Good Invoice – Bad Invoice™

Meeting with Sara, 11am Wednesday, 12th August 2015

What are we proposing?

To share our experience relating to the development, application and acceptance of 'Good Invoice-Bad Invoice' based on the concept underlying Contribution Based Activity (CBA) and TARI® along with copyrights, patent, trade-marks and credibility built up over 25+ years.

Why do we want to do this?

We have reached the point where the concept is ready for large scale marketing to benefit as wide a number of businesses as possible. With its existing resources and wide user base, we believe Intuit is ideally placed.

What would Intuit be offering with 'Good Invoice-Bad Invoice™'?

At the stroke of a key:

a) the bottom-line impact of any invoice or quote;
b) a real-time 'fix' on where the business is 'at' compared with target..

How would this be achieved?

Sales, cost of sales, gross profit and the number of units driving output,[1] are extracted, permitting comparison of the bottom line impact of a) invoice with target and b) total invoices with target for period to-date.

Where could this lead?

Good Invoice-Bad Invoice™ provides Intuit with a unique opportunity to license existing QB app developers to implement the methodology under the control of QB.

How would it be marketed?

Free trial for a month followed by say, an additional $5 per month per company file initially. As demand increases, the rate can be justifiably increased.

What role would KC/TW play?

Once agreement is reached, KC/TW will work with QB developers to reveal how the Good Invoice-Bad Invoice methodology is best introduced to users so as to capture their interest and ongoing involvement.

Other developments by KC/TW that could be of interest to Intuit?

20 years of experience developing and marketing inter-firm comparative data: key percentages relating to gross profit, productivity, major expenses, and sales per full time equivalent person, across industry sectors. Valuable information for banks, business brokers, advisers, practicing CPAs etc.

[1] (production hours, number of sales, meals served, tons/km, etc)

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Explaining TARI® (Target Average Rate Index)

Typical approach to pricing in Service/Trades:

Materials at cost		=	$1000
Mark-up on Materials: 20%		=	$ 200
Wages: 20 hours @ $30 / hour		=	$ 600
Mark-up on Wages: 30%		=	$ 180
Sub total		=	$1980
Mark-up to cover Profit: 25%	$1980 x 25%	=	$ 495
Price/Quote			**$2475**

Pricing approach with Tari®

Materials $1000	=	$1000
Wages: 20 hours @ $70	=	$1400
Price/Quote		**$2400**

How come $70?

A	Targeted expenses for year	=		$390,000
B	Targeted profit for year	=		$100,000
C = (A + B)	Target gross profit for year	=		$490,000
D	Hours paid for year	=	10,000	
E	Targeted Productivity %	=	70	
F = (D × E)	Target hours billable	=		7,000
G = (C ÷ F)	Target Ave GP per hour (Tari®)	=		= $70

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Applying TARI®

Example 1: service/trade business

Invoice No.	Sales $ A	GP % B	Gross Profit $ C = A × B	Units D	Ave GP per unit $ E = C ÷ D	Tari® (Tgt Ave GP. per unit) $ F	Variance Per Unit $ G = E - F
100097	2,475	60	1,495	20	75	70	+5

Total to date	350,877	57	200,000	2,500hrs	80
Target to date	500,000	60	300,000	4,286hrs	70
Variance	**149,123**	**3**	**-100,000**	**1,786hrs**	**+10**

Good Invoice but output units (hours) behind target, despite hourly GP rate $10 above Tari®

Example 2: wholesale business

Invoice No.	Sales $ A	GP % B	Gross Profit $ C = A × B	Units D	Ave GP per unit $ E = C ÷ D	Tari® (Tgt Ave GP. per unit) $ F	Variance Per Unit $ G = E - F
100066	780	25	195	1	195	220	-25

Total to date	504,000	25	126,000	700	180
Target to date	600,000	25	150,000	682	220
Variance	**96,000**	**-**	**-24,000**	**-18**	**-40**

Bad Invoice and the number of units (no. of sales) and average GP per sale behind target,

Example 3: retail business

Day Ending	Sales $ A	GP % B	Gross Profit $ C = A × B	Units D	Ave GP per unit $ E = C ÷ D	Tari® (Tgt Ave GP. per unit) $ F	Variance Per Unit $ G = E - F
dd/mm/yy	2,686	35	940	28	34	30	+4

Total to date	67,273	33	22,200	925	24
Target to date	80,571	35	28,200	940	30
Variance	**-13,298**	**-2**	**-6,000**	**-15**	**-6**

Good Invoice but the number of units (no. of sales) and average GP per sale behind target.