

Contents

Acknowledgments	v
About the Author	vii
Foreword	ix
Introduction	1
1. A Virtual Tour of Our Hypothetical Wholesale Distribution	
Company	7
Our First Stop—The Accounting Department.....	7
A Visit with the Division Manager	9
Back to the Controller’s Office.....	15
A Visit with the Director of Sales.....	20
Returning to the Division Manager’s Office.....	23
A Visit with the Director of Purchasing	25
A Visit with the Credit Manager	28
A Visit with the Director of Operations	30
A Visit with the Human Resources Director.....	31
A Visit with the Director of Information Systems.....	32
Gary’s Comments on the Way to Susan’s Office.....	33
A Closing Thought from the Division Manager.....	34
Our Mission	34
Discussion Questions	35
Looking Ahead	36

2. The Strategic Profit Model	37
Introduction	37
Gary Explains the Strategic Profit Model	37
The Leverage Ratio.....	46
The Power of the Strategic Profit Model.....	49
Discussion Questions	52
Looking Ahead	53
3. Financial Statements: Road Maps to Understanding a Wholesaler-Distributor	55
Publicly Owned Companies.....	56
Privately Owned Companies.....	58
Financial Statements: Who's Responsible?	62
The Accrual Method of Accounting.....	63
Balance Sheet	63
Income Statement.....	71
Statement of Cash Flows	80
Discussion Questions	85
Looking Ahead	86
4. The Fundamentals of Distributor Finance	87
Glossary	89