicycle falls over.

Then, for the bicycle to go in the right direction, it needs force. He needs to step on the pedal well and give the force to the back wheel to move. To keep the back wheel turning, he has to keep giving the motive force.

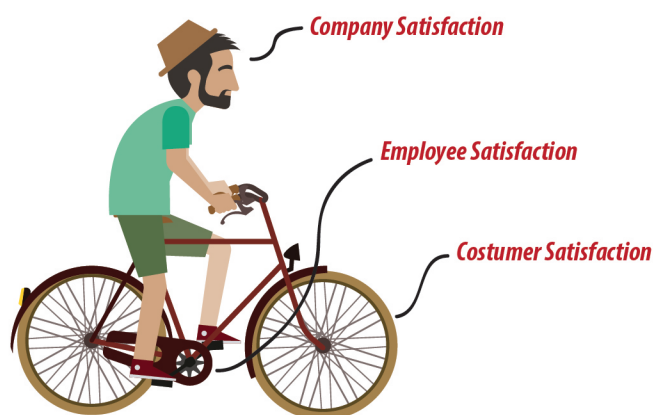
The important thing is that the president pedals with all the effort and keep the back wheel turning. The back wheel gives the force to the bicycle heading to the targeted direction. This is the duty of the president.

Note (The managements do management. Focus on the management. Do not be a sales manager or factory manager.

WHAT IS THE ES AND CS?

(Employee Satisfaction)

(Customer Satisfaction)



First of all, what does it mean to pedal a bike specifically and what is its significance on the essence of ES? Let's think about it together from now. Based on my experiences, workers should be abundant of both thing and heart

Thing refers to reward. An abundance of thing is whether we can provide better reward than other standard businesses or not. If you can pay it to the people who are currently working on your company, you can hire good workers. Of course it matters.

However, there are two important things as to reward: the present and the future. How much salary can the president pay to the workers now and in the future. It is difficult to pay high reward to workers than other standard businesses easily, so in that case, we should at least provide an imaginable future reward to our workers.

A reward of future is what workers can gain in the future. That is to say, it is important to show and make a worker's lifetime income. If a president set a goal to provide a high salary to the workers compared to other standard businesses, the company should grow to be future oriented. To this end, it is necessary to have a vision.

However, we should pay attention to one thing. Paying high salary to the workers we are hiring can decrease the turnover rate, but that incentive has only few and short term effects in their motivation. Even if we give large amount of payments to them, it doesn't necessarily mean that they will work a lot. In light of the thing mentioned above, we may need to understand well how a reward functions.

Secondly, I'd like to share about abundance of the heart and the workers who are feeling a level of happiness. According to Alfred Adler, a level of happiness is determined by human relationship, and there are three kinds of human relationship

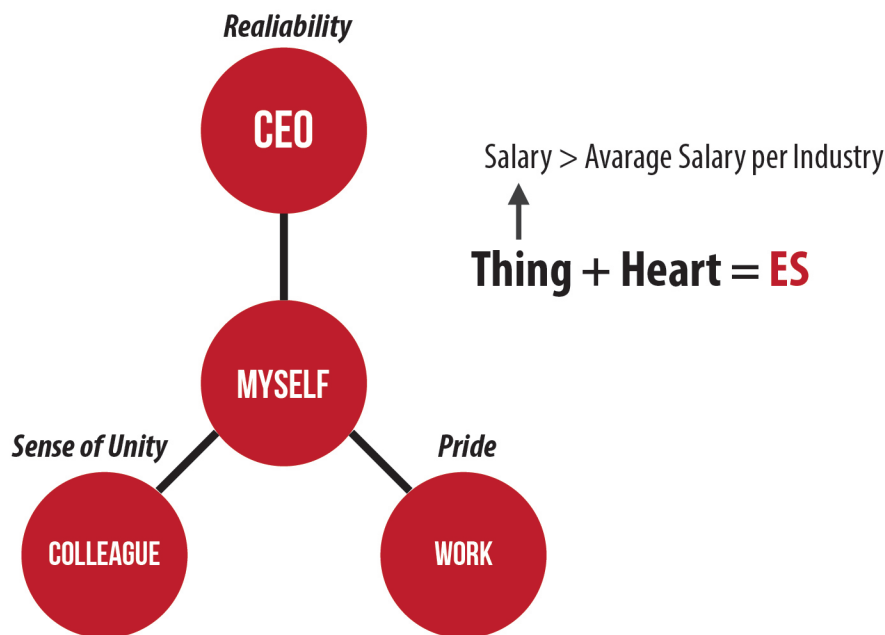
First, the employee's relationship with the CEO and superior, and we paraphrase this relationship as reliability.

For example, a person who is always complaining to the company has a high self-assessment but has a low-assessment from the company. This kind of person often thinks: "why do I have a low assessment from our company, although I do my best every day?" If we focus too much on this kind of mindset, our degree of reliability will decrease for sure and it is not only the problem of the person involved but also the problem of the company.

Secondly, the employee's relationship with friends or colleagues. We paraphrase this relationship as a sense of unity. It does not refer to an awkward relationship. The essence of colleagues is to work altogether and not to compete with each other. A competitor is a person external from the company. Also, the relationship formed through collusion is also not good. When we share mutual goals with each other, we can develop a sense of unity as a real meaning, and thus we can become real colleagues. This part shows that it is truly important for us to have a vision in order to share our goals.

Finally, the relationship of oneself and work and we paraphrase it as pride.

Ultimately, pride refers to our relationship with ourselves. If we have confidence, we are able to have a pride. On the other hand, if we do not have confidence about ourselves, we gradually think and say that we don't belong in this business.



It is possible to see and measure the salary (thing), but heart has three other indexes (reliability, a sense of unity, and pride) which can't be seen and measured easily. We refer the above three qualitative indexes as GWP and through the questionnaire to the workers, we try to do a quantification. To do a quantification, we can do a visualization of those workers who have problems, as well as the worker's intentionality, and then we can clearly identify which points we can improve now. Given this factor, doing a visualization is indispensable for us and it is possible for us to administer it at your esteemed institution.

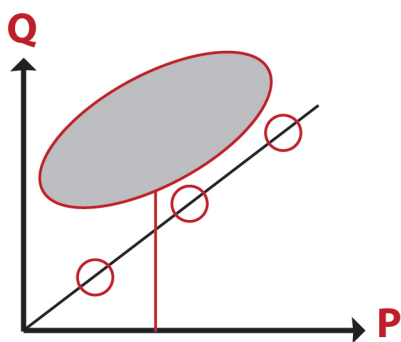
To enrich both thing and heart is essential to ES, but it doesn't mean that the president will go easy on the workers. It means that the CEO should channel them in order to enrich both thing and heart. It is very important for the CEO to play a role to educate the workers so that they can be independent by themselves even when alone. Parents and CEO's role is similar in that we should do our best every day in order to make them happy. We should not forget to make all workers happy and not just a particular person. To aim at this situation, we make our company good form now on.

Mr. Kazuo Inamori, the president of Kyousera company, shows what makes the workers happy, but when a particular worker plays truant from work, he says: "if you keep on doing that attitude, other workers can't become happy!" If a normal president encounters the same situation, they will surely get angry and say: "If you play truant from work, our customers can't be satisfied!" Then the employee comes to think that their president is only involved with clients and doesn't consider them. These terms are almost the same but if we made a mistake during the conversation or delivery, employees will have a misunderstanding by our choice of words.

Next is about the satisfaction of the customer. There are 4 points about it.

First is sympathy. It is determined whether the customer shows sympathy with our mindset and our company's philosophy. Repeat is related to the level of their sympathy and it is connected with the next introduction. Second is the value of our products. It pertains to the essential value that our products as well as services produce. Competition among companies determines value. We relatively compare both the value of our products and other company's products. A customer doesn't only see our products but also the products of others. After they finished to compare the products, they decide.

Then let's think about the competitive edge of the product



Competitive edge, is determined through dividing quality by the price. When quality is divided by the price, it is desirable that we obtain an area of high quality per 1 yen/dollar/rupiah and that is a state of competitive edge. However, even if we provide the level of price as to the product, there will always be competition, and it keeps us in a state of high quality per 1 yen/dollar/rupiah. In conclusion, we can say that providing a high value can keep our products or services on a high position than the middle line on the graph.

If we buy the same product, it is better to buy it on a reasonable price, and if the price is the same, it is better to buy one with a higher quality. To put this briefly, in the value of an essential value, we cannot always escape a concept of the value competition. If we cannot escape it, we are only swallowed up by the competition market of Red ocean. For example, Akai electronics company, Funai electronics company and Sanyou electronics company are good examples. These companies keep the competition, even if the products are as cheap as 1 yen/dollar/rupiah, they still provide a high quality as possible as they can.

On the other hand, there is one way to put and seek a new value of $+a$ without the value of a product. For example, Apple whose products have a background that includes the mindset of the company and the company's philosophy. When these things add well, it results to sympathy and leads to repeat and good rumor gradually. This point become to be a $+a$ without a value of the product.

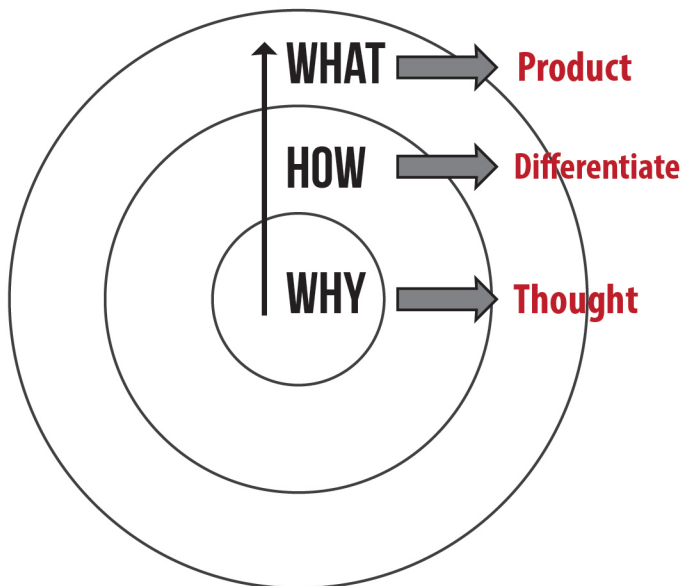
A general company says: "This is our new car model which promotes low-fuel consumption and the seats are made of leather material. How is that?" This will not move our heart.

In the case of Apple:

"We alter the world by using our beliefs in everything we do. Besides, we believe that a different mindset has a large amount of values. Our measure to change the world is designed with a beautiful appearance, a product which can be used easily and is familiar to our customers. As a result, this fantastic computer is made. You want to try and buy one, don't you?"

It is quite different in all aspects, isn't it? It naturally makes us want to buy it once.

It shows that our heart is moved by "Why" and not by "What". It means that this $+a$ pertains to "Why". We start to think "Why", and then "How", and finally "What". It doesn't mean outside to inside. But in fact, it means inside to outside.



Let's try to see another different view about this + α .

Basically, when deciding on the price of the product, we set a selling price that includes profit, and the necessary costs for making that product. The margin from the selling price and the cost becomes the profit of the company.

In order to generate profit, we need to increase the amount of sales or decrease the cost. Even if we try to increase the quantity of products, it doesn't change the profit rate in fact. We can boost the amount of the profit, but whether it has a problem on the present yield or not is determined by the "rate" of profit, so it doesn't improve our yield.

However, the selling price is generally determined in the market, so we cannot easily change it. As a consequence, we come to choose "Cost-down". The worthy point is the value which our customers is feeling. Our view point of selling price changes as cost price if we see it from the customer's point of view. That is the cost. If the profit is lesser than the cost, then customers will not buy our product for sure. We can see our profit, but the value which our customers is feeling cannot be easily measured.

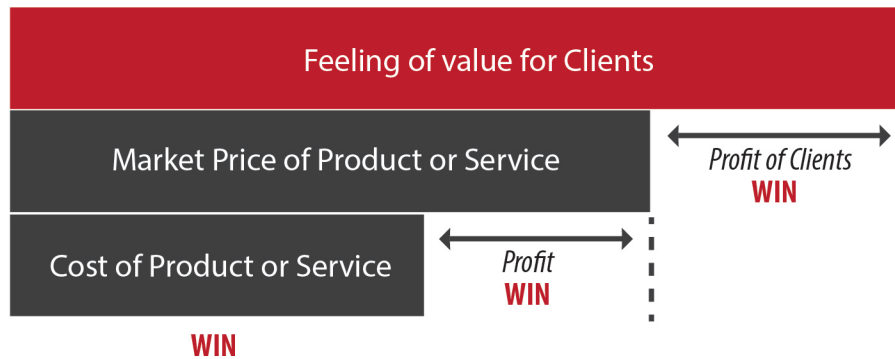
However, a value which our customer is feeling remains in existence actually. To imagine and consider about this point, first is our business mindset as this is an important thing to increase "CS".

The value which our customers is feeling, and the margin of the cost of our customer, we can both define as the customer's profit. This is actually not shown on the Financial statements. If we only see the financial statements, we cannot easily alter the selling price, so we think of ways on how to increase the quantity of the products as well as our profit, and how to decrease the cost in order to generate a profit.

The cost is almost primarily composed of personnel (labor) expenses, so if the company's mindset focuses too much on cost-down, they cannot increase the worker's salary and also it cannot boost their satisfaction as employees. In contrast, the company which aims to increase the customer's profit, considers on how to increase the value which the customers are feeling. Then it is not only the products which are being considered but also the quality of service being provided. When this value which the customers are feeling increases, then the selling price also increases as a result.

In able to achieve it, we should establish the win-win-win relationship. This is the best condition of the business and we need to set this goal. Some CEOs are often misunderstanding the meaning of customer satisfaction: make the product much cheaper than now or increase the quantity of delivery. After all, this action is necessary to pay the large amount of costs.

Radical CS is to enhance the value which our customers is feeling as well as the company's selling price. Then it ultimately connects to employees' satisfaction. This is the definition of CS.



CS is determined by these factors: First is the sympathy we get from our customers. Second is the value of our own product and thirdly, the appearance of quality. We set a goal in order to be a respectable company for our customers.

We should provide good products and services. We don't aim to hear: "Your company have a good skill to get money in your pocket" from a customer. Rather, we aim to be a company which have an appearance of quality and we aim to hear: "Your company is good" from our customers. An appearance of quality can also come from "human power". It is difficult to enhance the appearance of quality of our product from scratch, so we enhance the human power of the worker who provides our product and renders our service with speed. We provide comfort to our customers by using them. It changes as a value of $+\alpha$ and it connects as a brand and trust for our customers.

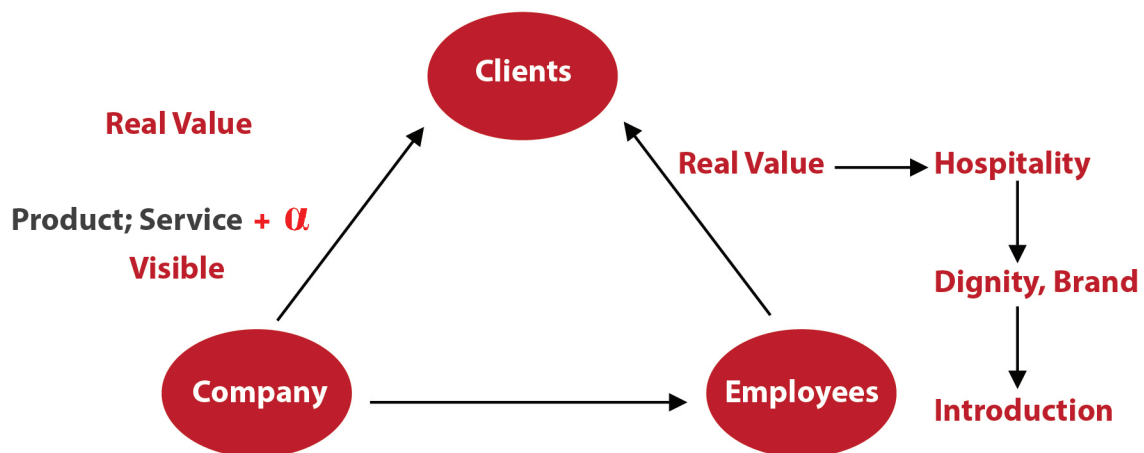
Finally, it is contribution. It means that we contribute to our customer's customers. This means we can replace what we contribute to the society and it is an important index to set a goal in order to enhance CSR. Do you have any question as of now?

THE IMPORTANCE OF MANAGEMENT PHILOSOPHY

I've told you about the content of α in order to increase the customer satisfaction so far. And from now, I'm going to talk about how to increase this α . The management principle is significant so as to "Raise α ," which means performing high added values management.

In fact, the management principle has two purposes. The first purpose is to have the customer's sympathy with our mission. Usually, companies provide goods and services to the customers; however, it is mentioned before, that these companies tend to fail into the price competition. Otherwise, what's the context of these goods and services? This is principle and company philosophy. The company philosophy creates company value and gets sympathy from people.

If customers empathize, they select not goods but the company.



Convenience stores, like the SEVEN ELEVEN(Japan&USA) or Alfamart/Indomart(Indonesia), sell at the list price although they provide the same goods as at the supermarkets. Why can convenience stores sell their goods even though the prices are lower at supermarkets?

When a convenience store appeared for the first time in Japan, the people's concern is: "Does anyone buy it at such a list price?" But in fact, the convenience store could mark good sales unexpectedly.

There are not many supermarkets, so everyone goes to convenience stores. In other words, convenience stores provide the "convenient" lifestyle. Convenience stores serve the value of convenience, so they provide the rich life.

Customers buy goods at convenience stores, although the price at convenience stores is more expensive compared to supermarkets. This is because convenience stores have the value added of convenience.

However, if you think that the company is just selling the good service, cheap price competition will happen. Convenience stores has a strong added value which is convenience. The company sells not goods but values. The philosophy should create the company's own brand so that customers choose not the goods but the company itself.

The second purpose of management philosophy is employee penetration. It aims to share the company's values with employees. Goods and services are provided by employees. For that reason, the employees have to understand correctly what the company is doing. If not, it is difficult for them to cater the customers. What is worse, if employees do not understand this, customers will eventually see only goods and services that are easy to see. This value explanation is done through employees, that's why they need to understand it correctly and provide value with a hospitable heart. Therefore, the management's purpose is to share the values of what the company aims for.

First, the company shares its value to the customers. Second, the company shares its value with the employees. And then the company gets the employees to have a hospitable heart. The company's dignity increases, and the brand increases. As the brand increases it then results to repeat. Next, repeat increases introduction. The management philosophy increases CS and ES.

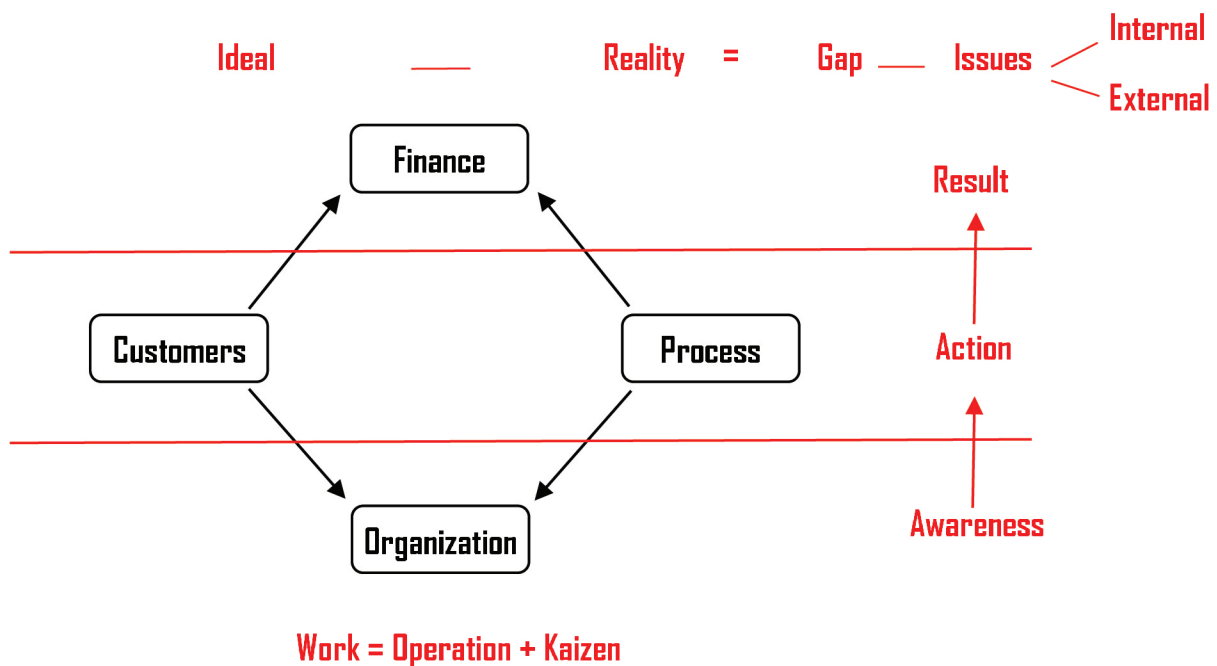
The tool to share the management philosophy is credo card. We share our viewpoints not just with employees but we also consider sharing it to our customers.

WHAT IS BALANCE SCORECARD?

So far, we have talked about the side of giving. It is very important to give the value, but we can't see how much we are giving it to others.
So, what are we going to do?

We can see the result of sales and profit. **Which means, the number shows the all issues of company. The financial statement is proportional to the value.**

We should look at the financial statement because it only can measure whether the value is high or low. Financial statements mean profit. We make a plan for it and it's the same as producing value. The methods to refine the profit is to increase the sales and decrease the cost. And also, you need to consider two point of views: both customer and process, when you want to increase the profit.



There are two perspectives from the financial statement. Past and future. "Past" means to analyze and "future" means to make a plan. What I want to say is you can see the reality when you analyze something. We can get the real situation from the analysis of results. And "future" means you set the ideal as the company vision. The gap between ideal and reality is the issues of the that must be solved.

A bad company tend to say "we are going well" while a good company knows their issues well.

There are two point of views here:

First view point is whether you are looking straight at the reality or not. We have two choices for reality; to look at it squarely or to avoid it. The CEO who looks at the reality does break time financial results because they want to see the real situation from the statement. On the other hand, the CEO who avoids reality says "it's ok, we just do it once a year". That's why accounting closing procedures is late and can't be consolidated. They don't look at the financial statements well but they have to face the actualities.

You should analyze it speedily, systematically, and in detail.

"speedily" means immediate settlement of accounts, "systematically" means consolidation management, and "in detail" means segment information.

The second view point is whether you can set up a high ideal or not. Setting up an ideal is different with each person. The more you are excited, the higher your ideal is. On the other hand, your ideal is going down when you only think about your capital fund. Also, when your plan is getting close to actualities, or your ideal is close to reality, it is not a plan but expectancy. In this case, future is predictive. You already know your future expectation so you don't have to come up with a plan. That's why there is no planning. This kind of situation happens because the ideal is close to reality so, they have less issues. However, it's a false illusion that they are going well.

A good company sets higher ideal and wider gap between ideal and reality, so there are a lot of issues that must be solved. Company's situation is getting better and better because they try to solve the issues. As a result, the company is going to be refined. In contrast, the CEOs who can't set up the company issues by themselves are bad. Reality is an absolute value, and problem is a relative value. It is a very important skill for CEOs to set issues. If they can't do that, they are bad.

Are you going to set company issues correctly? What is the difference between an issue and a problem? Problems has two factors: internal and external. Issue on the other hand is composed of internal factors only and not external factors. It's impossible to solve external factors by yourself but those things that you can find the solutions to are issues. You should think that you can solve the issue from the internal factor.

This is P-D-C cycle as I said before. P means Plan, D is Do and C is Check.

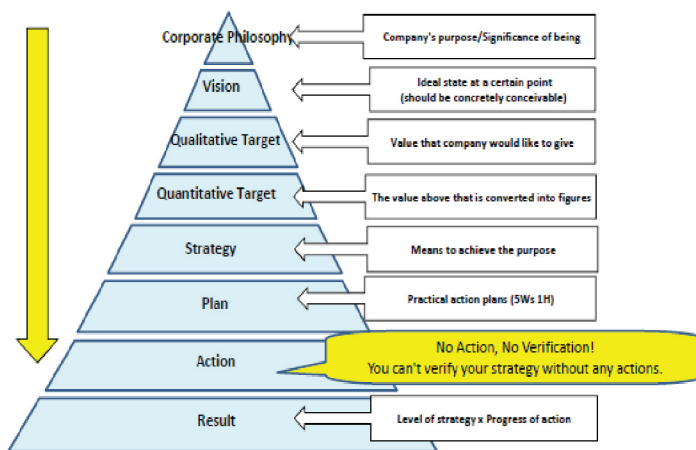
P, We make a viable plan by using Kuno's Profit Planning sheet and the Target Achievement Meeting. And D. Target Achievement Meeting and Progress meeting for confirming the daily action like we do. From this, you will be able to verify the action weekly. Then C. we come up with a plan for the next month by using this monthly strategic management report. We are going to check the action weekly in the progress meeting and set a plan for the next month by the monthly strategic report.

I'm looking forward to working with you together and refine the company by this process of the P-D-C cycle.

REPORT FORM

< Objectives >

- (1) To understand what and how to do for increase of sales and profit
- (2) To understand the cash flow management for keeping money
- (3) To reform not only figures but also organization and mind of workers



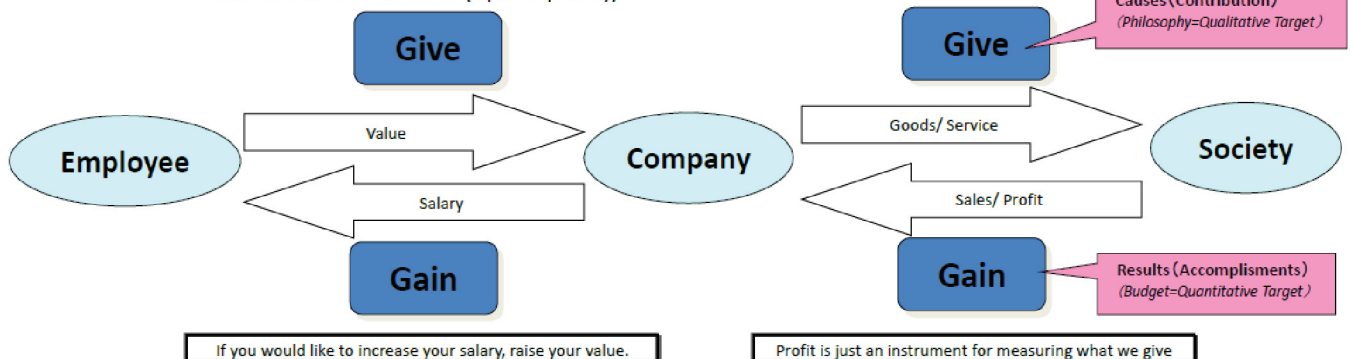
Corporate Philosophy of Your Company

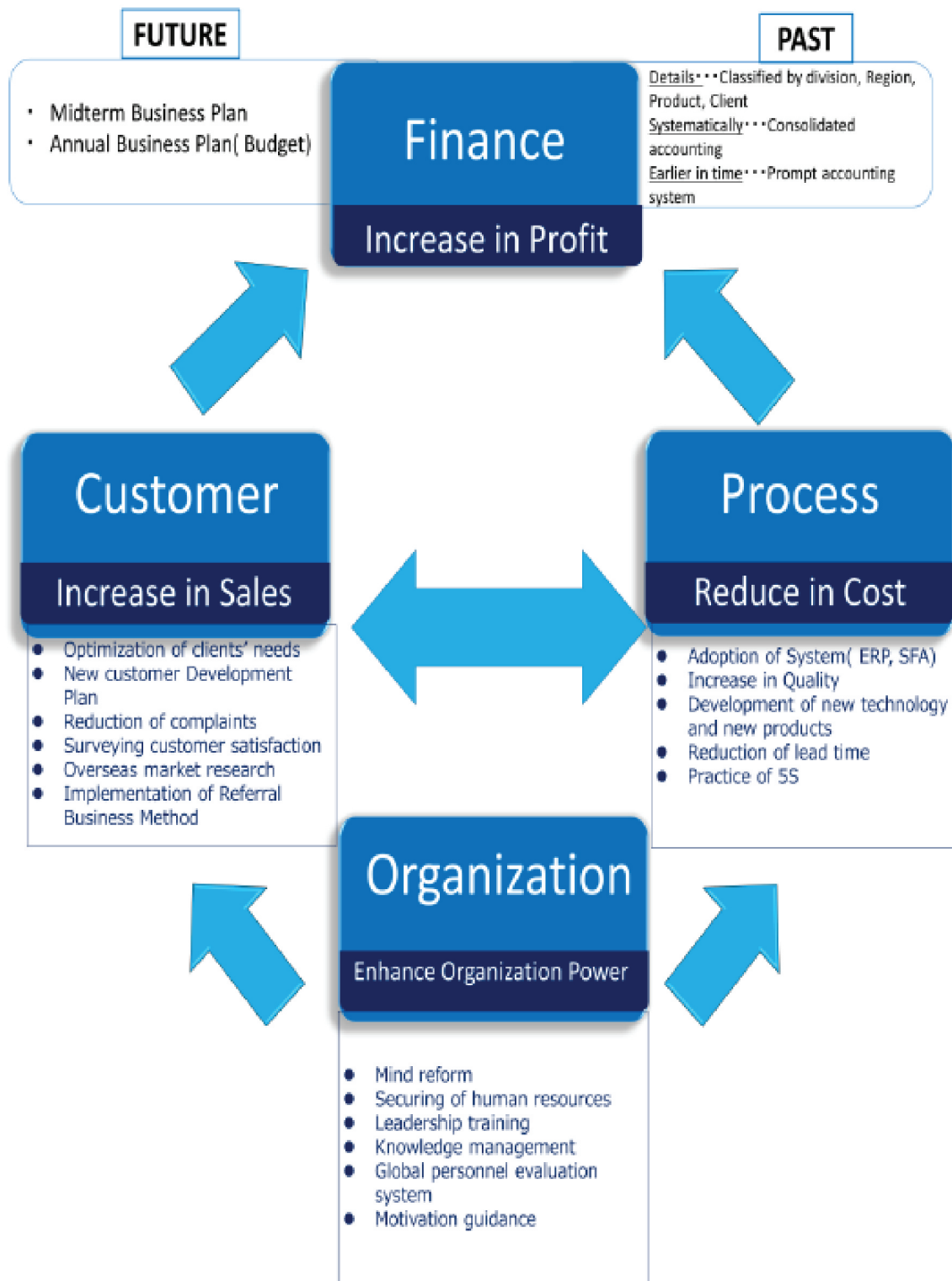
Vision of Your Company

Qualitative Target of Your Company

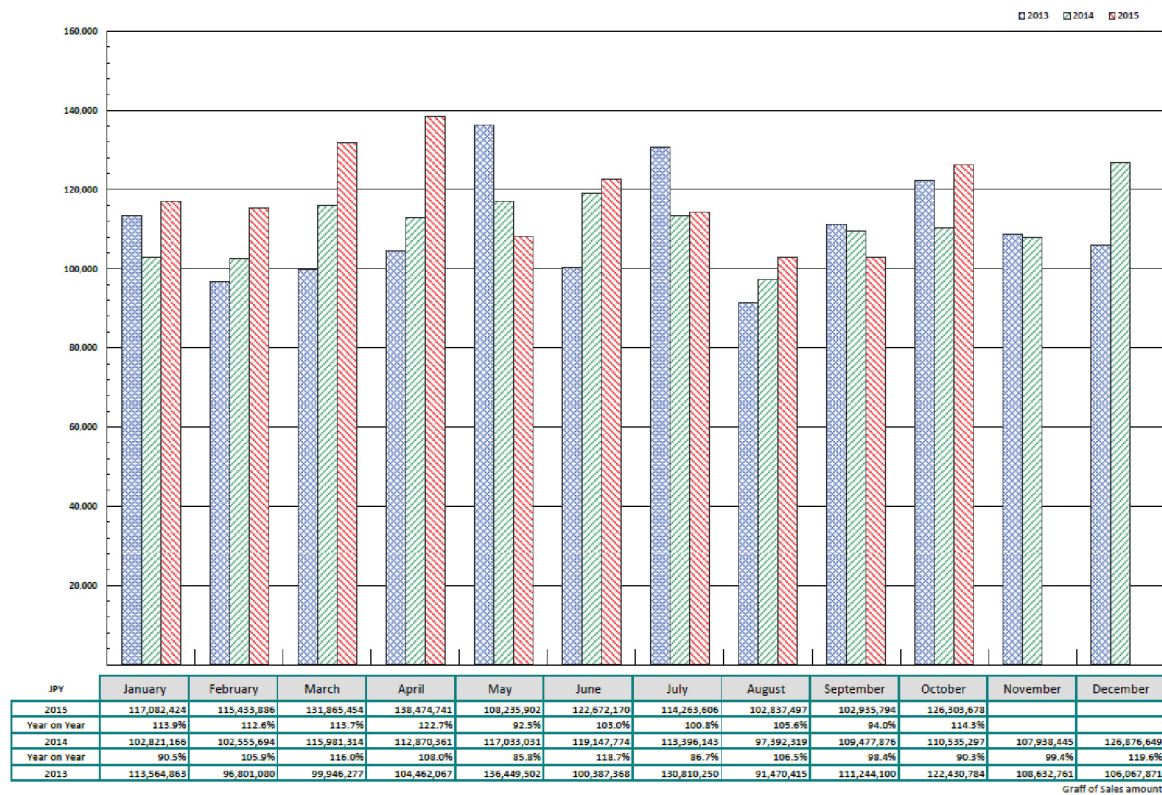
Quantitative Target of Your Company

What we Give is What we Get (Equal in quantity)

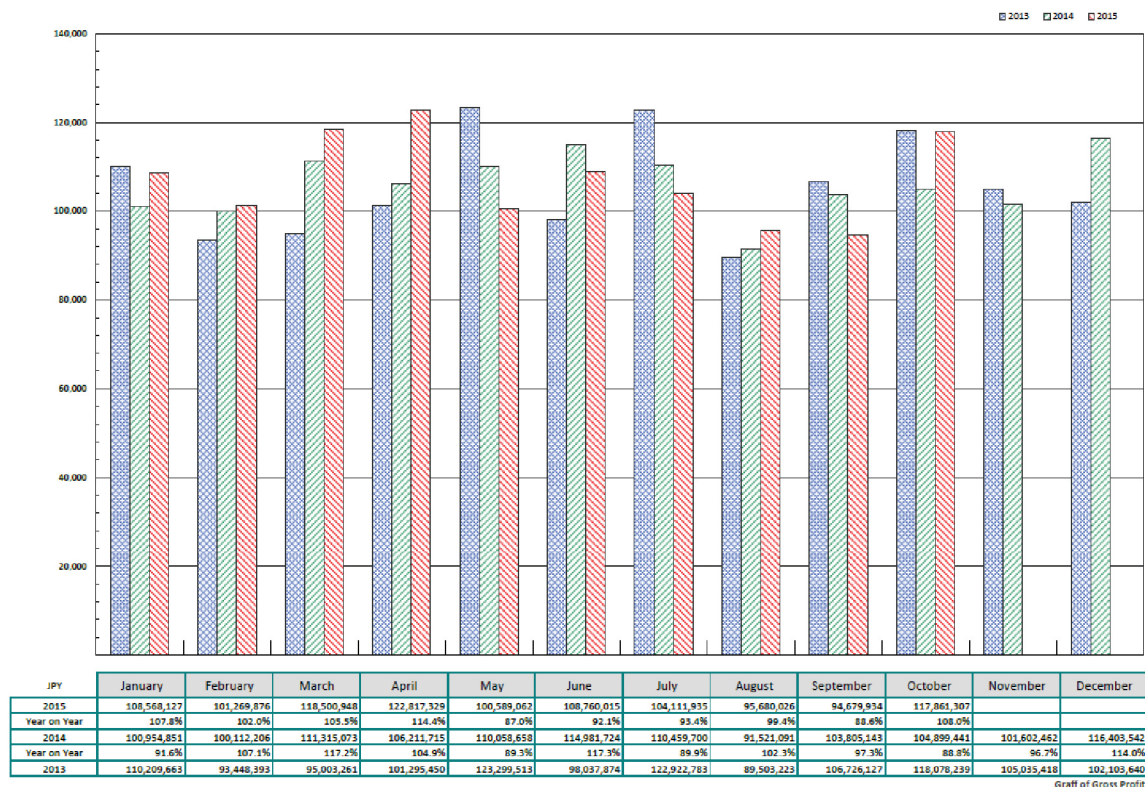




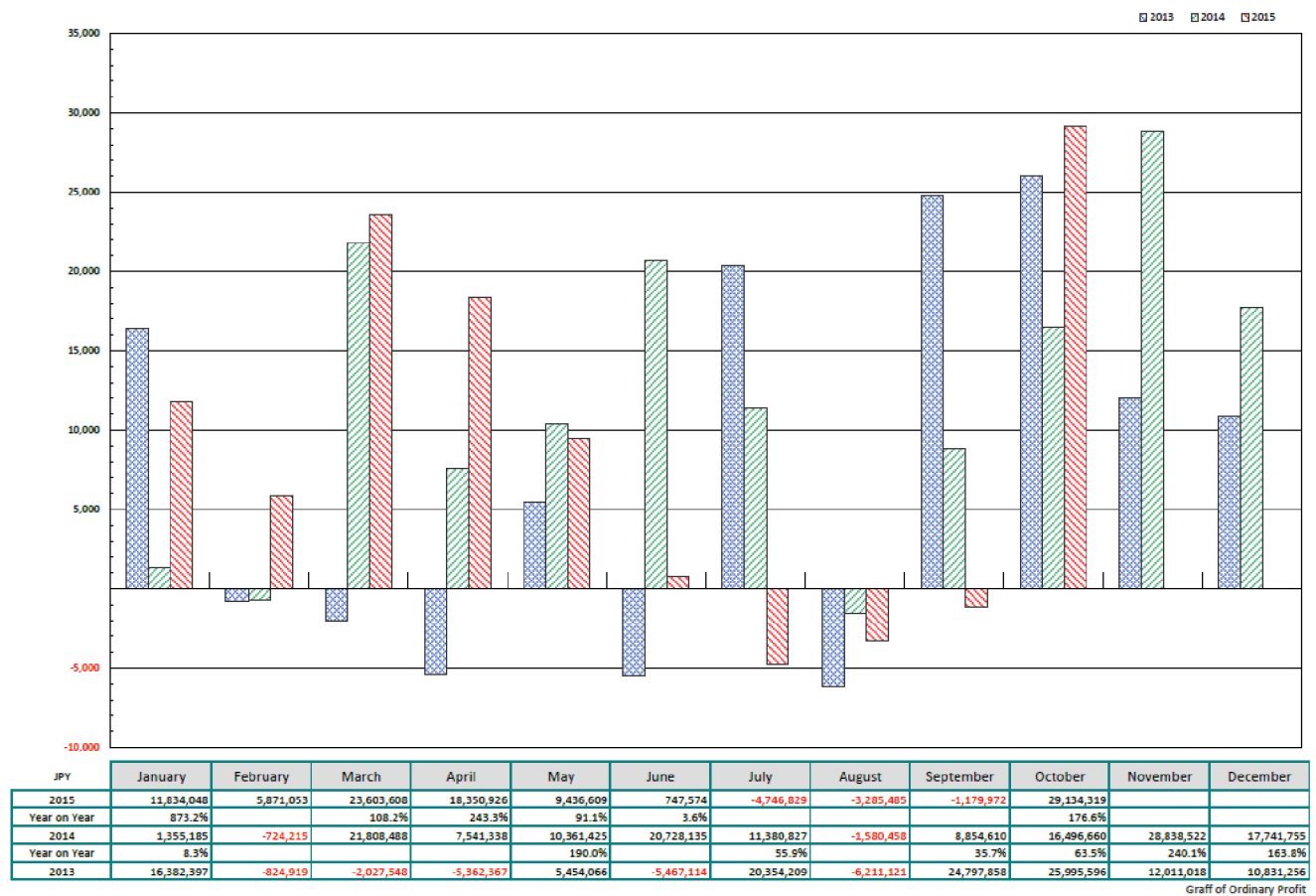
Sales



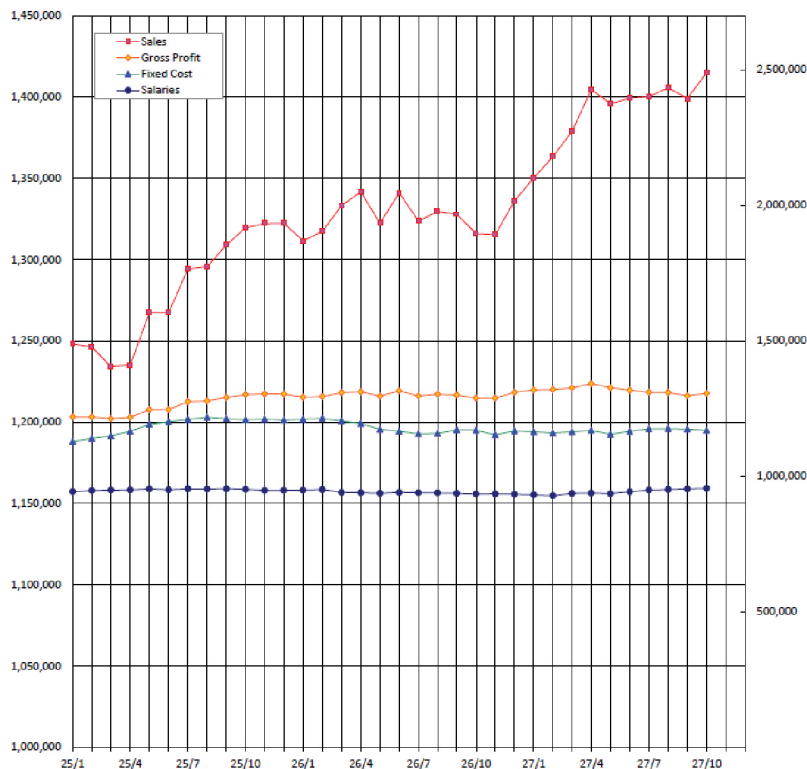
Gross Profit



Ordinary Profit



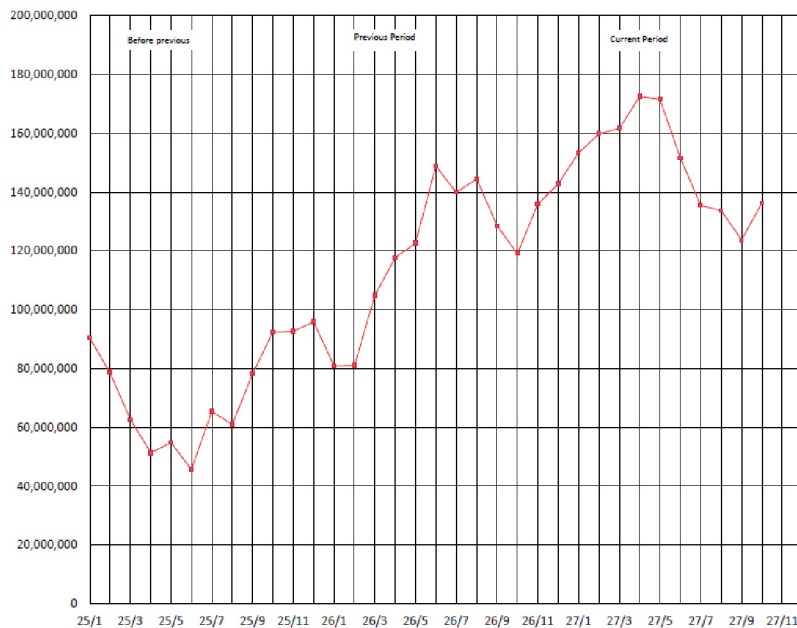
Annual Total



Term	Sales	Gross Profit	Gross Profit Rate	Fixed Costs	Labour Cost
1	1,248,004	1,218,835	97.6%	1,128,240	943,008
2	1,246,043	1,218,306	97.8%	1,136,633	946,491
3	1,234,157	1,211,988	98.2%	1,149,263	948,369
4	1,235,136	1,217,165	98.5%	1,165,806	949,093
5	1,267,296	1,246,138	98.3%	1,191,344	952,887
6	1,267,323	1,246,204	98.3%	1,200,476	949,857
7	1,264,272	1,275,459	98.5%	1,210,033	952,917
8	1,285,724	1,277,733	98.6%	1,216,822	952,215
9	1,308,876	1,290,575	98.6%	1,212,237	953,283
10	1,319,598	1,301,101	98.6%	1,208,759	951,146
11	1,322,183	1,303,909	98.6%	1,211,294	947,501
12	1,322,267	1,303,120	98.6%	1,207,187	947,415
1	1,311,524	1,291,644	98.5%	1,210,737	947,969
2	1,317,278	1,294,309	98.3%	1,213,302	950,337
3	1,333,313	1,308,572	98.1%	1,203,729	940,043
4	1,341,722	1,311,923	97.8%	1,194,177	939,159
5	1,322,305	1,295,490	98.0%	1,172,836	936,814
6	1,341,066	1,314,838	98.0%	1,165,989	940,076
7	1,323,651	1,296,408	97.9%	1,156,532	939,073
8	1,329,573	1,302,598	98.0%	1,158,092	938,361
9	1,327,807	1,299,668	97.9%	1,171,105	936,649
10	1,315,912	1,288,569	97.9%	1,169,505	934,407
11	1,315,217	1,288,817	98.0%	1,152,725	934,728
12	1,336,026	1,309,887	98.0%	1,167,085	933,490
1	1,250,287	1,317,757	97.6%	1,164,476	931,349
2	1,363,166	1,319,717	96.8%	1,159,841	928,018
3	1,379,050	1,325,840	96.1%	1,164,269	936,311
4	1,404,654	1,341,381	95.5%	1,168,900	937,865
5	1,395,857	1,326,288	95.0%	1,154,732	935,531
6	1,399,381	1,316,950	94.1%	1,165,374	942,661
7	1,400,249	1,309,643	93.5%	1,174,195	948,360
8	1,405,694	1,309,018	93.1%	1,175,275	950,795
9	1,399,152	1,296,842	92.7%	1,173,133	952,788
10	1,414,920	1,305,533	92.3%	1,169,187	955,131
11					
12					

Graff of Accumulation of 12 month

Annual Total of Ordinary Profit



This Graff represents the total amount of past one year.

For example, in case of Sales, that become "Shifting annual total amount of sales".

To make graff like this, we can know the tendency of sales amount except seasonal reason.

In addition, if we make the graff of each goods, we can know the life-cycle of goods. If we make the graff of each client, it is useful to manage client or uncollected account receivables.

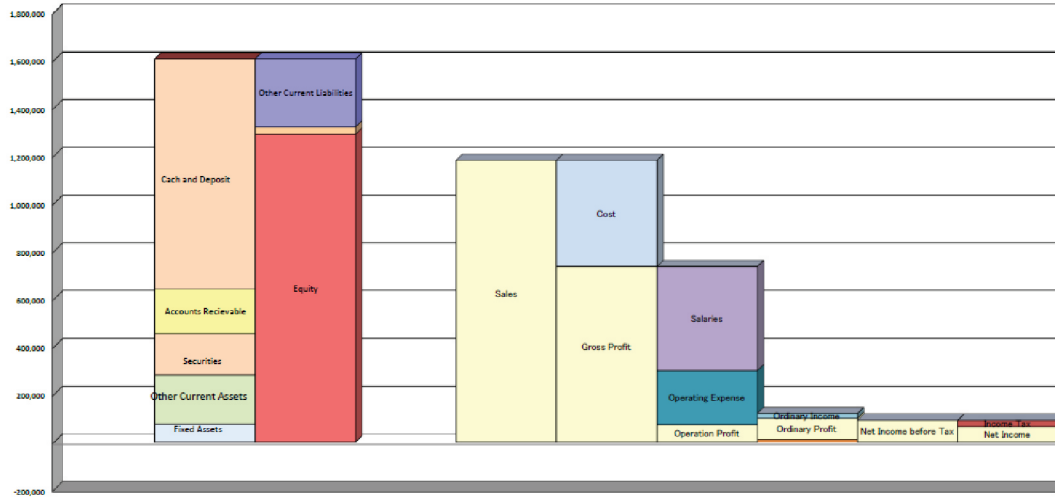
Using this graff, we can get same effect as end of Financial year on every month. So we can realize more strict management.

Term	January	February	March	April	May	June	July	August	September	October	November	December
H25/01-H25/12	90,415,250	78,673,627	62,725,634	51,359,527	54,793,714	45,727,264	65,426,395	60,911,847	78,338,066	92,341,346	92,615,708	95,933,331
H26/01-H26/12	80,906,119	81,006,823	104,842,859	117,746,564	122,653,923	148,849,172	139,875,790	144,506,453	128,563,205	119,064,269	135,891,773	142,802,272
H27/01-H27/12	153,281,135	159,876,403	161,671,523	172,481,111	171,556,295	151,575,734	135,448,078	133,743,051	123,708,469	136,346,128		

Graff of Annual Ordinary Profit

Chart of Balance sheet

thousand



Assets	Amount	Capital	Amount
Cash and Deposit	962,140	Account Payable	0
Accounts Receivable	188,717	Other Current Liabilities	284,856
Securities	172,077	Current Liabilities	284,856
Merchandises	0	Fixed Liabilities	30,613
Other Current Assets	206,379	Total Liabilities	315,469
Fixed Assets	75,345	Equity	1,289,290
Deferred Assets	102	Capital	1,604,759

Margin of safety	Rate
Cash ratio	60.0%
Current ratio	536.9%
Acid-test ratio	464.4%
Fixed asset ratio	5.8%
Fixed Assets to Fixed Liability Ratio	5.7%
Capital ratio	80.3%

Profit and Loss	Amount	% to Sales
Sales	1,180,105	100.0%
Gross Profit	735,494	62.3%
Operating Income	72,522	6.1%
Ordinary Income	89,766	7.6%
Net income before Tax	90,922	7.7%
Net income for the period	63,963	5.4%

Invest efficiency	%	Turnover Rate	Rotation
Gross Profit / Total Asset	55.0%	Sales / Total Asset	0.9
Operating Income / Total Asset	5.4%	Sales / Account Receivables	7.5
Ordinary Income / Total Asset	6.7%	Cost / Investment	
Net Income / Total Asset	4.8%	Cost / Account Payable	
Net Income / Equity	6.0%	Sales / Fixed Assets	18.8
		Sales / Equity	1.1

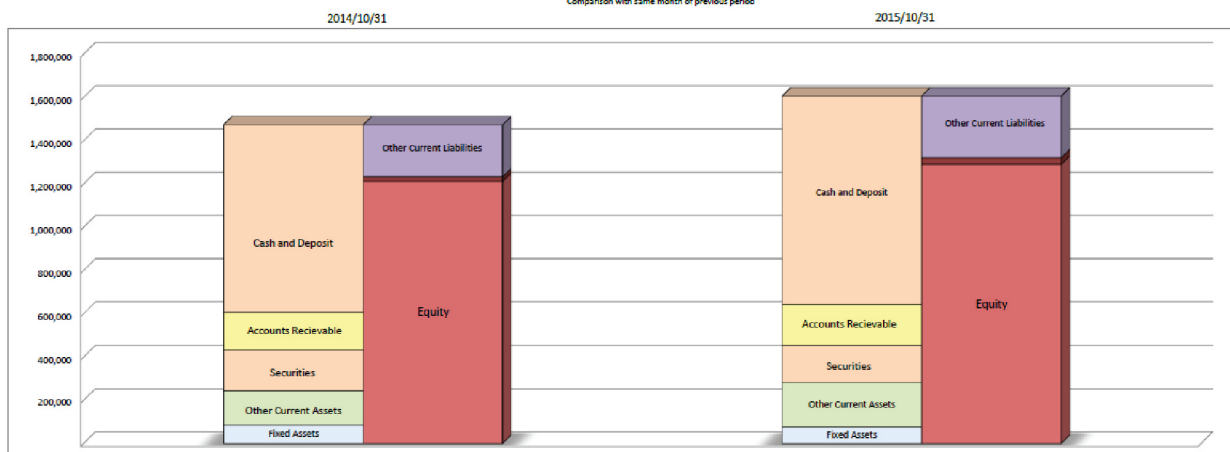
※ It is calculated for the yearly amount.

Chart of Balance Sheet

Chart of BS Comparison

Comparison with same month of previous period

thousand



Assets	Amount	Capital	Amount
Cash and Deposit	867,283	Account Payable	0
Accounts Receivable	172,183	Other Current Liabilities	284,856
Securities	188,840	(Short-term Loans)	21,613
Merchandises	0	Fixed Liabilities	30,613
Other Current Assets	158,283	(Long-term Loans)	
Fixed Assets	85,855	Total Liabilities	261,913
Deferred Assets	186	Equity	1,210,716
Total Asset	1,472,629	Total Capital	1,472,629

Margin of Safety	Rate
Cash ratio	58.9%
Current ratio	577.0%
Acid-test ratio	511.2%
Fixed asset ratio	7.3%
Fixed Assets to Fixed Liability Ratio	7.0%
Capital ratio	82.2%
Debt ratio	21.6%
Debt dependence	

Assets	Amount	Capital	Amount
Cash and Deposit	962,140	Account Payable	0
Accounts Receivable	188,717	Other Current Liabilities	284,856
Securities	172,077	(Short-term Loans)	30,613
Merchandises	0	Fixed Liabilities	30,613
Other Current Assets	206,379	(Long-term Loans)	
Fixed Assets	75,345	Total Liabilities	315,469
Deferred Assets	102	Equity	1,289,290
Total Asset	1,604,760	Total Capital	1,604,760

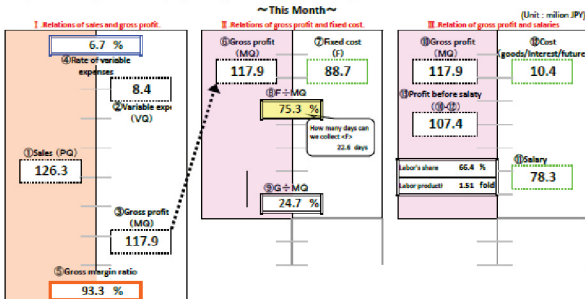
Margin of Safety	Rate
Cash ratio	60.0%
Current ratio	536.9%
Acid-test ratio	464.4%
Fixed asset ratio	5.8%
Fixed Assets to Fixed Liability Ratio	5.7%
Capital ratio	80.3%
Debt ratio	24.5%
Debt dependence	

Chart of BS Comparison

Future Account

~Ohat and hoO to do for increase of sales and profit~

~Ohat's PROFIT
It's the cost to save employees, and the cost for business continuation.
The thing which is absolutely necessary for the company continuation is not sales or gross profit, it is profit.
This profit is not the profit that a company can earn, it is the profit that a company must earn.



~It is not a management purpose to increase sales, but increase the profit~

- Start from the easiest thing in these four.
1. Increase the sales P UP or Q UP
 2. Increase the gross profit Reduce the purchase cost.
 3. Reduce the salary
 4. Reduce the other costs, but the cost for future is necessary.
- The growing company can increase F, and also can earn MQ more than F.
- ④ Equation to raise sales
Client × Product × HQ to sell
Teach clients the reason to buy
So it is not the sales, it is purchase.
- ⑤ Value of product
Idea = Value of product = Value of service = Value of information
Price setting is management, should be decided by the top.
Should not set a price based on cost
Set a price based on the value of the product
The best price is in a length of client demand
- ⑥ Labour cost = MQ × Labour's Share
(Ratio of personnel expenses among the amount of gross margin).
It is not an index of the productivity of the wage,
it will be told by the president efficiency of business management itself.
- ⑦ G=MQ × Operational safety rate
(ΔG=MQ × Rate of Necessary Sales.)
The meaning of the operational safety rate,
it is not to tolerate a decrease in sales amount,
it is the decrease in sales quantities.

Future account start from (Ordinary Profit) G

G	Ordinary Profit	It must be profit. Loss can not be acceptable only for one month!
Human	Labor costs	raise the salary and reduce the labor share Is it not possible to work part-time or feminization?
Goods	Cost	Is there any other places can save the cost?
Interest Rate	Interest Rate	Did you try to change it to having a low interest rate by using borrowed money of the system financing?
Future	Strategy cost • Advertisement • Education • R&D	It is always necessary to approach positively and strongly for a product.

Aim of the management index

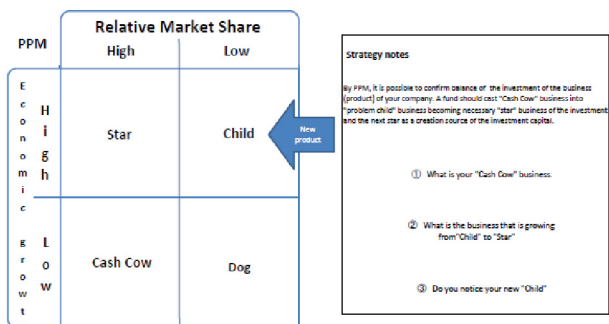
① Return on Assets	=	Turnover of Total Capital × Ordinary Profit Ratio on Sales	10%
② Capital Adequacy Ratio	=	Equity / Total Assets	50%
③ Return on sales	=	Ordinary Profit / Sales	10%
④ Company of Gross Profit 50%	=	Company of Gross Profit 25%	5%
⑤ Company of Gross Profit 10%	=	Fixed Costs / Gross Profit	2%
⑥ Break-Even point Ratio	=	Fixed Costs / Gross Profit	80%

Break-Even Point Ratio	Condition	Valuation	In Future
Under 60%	F < MQ	SS	Super excellent company, has a great reserve of energy
60% ~ 80%	F < MQ	S	excellent company, has some reserve of energy
81% ~ 90%	F < MQ	A	Common company, so-so good
91% ~ 100%	F = MQ	B	Break-even point company, cannot be careless at all
101% ~ 200%	F > MQ	C	Deficit-ridden company danger future
200% more	F > MQ	D	bankrupt company bankrupt company

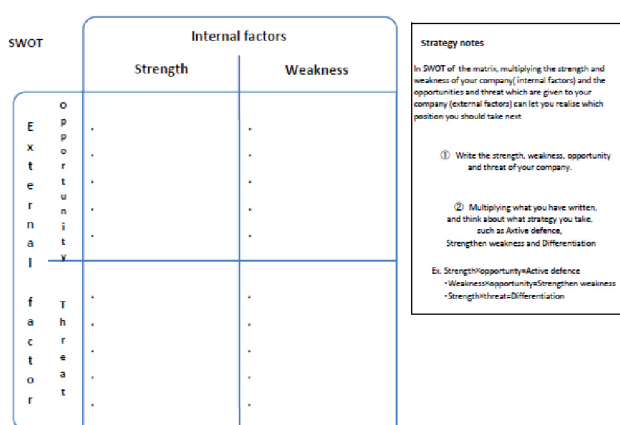
Future Accounting

View Point of Clients

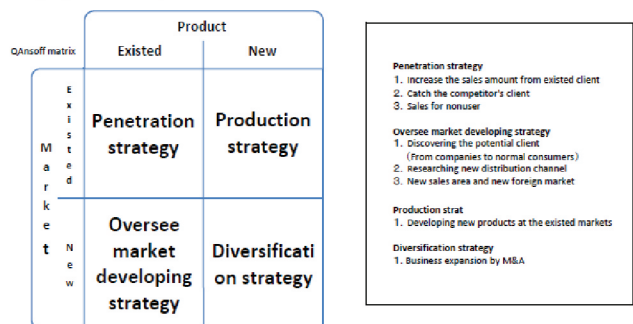
Q. Does your company have "Child" "Star" "Cash Cow" businesses?



Q. Do you really realise the positioning of your company?

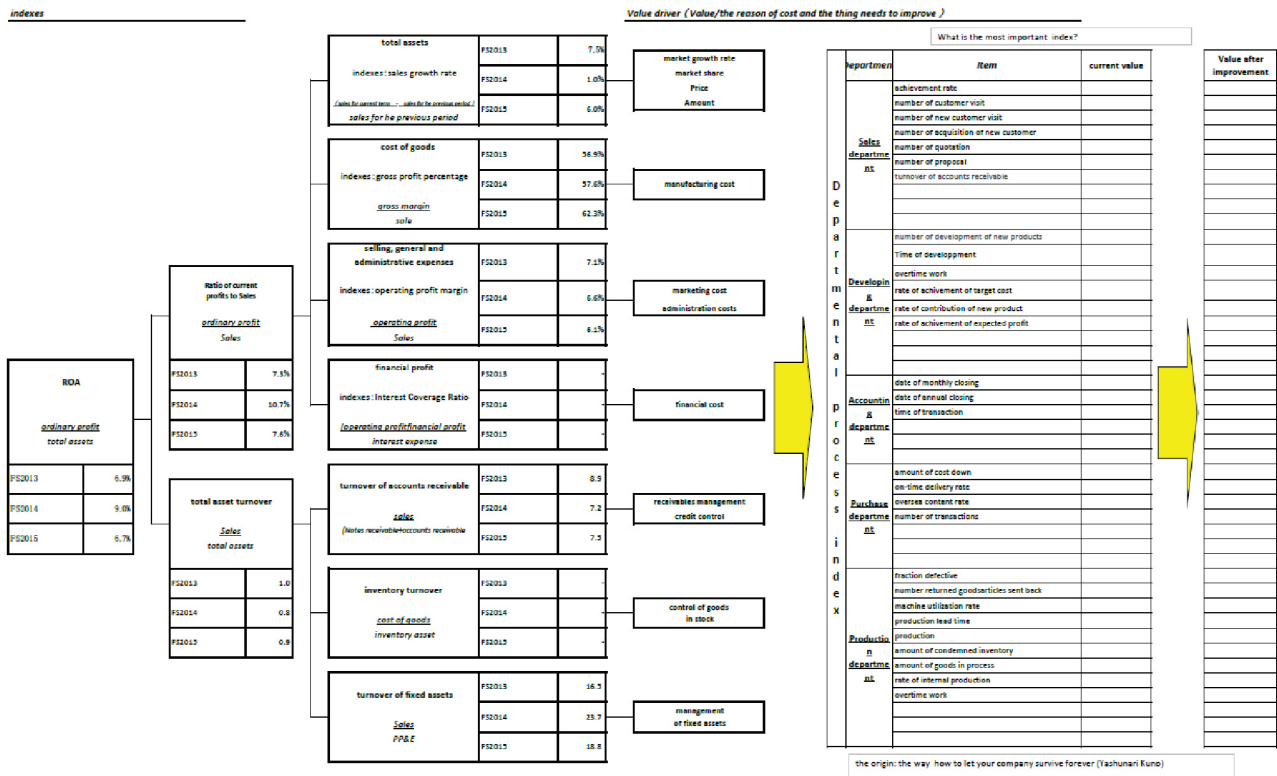


Q. Do you realise what your vector is?

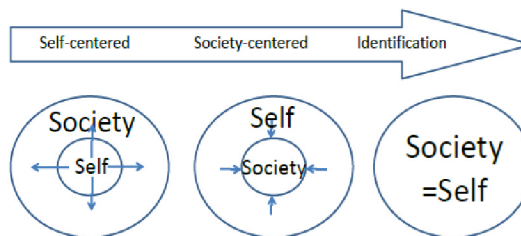


View from process ~ROA~

indexes



Diagrams for Philosophy Setting

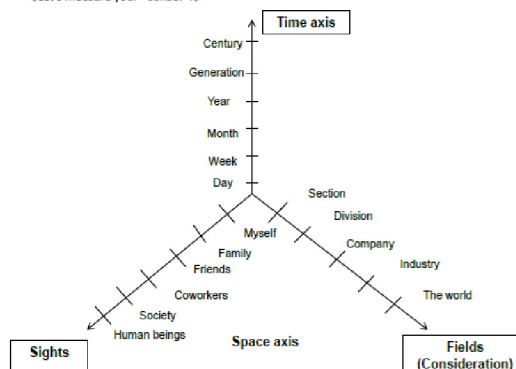


Source: THE REAL EMPLOYEE SATISFACTION, Yasunari Kuno. Shuppa Publications

Where are you now?



<Let's measure your "Caliber"!>

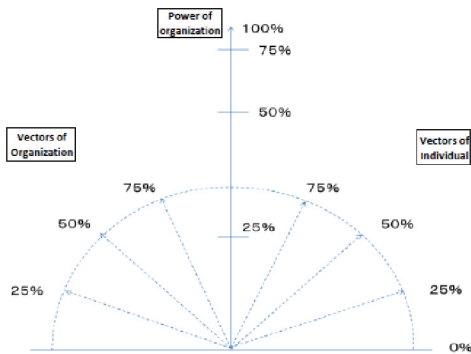


View Point of Organization ~Mind Renovation~

<Parable of the Three Stonecutters>

What do your employees answer?		Break down
• For money	⇒ Those who work to feed himself/herself or his/her family	__%
• For knowledge, skill and experience	⇒ Those who work for himself/herself	__%
• For final objectives of work	⇒ Those who work for others	__%
		Total 100%

<Vectors of Individual and Organization>



Q. What do you think to do in order to unify the object of individual and that of organization (make both closer to each other)?

<Compliance Checks in HR management>

1. Status of development

Does the rules of employment comply with the latest (applicable) laws? YES/ NO

YES ⇒ Go to 2

NO ⇒ Rules of employment that were prepared based on old laws could not be in force in case of disputes on working conditions between labor and management

2. Status of operation

Are the rules of employment really in operation? YES/ NO

YES ⇒ Keep operating the rule.

NO ⇒ In case that employees point out any faults or imperfection in the rules of employment, it could cause investigation by labor standards office or suits at worst.

<Dissatisfaction that employees could have>

- Low wage
- Few days off
- Bad work environment
- Bad communication between divisions
- Other
- A lot of overtime work
- Not allowed to do the work one really wants to do
- Strict boss
- Unfair evaluation

Q1. What are you expected to do by your employees [subordinates/coworkers]?

Q2. What should you do now in order to meet Q1's expectation?

OUR EXPERIENCE

PT MIMAKI

(Project FY2017-2018)

1. Product sales target

Product sales targets generally involve the profit from the sale of goods. This target involves goods that can be converted into currencies, such as rupiah. In every business, companies certainly have hopes that the goods and services it sells can be sold immediately.

2. Profit Targets

The profit target is an effort for the company to be more enthusiastic in increasing the number of sales. Thus, the company's profits can be increased, and the company's survival can be maintained.

3. Market Share

Market share can also be interpreted as the part of a market that is led by a company and all its selling potential, which will usually be stated as a percentage. Market share also means a total percentage value of sales in a company from various sources with the total value of products in a particular industry.

PT EBARA TURBOMACHINERY SERVICE INDONESIA

(Project FY2016-2017)

1. Re-organized People

The company is more organized than a person, characterized by an efficient organization. Productive people, their work patterns are organized and work to generate added value. His behavior is very disciplined and focused on the goals to be achieved. Also, always use time, energy, resources effectively and efficiently.

2. Debt Restructuring

Process used by companies to avoid the risk of default on existing debt or lower available interest rates.

3. Collectible Cash

It is the recovery of cash from a business or individual with which you have issued an Invoice.

4. Maximizing Working Capital

Maximize the use of cash without obtaining other funds for the benefit of the company with the aim of obtaining optimal income

PT DUA PUTRA UTAMA MAKMUR tbk

Initial Public Offering (IPO), On December 2015

PT INDOCOAL PRATAMA JAYA

Initial Public Offering (IPO), On February - March 2021

OUR **APPROACH**

1. Assessment Management

A process for estimating the value of a running company, including various interests and holdings as well as transactions and activities that have an influence on company value

2. Vision & Goal Setting

Vision goal setting (VGS) provides you with deliberate steps toward fulfilling your job responsibilities and career aspirations. It can increase your commitment and motivation to planning, preparation, and action. VGS can enhance your feelings of control over your work, which can improve your confidence, reduce stress, and help you focus. Because you have a clear idea of where you are heading and what you are doing, you can increase your efficiency, quality, and productivity.

3. Designing Road Maps

Business roadmaps can shine. They complement the business plan while bringing it to life. The business plan itself doesn't provide much specific direction. The roadmap blows out what needs to happen when it needs to happen and who needs to do it. With a business roadmap, it becomes crystal clear how various roles, tasks, and responsibilities come together.

4. Execution

Discipline completes a task thoroughly. In today's fast-moving economic conditions, organizations face a variety of challenges - competition wars, rising costs, decreasing profits, internal and external pressures. So that the company can be able to respond to various factors. Unfortunately, almost all companies try to bridge the difference between goals, results by making a solid, logical, even important plan, but not being able to carry it out properly.

5. Stay On Track

This is the phase when the company must stay on the right track, maintain what has been achieved, and add to what has not been achieved.

FEE **CHARGE**

Fix Fee

1. Management Audit + Finance Audit

2. Monthly Strategic Meeting (Minimum Contract 1 Year)

Succes Fee (Range 7-10% from Profit)

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ANOTHER SERVICES

TAXATION

- Transfer Pricing
- Tax Health Check
- Tax Refund and Audit
- Tax Objection and Appeal

AUDIT

- Review FS
- Financial Audit
- Internal Audit
- Agreed Upon Procedures

ACCOUNTING

- Bookkeeping
- Accounting System
- Budgeting and Forecasting FS
- Standard Operating Procedure

CORPORATE ACTIONS

- Funding
- Feasibility Study
- Merger & Acquisition
- Outsourcing CFO with
Monthly Strategic Report
- Initial Public Offering (IPO)



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