AUDIOBOOK VISUAL COMPANION

# THE EBITDA BRIDGE

A Step-by-Step Guide to the Levers You Control—and the Market You Don't



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Bestselling author of The 80/20 CEO

EIGHTY20 PUBLISHING

# The EBITDA Bridge

A Step-by-Step Guide to the Levers You Control—and the Market You Don't

## Audiobook Visual Companion

Bill Canady

*The figures, tables and worksheets the audiobook describes.*

All 31 figures from the book, the four reference tables in How to Read This Book, the Put It to Work pages with their starter worksheets, The Instruments and the reading list.

Each figure is narrated in the audiobook. This PDF lets you see it. The EBITDA Bridge · The Field Guide, with all thirty-six worksheets, is sold separately.

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Thornbury Wire & Cable, its people, customers and suppliers are invented, and its numbers are illustrative.
A listener reference. It does not replace the book or the Field Guide, and it is not legal, accounting, financial, tax or investment advice.

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# The Ten Ways

| Way | Chapter | The lever |
|---|---|---|
| 1. Stop the leaks | 2 | Price |
| 2. Raise price where you have earned it | 3 | Price |
| 3. Sell more of what makes money | 4 | Mix |
| 4. Fix or exit the tail | 5 | Mix |
| 5. Start in your own backyard | 6 | Share |
| 6. Take share where you can win | 7 | Share |
| 7. Buy what makes the levers bigger | 8 | M&A |
| 8. Buy better | 9 | Cost |
| 9. Simplify, then Zero-Up | 10 | Cost |
| 10. Turn EBITDA into cash | 11 | Cash, behind the bridge |

# The Rest of the Shelf

| For | Read |
|---|---|
| Price, leakage and the pocket price, line by line | *Get Paid* |
| The quads, the Right-to-Grow ratio and Zero-Up of a whole company | *The 80/20 Company* |
| Selling to the vital few | *The 80/20 Salesman* and *The 80/20 Marketer* |
| Buying companies, building platforms, integrating | *The Owner's Edge*, *Buy the Platform, Build the Exit* and *The Integration Playbook* |
| Buying better from suppliers | *Cost Is a Choice* |
| Taking the waste out of the work | *Lean That Lasts* |
| Inventory and planning | *Nerve Center* |
| The plan and the rhythm to deliver it | *The Strategy Management Process* and *The Strategy Deployment Process* |
| Your first hundred days in the chair | *Take Control* (The 1000-Day CEO, Book One) and *FORGE* |

# The Field Guide

| Chapter | Its worksheets |
|---|---|
| 1 — The Levers You Control | 1–3 |
| 2 — Stop the Leaks | 4–6 |
| 3 — Raise Price Where You Have Earned It | 7–9 |
| 4 — Sell More of What Makes Money | 10–12 |
| 5 — Fix or Exit the Tail | 13–15 |
| 6 — Start in Your Own Backyard | 16–18 |
| 7 — Take Share Where You Can Win | 19–21 |
| 8 — Buy What Makes the Levers Bigger | 22–24 |
| 9 — Buy Better | 25–27 |
| 10 — Simplify, Then Zero-Up | 28–30 |
| 11 — Turn EBITDA into Cash | 31–33 |
| 12 — Run It Every Month | 34–36 |

# The First Hundred Days

| Timing | Chapters | On paper by then |
|---|---|---|
| Week one | Chapter 1, with your CFO | The board’s number rebuilt and signed, the gap in points, three years of invoice lines requested |
| Weeks two to four | Chapters 2 and 4, and the start of 9 | The pocket price waterfall and the leak list, the quads, one owner of price who isn’t paid on volume, the indirect spend out to bid |
| Days 31 to 60 | Chapters 3, 5, 9 and 12 | The point-one fixes under way, the corridor, the tail decisions, the spend cube read against the quads, the five-lever bridge with an owner on every bar |
| Days 61 to 100 | Chapters 9, 11 and 12 | The slow direct work started on the products that earn, the authority matrix, the first monthly review, the cash bridge |
| After Day 100 | Chapters 6 to 8 and 10 | The price letters, the wallet map and the named accounts, the complexity count, and M&A only after the base is proven |

# The board's number, from five inputs

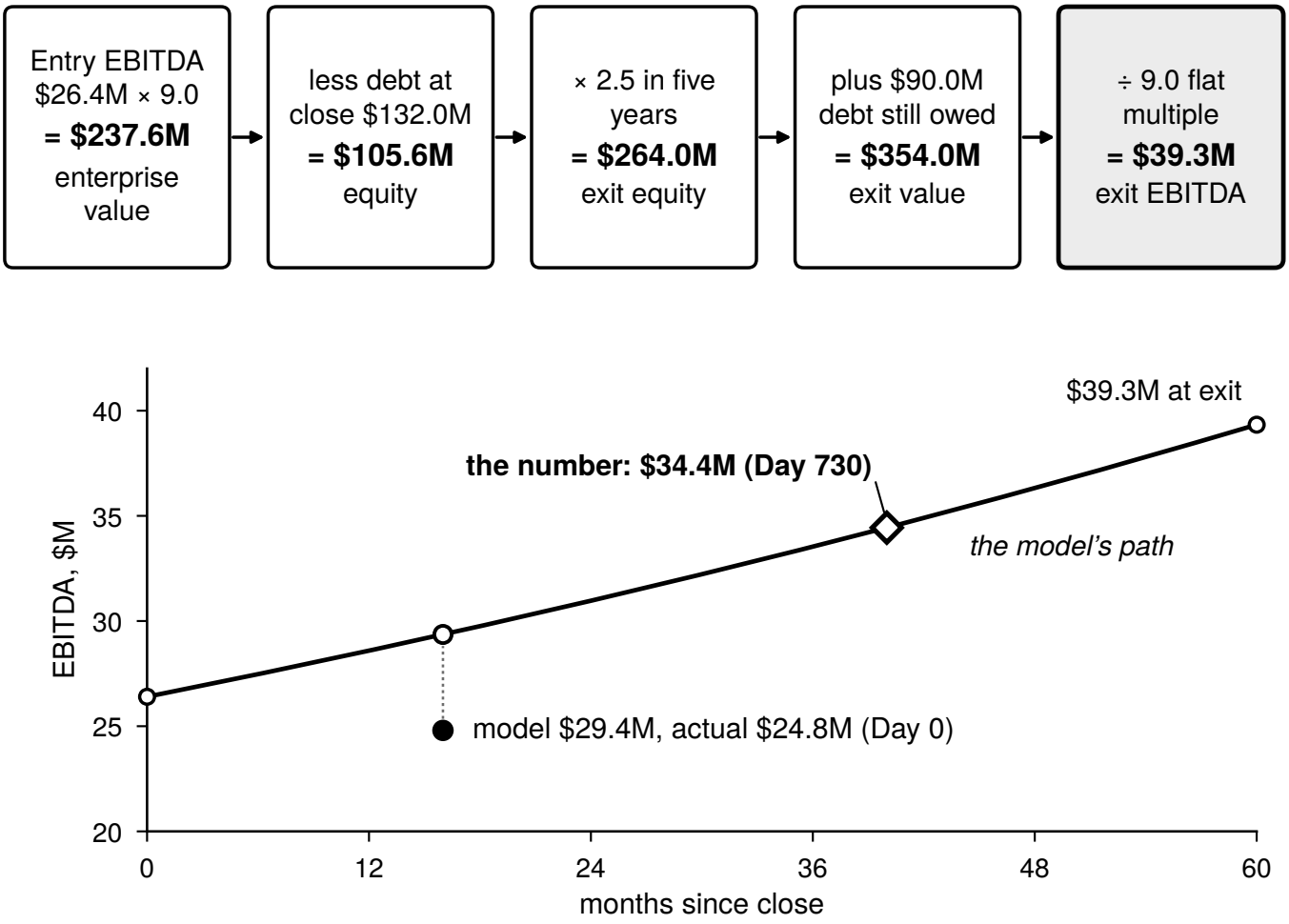



*Figure 1.1. The board's number, from five inputs: Thornbury's deal worked from the price Coldwater paid to the EBITDA it needed at exit, with the number at the twenty-four-month board as a point on that path.*

# What you control, and what you don't

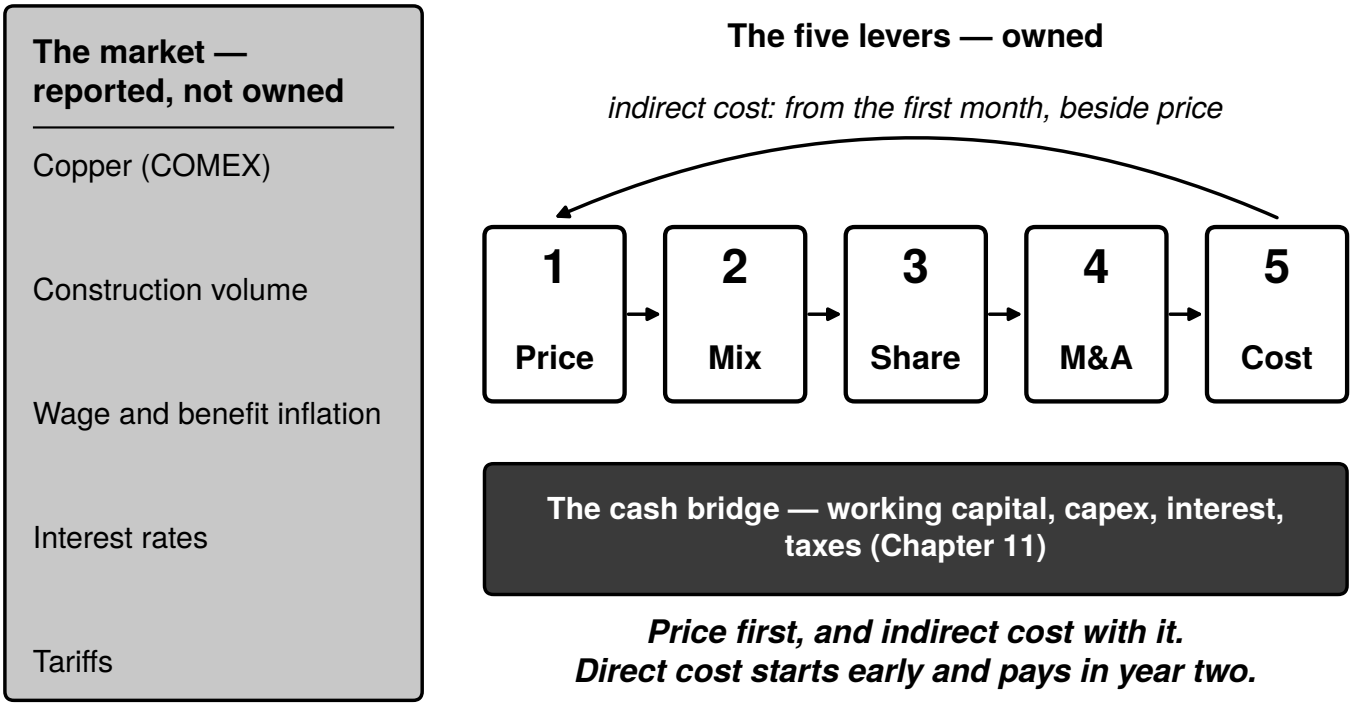
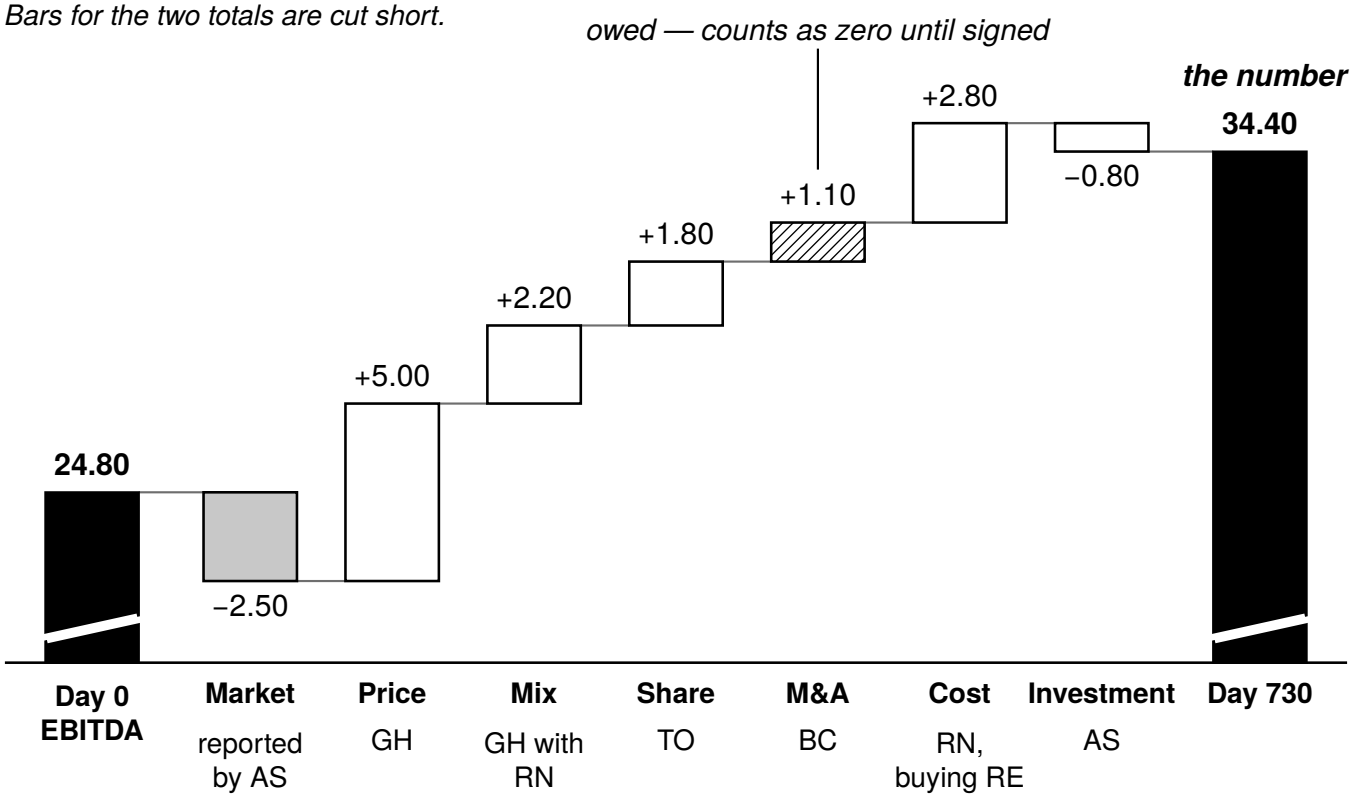



*Figure 1.2. What you control, and what you don't: the market sits on the bridge with a reporter and no owner, the five levers carry owners in a fixed order with the indirect part of cost moved up beside price, and the cash bridge stands behind them.*

# The committed bridge, Day 60




*Every bar: a dollar figure, one owner, a date, a leading indicator. Phased by month.*

*Figure 1.3. The committed bridge, Day 60: from $24.80 million to the number, $34.40 million, with an owner's initials on every bar and the M&A bar counted as zero until a deal is signed.*

# The pocket price waterfall, control cable, Day 30

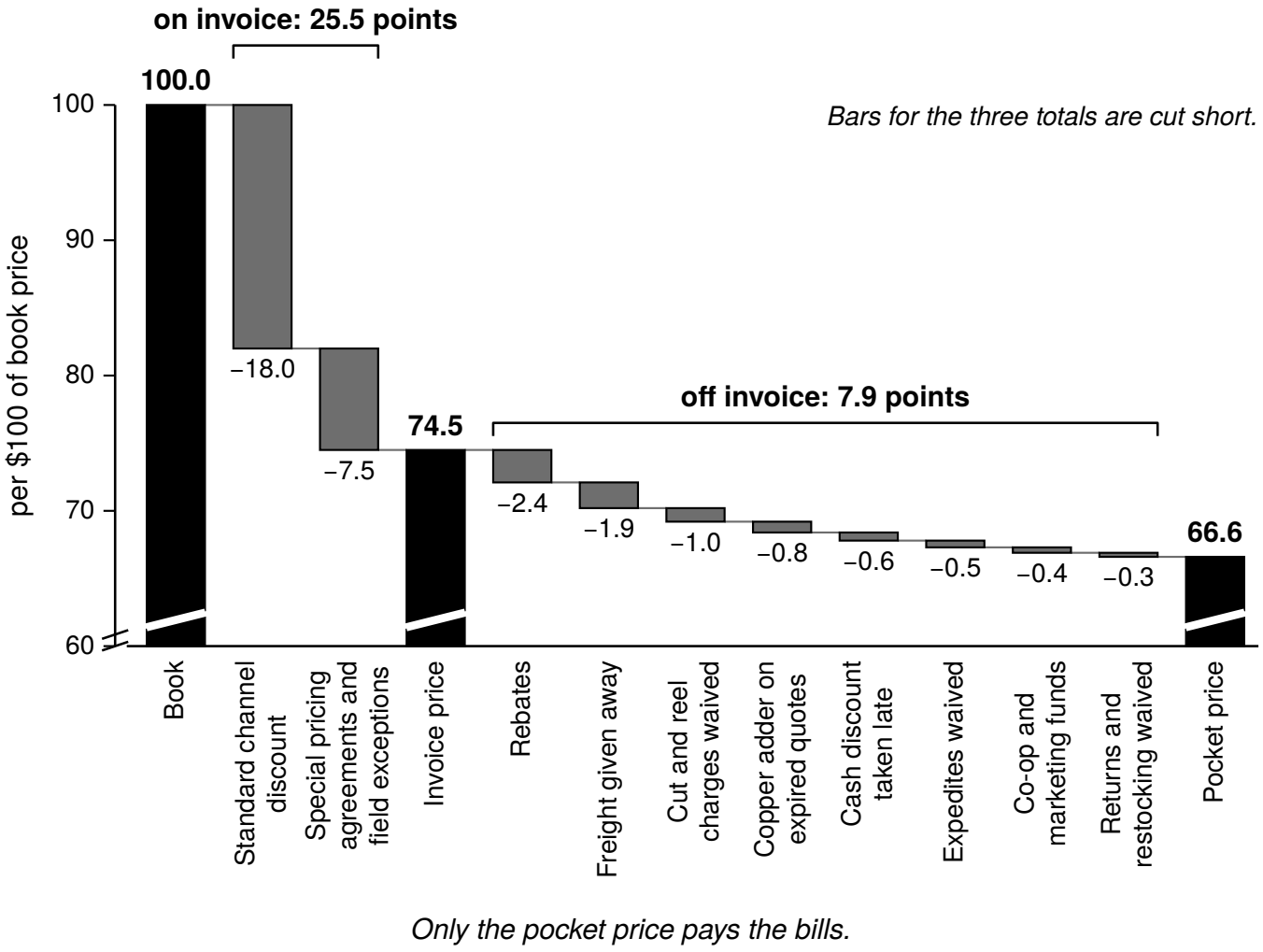
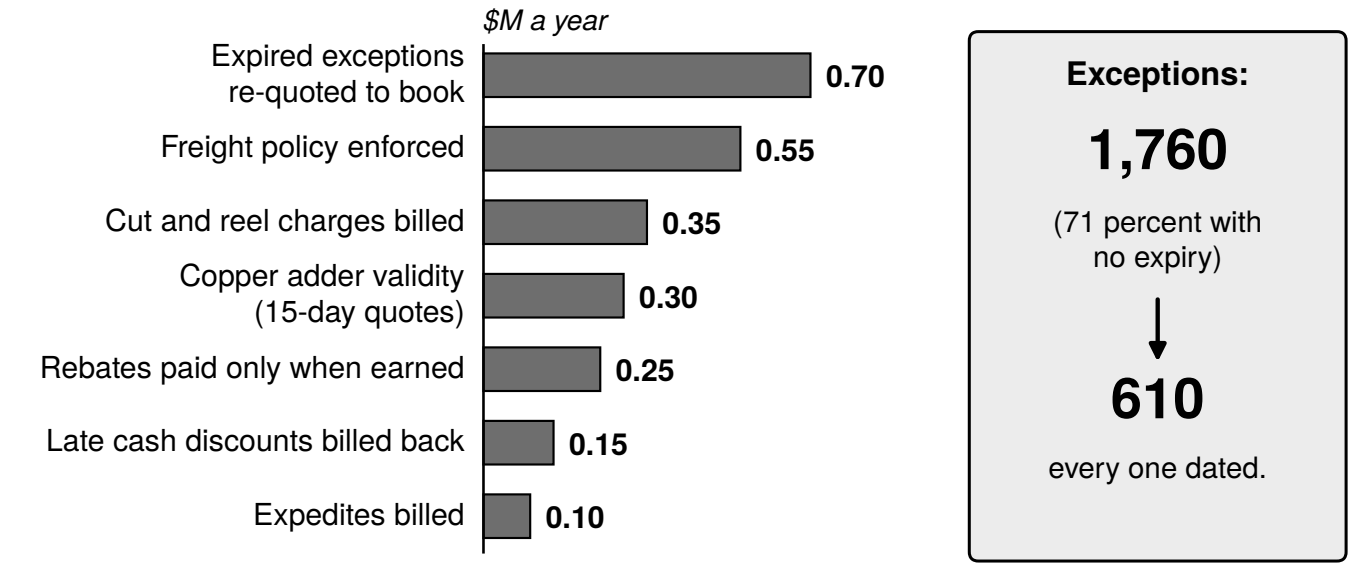



*Figure 2.1. The pocket price waterfall, control cable, Day 30: of every $100 of book on Thornbury's control-cable family, $74.50 reached the invoice and $66.60 reached the bank.*

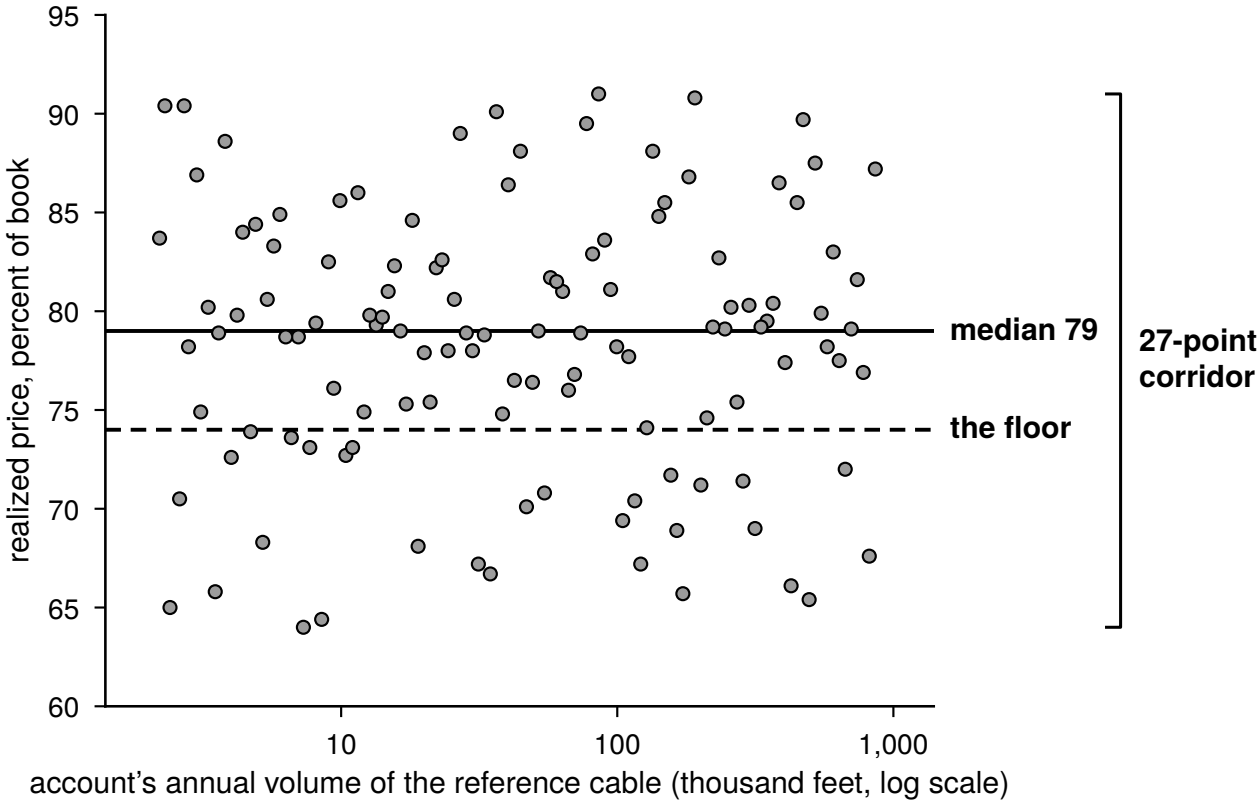
# Point one, Days 45–120




**$2.40M — about one point of revenue.**

*Figure 2.2. Point one, Days 45–120: seven mechanical fixes worth $2.40 million a year between them, and the exception list cut from 1,760 to 610, every one with an end date.*

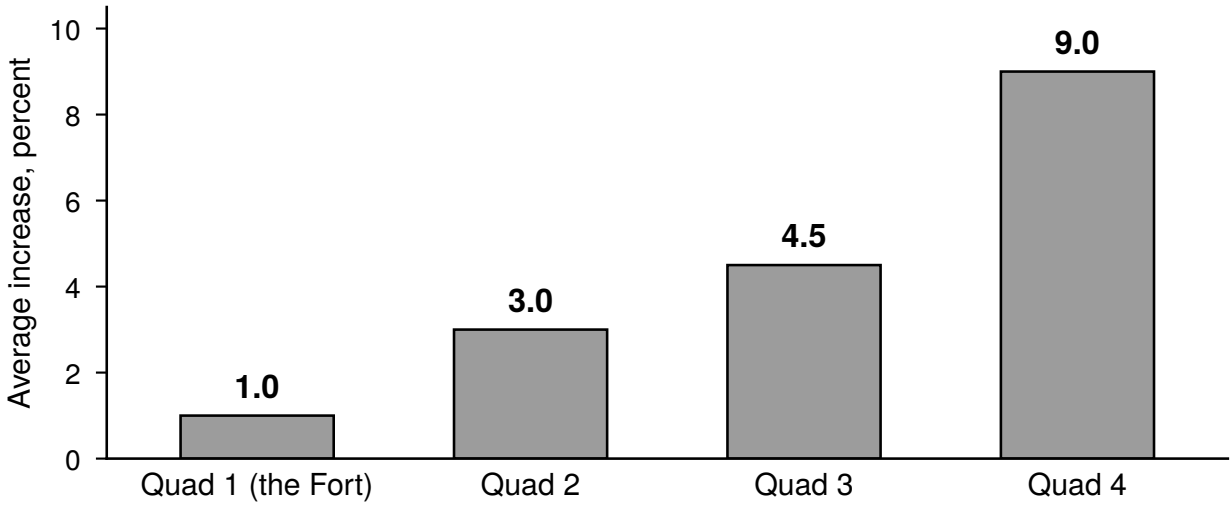
# The corridor, reference control cable, Day 90




*If volume doesn't explain it, governance does.*

*Figure 3.1. The corridor, reference control cable, Day 90: about 120 accounts paid from 64 to 91 percent of book for the same cable, and volume explained none of it.*

# The increase by quad, effective Day 180




**Volume you can lose before the increase costs money (at 30 percent contribution)**

| increase | break-even volume loss |
|---|---|
| +1.0 percent | 3.2 percent |
| +3.0 percent | 9.1 percent |
| +4.5 percent | 13.0 percent |
| +9.0 percent | 23.1 percent |

*increase ÷ (contribution margin + increase)*

*Figure 3.2. The increase by quad, effective Day 180: the Fort moved least and Quad 4 most, each with the volume it could lose before the increase cost money.*

# The authority matrix, Day 75

| Who | How far | For how long |
|---|---|---|
| **Sales representative** | Book and published channel discounts | No exceptions |
| **Regional manager** | Up to 4 points below book | One order |
| **Chief commercial officer** | Up to 8 points | 90 days |
| **Pricing desk with the CFO's signature** | Anything deeper or longer | Answer within one business day |

**Every exception expires. Twelve months at most.**

*Figure 3.3. The authority matrix, Day 75: who at Thornbury could approve how deep a discount, and for how long, with every exception carrying an expiry date.*

# The quads at Day 0

| | A products (1,090 part numbers) | B products |
|---|---|---|
| **A customers (312 accounts)** | **Quad 1 — the Fort**<br>Revenue $163.7M<br>Share of revenue 66 percent<br>Material margin 49.6 percent<br>EBITDA after fixed cost **+$27.0M** | **Quad 2**<br>Revenue $34.7M<br>Share of revenue 14 percent<br>Material margin 45.0 percent<br>EBITDA after fixed cost **+$0.3M** |
| **B customers** | **Quad 3**<br>Revenue $34.7M<br>Share of revenue 14 percent<br>Material margin 46.7 percent<br>EBITDA after fixed cost **+$1.5M** | **Quad 4**<br>Revenue $14.9M<br>Share of revenue 6 percent<br>Material margin 38.8 percent<br>EBITDA after fixed cost **–$4.0M** |

***Quad 1 earns 109 percent of the EBITDA.***

*Figure 4.1. The quads at Day 0: the Fort earned more than the whole company did, and Quad 4 lost $4.0 million on 6 percent of revenue.*

# The whale curve, Day 0

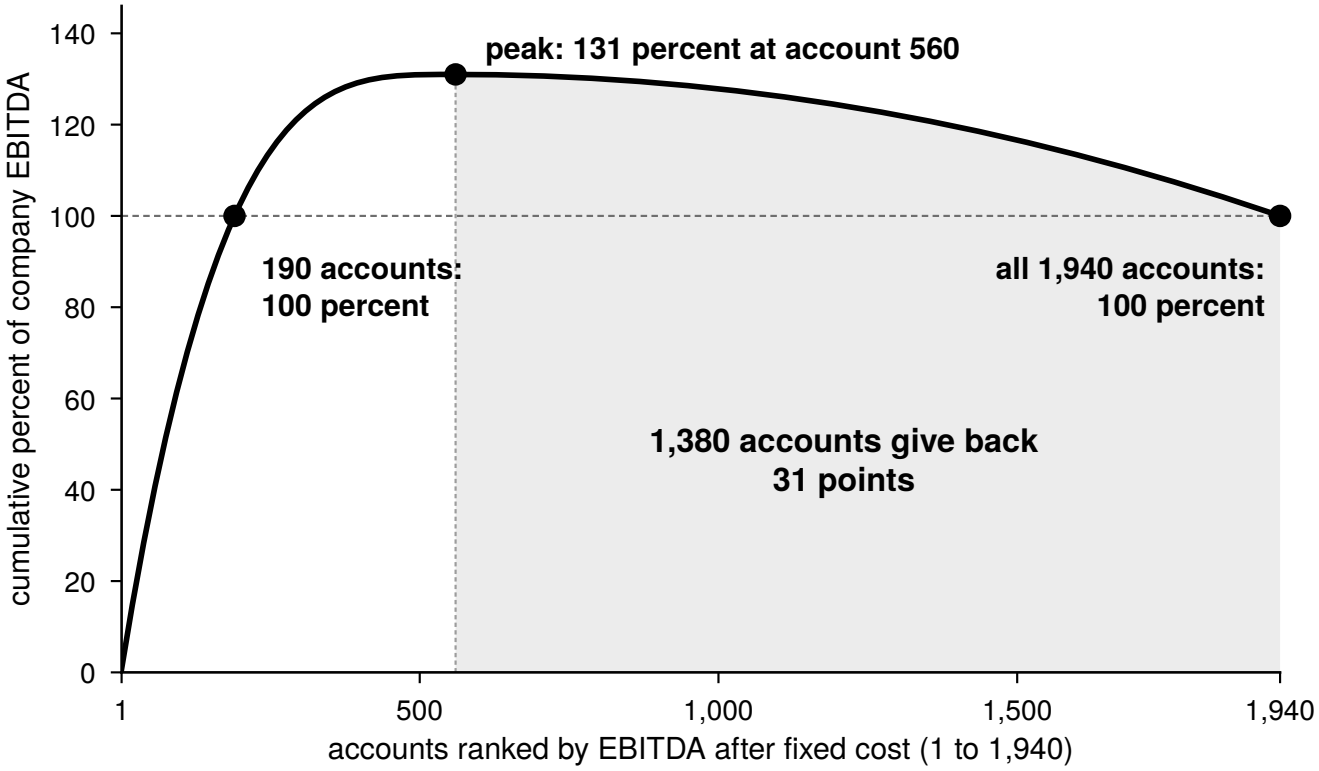
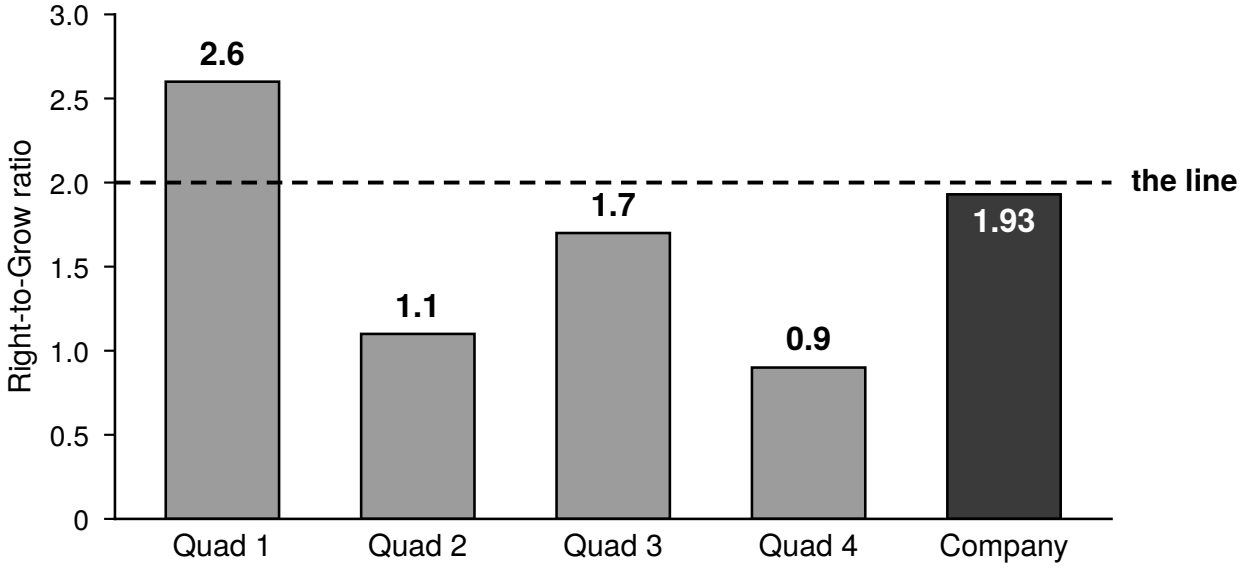



*Figure 4.2. The whale curve, Day 0: the first 190 accounts earned all of Thornbury's EBITDA, and the last 1,380 gave back 31 points of it.*

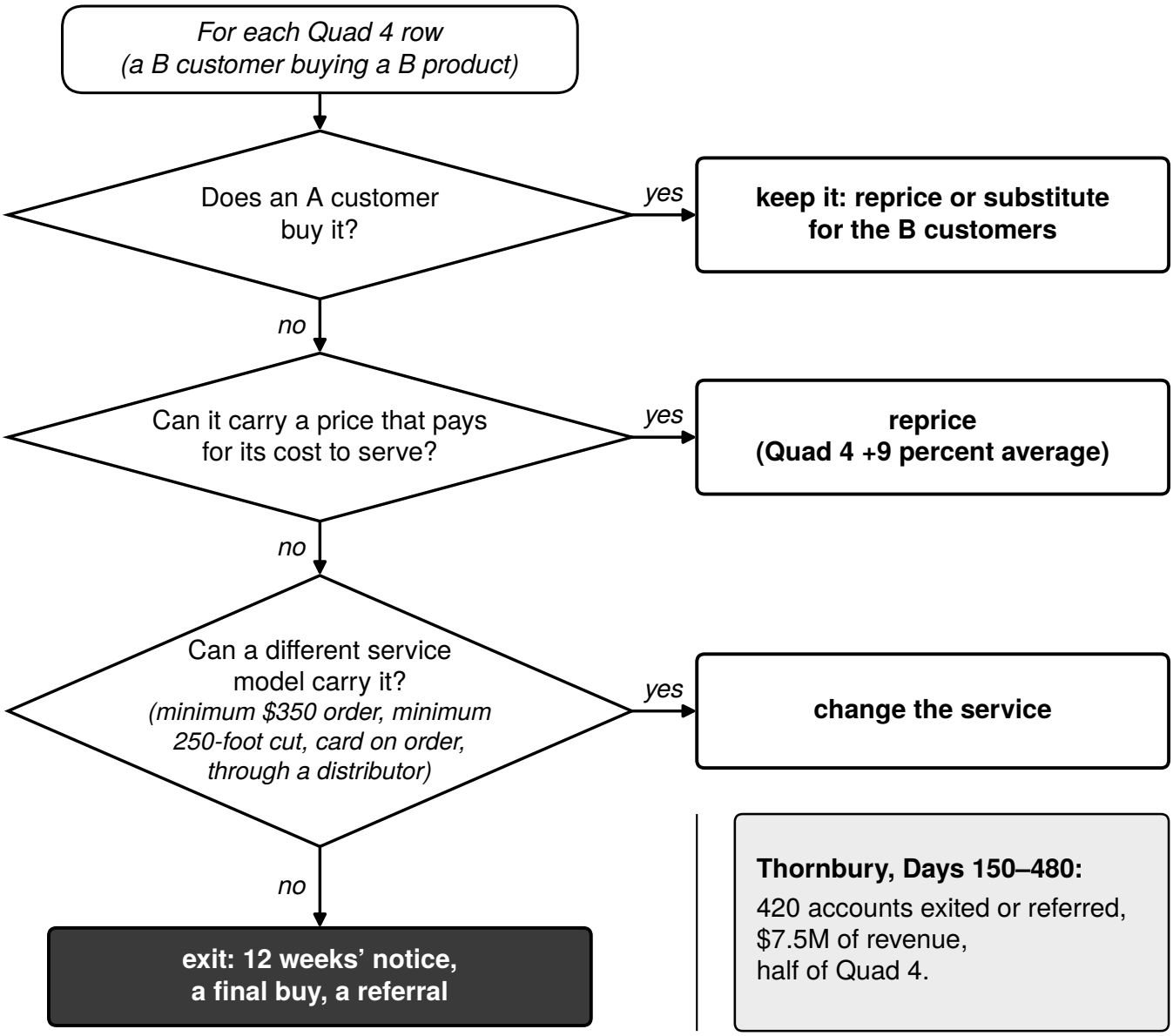
# The Right-to-Grow ratio by quad, Day 0




*Material margin ÷ total employee cost, contractors included.*

*Figure 4.3. The Right-to-Grow ratio by quad, Day 0: one quad well above the line, three below it, and a company average just under it.*

# The tail decision




*Decide every row by Day 60 of the program. Act by Day 120.*

*Figure 5.1. The tail decision: the same four questions asked of every Quad 4 row, in the same order, until each row has one answer.*

# Two calendars, one lesson

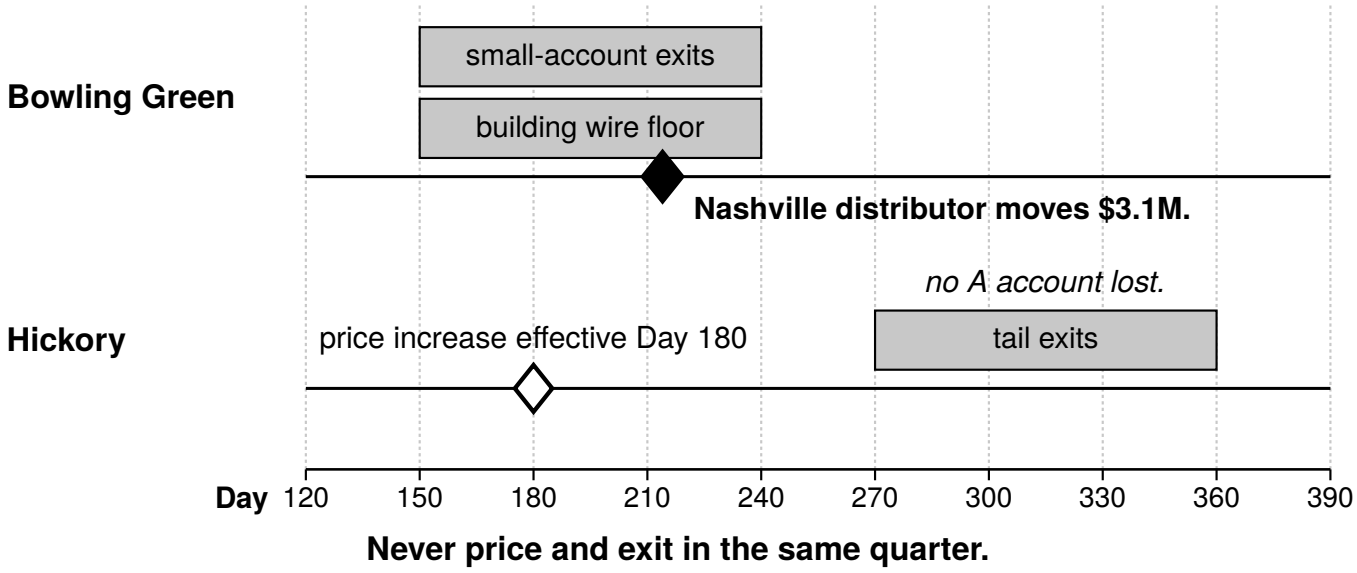



*Figure 5.2. Two calendars, one lesson: Bowling Green put its building-wire floor and its small-account exits into one quarter and lost a $3.1 million distributor, while Hickory put a quarter between price and exits and lost no A account.*

# Merriwether's wallet

*Each bar is Merriwether's $14.0M a year of cable and cordsets.*

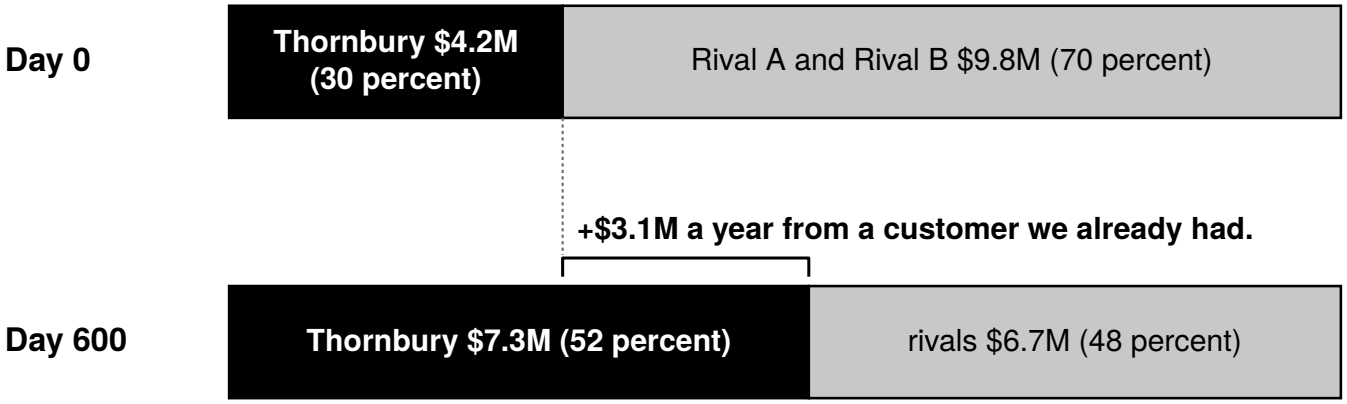
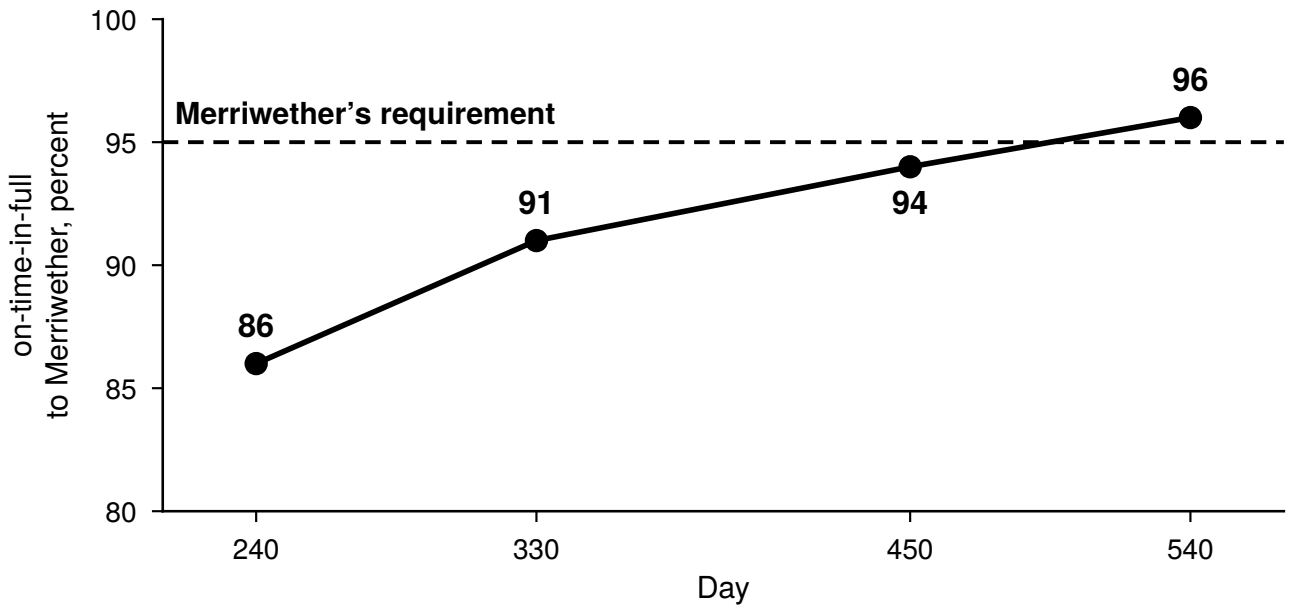



*Figure 6.1. Merriwether's wallet: of the $14.0 million a year Thornbury's largest equipment-maker customer spent on cable and cordsets, Thornbury's share rose from 30 percent at Day 0 to 52 percent at Day 600.*

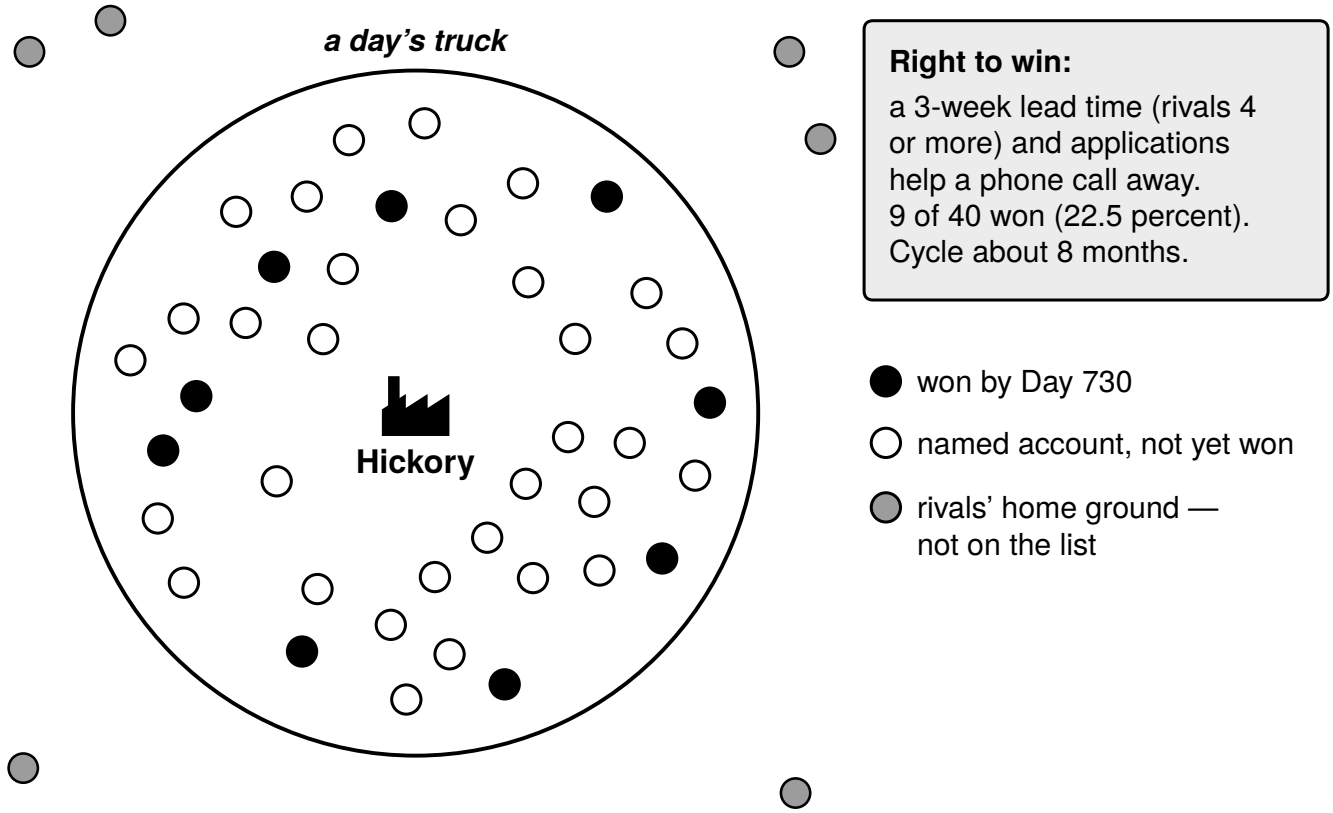
# Measured their way




*Counted Merriwether's way: complete, at its dock, on the date it asked for.*

*Figure 6.2. Measured their way: Thornbury's on-time-in-full to Merriwether, counted on the customer's own scorecard, climbed from 86 percent at Day 240 to 96 percent at Day 540 against a requirement of 95.*

# The circle Thornbury could win




*Schematic, not to scale.*

*Figure 7.1. The circle Thornbury could win: 40 named equipment makers inside a day's truck of Hickory, 9 of them won by Day 730.*

# The share ramp, committed and actual

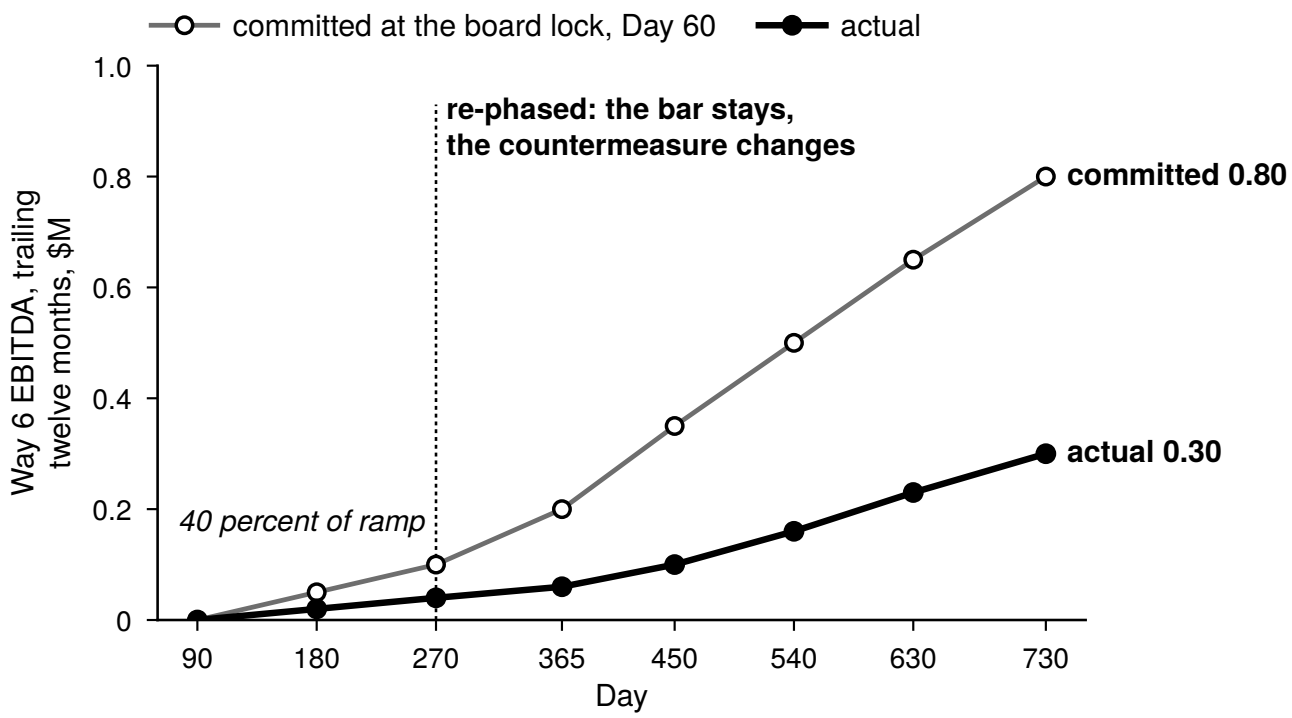
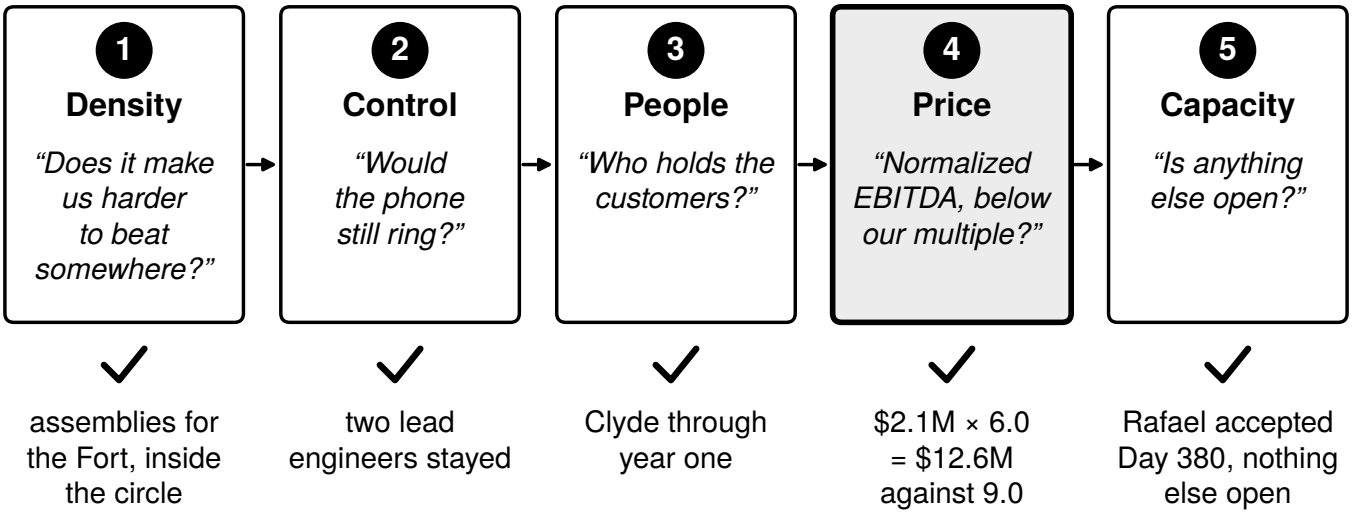



*Figure 7.2. The share ramp, committed and actual: new accounts ran at 40 percent of their ramp at Day 270 and finished the twenty-four months at $0.30 million against $0.80 million committed.*

FIGURE 8.1 · CHAPTER 8 · BUY WHAT MAKES THE LEVERS BIGGER

# The add-on screen, in order




***Price is asked fourth, on purpose.***

*Figure 8.1. The add-on screen, in order: Catawba passed all five gates on evidence, with price asked fourth.*

# The claim sheet, Catawba

| Claim | Lever | Owner | Proof the controller sees | First dollar | Run-rate by Day 1,000 |
|---|---|---|---|---|---|
| **Point one on Catawba's prices** *could have been done without us: read as better ownership* | price | Garrett Harwell | invoice lines at the new prices | Day 510 | $0.25M |
| **Cable from Thornbury instead of rivals** | cost | Rafael Navarro | purchase orders moved | Day 600 | $0.35M |
| **Connectors and terminals on Thornbury's contracts** | cost | Rita Esposito | supplier invoices at contract prices | Day 480 | $0.12M |
| **Assemblies sold to Thornbury's Fort accounts** | share | Tamika Odom | orders from named accounts | Day 640 | $0.18M |
| **Total** | | | | | **$0.90M** |

**Cost of doing the deal:** no number — rivals losing $3.2M a year of Catawba's cable will answer, and Rafael's hours come off his own bar.

***Every claim reports on the M&A bar, once. The model was built from this page.***

*Figure 8.2. The claim sheet, Catawba: four claims, each with a lever, one owner, the proof the controller sees and the date of its first dollar, worth $0.90 million a year by Day 1,000.*

# The one-company test, Day 690

| | yes | partly | no | |
|---|---|---|---|---|
| **One set of numbers** | | ● | | Thornbury's chart of accounts in Catawba's own system, on Thornbury's systems by Day 840 |
| **One price** | ● | | | on Thornbury's authority matrix since Day 560 |
| **One buyer** | ● | | | |
| **One face to each customer** | ● | | | |
| **One bench** | | ● | | no one yet ready to run Catawba's floor after Clyde's year |

**Partly counts as no. The next deal waits.**

*Figure 8.3. The one-company test, Day 690: three yeses and two partlys, so Catawba was not yet one company with Thornbury and the next deal waited.*

# The spend cube, Day 50

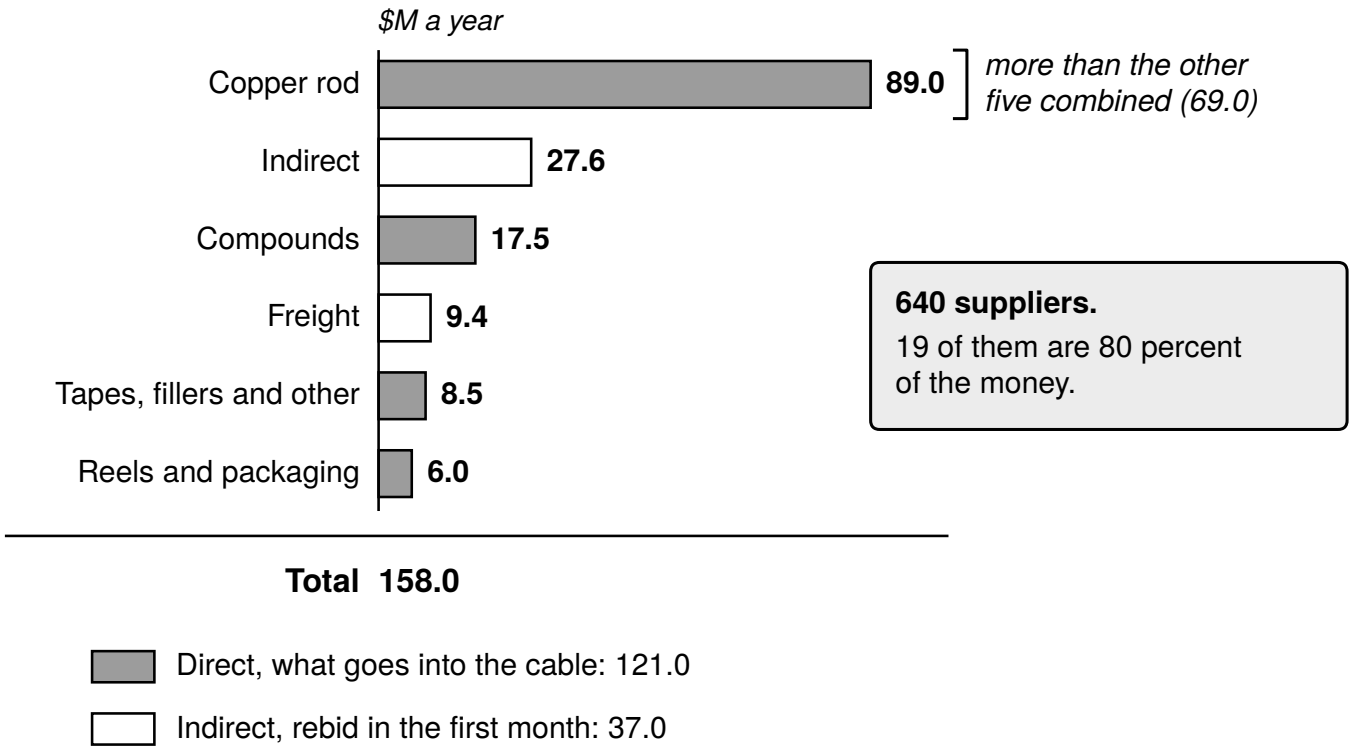
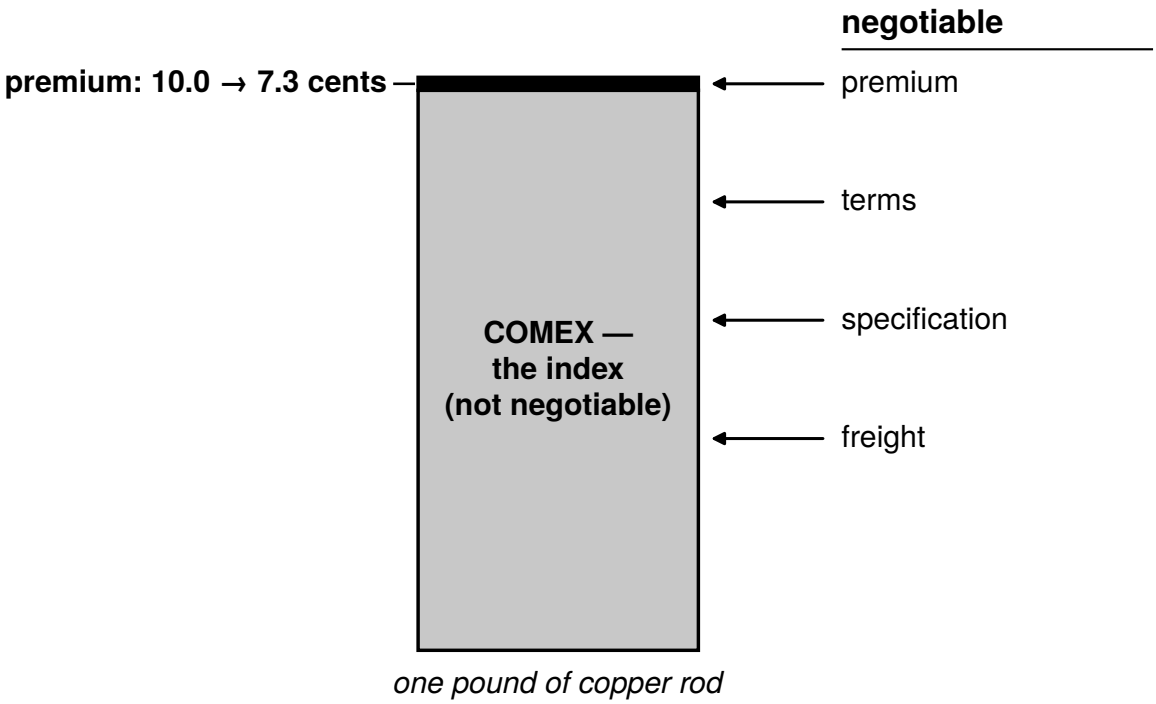



*Figure 9.1. The spend cube, Day 50: Thornbury's $158.0 million of annual spend by category, $37.0 million of it indirect and rebid in the first month, with copper rod larger than all the other categories combined.*

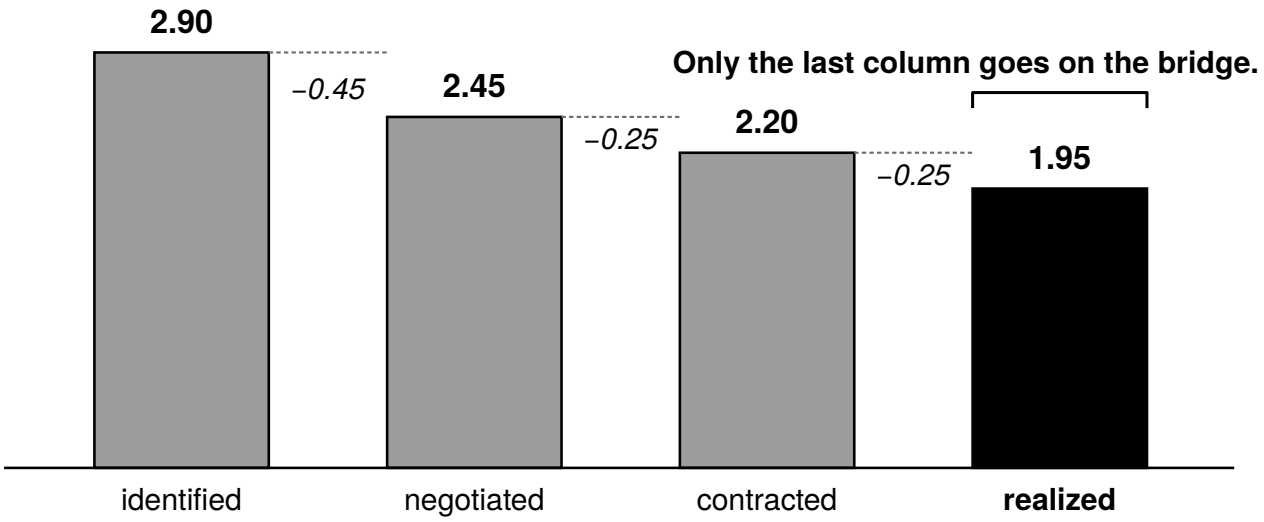
# What the index sets, and what you negotiate




**2.7 cents × 20.2 million pounds = $0.55M a year.**

*Figure 9.2. What the index sets, and what you negotiate: the COMEX price passes through untouched, and the premium, the terms, the specification and the freight are where the buyer works.*

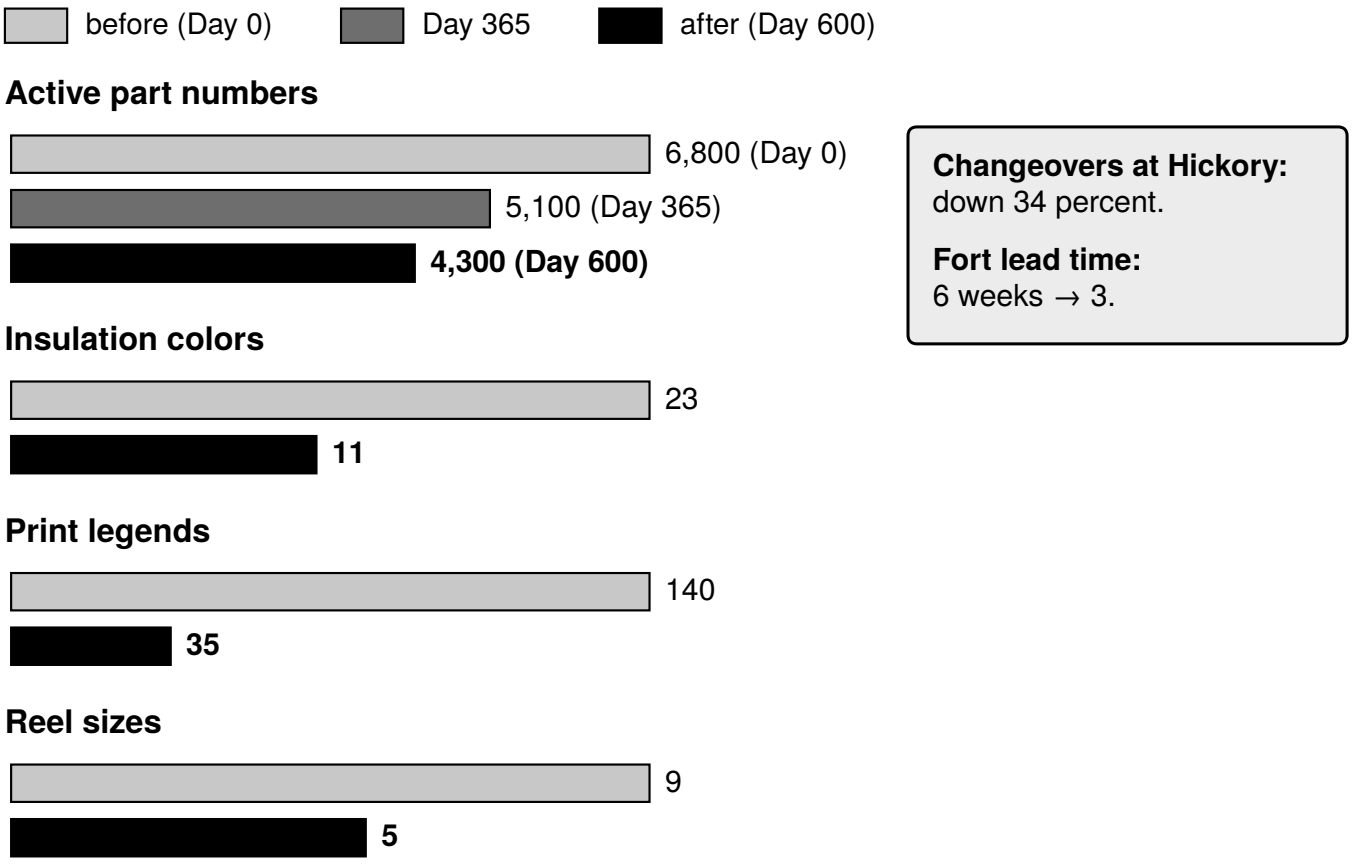
# The savings ledger




*Realized in the twelve months to Day 730, against $1.70M committed.*

*Figure 9.3. The savings ledger: of the $2.90 million Thornbury identified, $1.95 million was realized by Day 730, and only that column went on the bridge.*

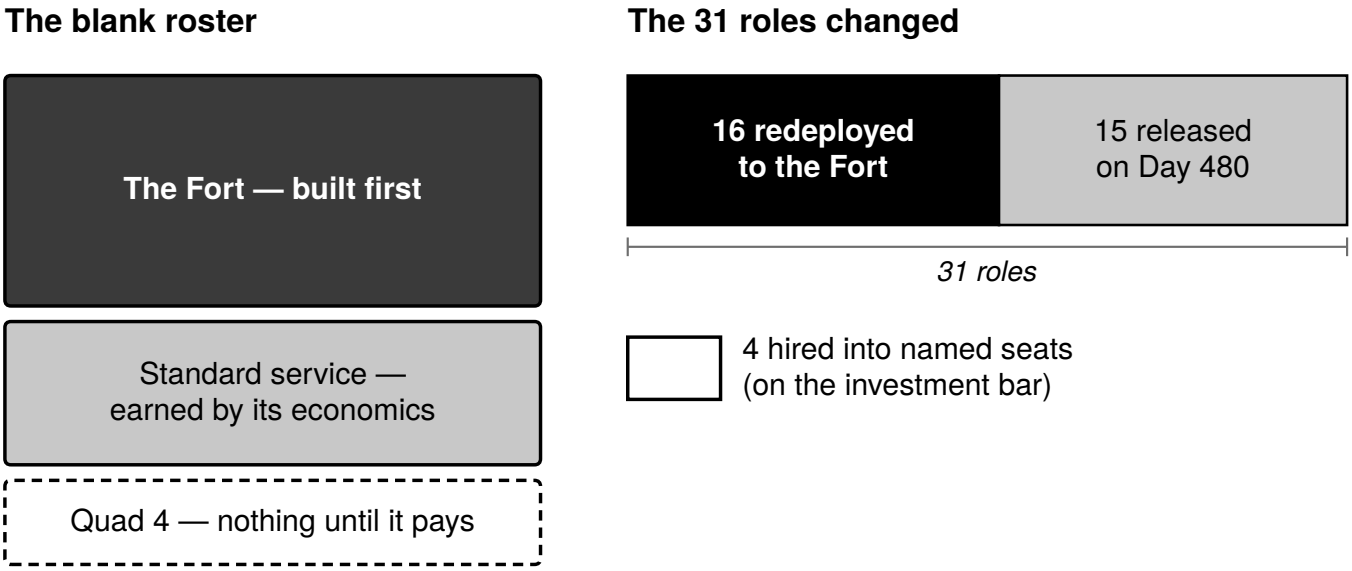
# The complexity count




*Each group is drawn to its own scale.*

*Figure 10.1. The complexity count: Thornbury's part numbers, insulation colors, print legends and reel sizes from Day 0 to Day 600, with the changeovers and the Fort lead time they bought back.*

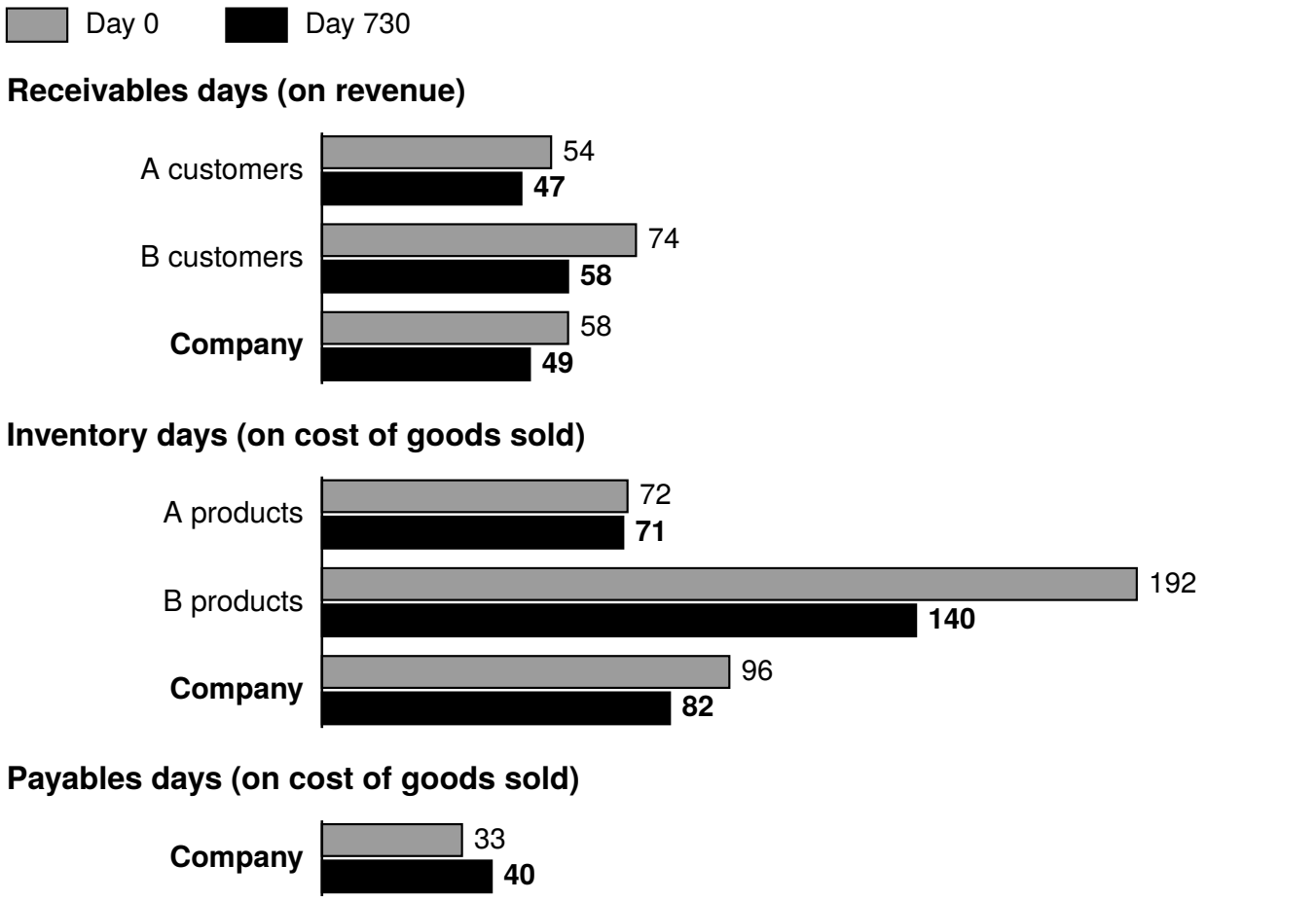
# Zero-Up, Days 420–480




*Indirect time on Quad 4 and complexity: 15–36 percent, average 24, across 214 roles.*

*Figure 10.2. Zero-Up, Days 420–480: the roster rebuilt from the Fort outward and the 31 roles it changed, with 16 people moved to the Fort, 15 released on one date and 4 hired into named seats.*

# Days, by A and B

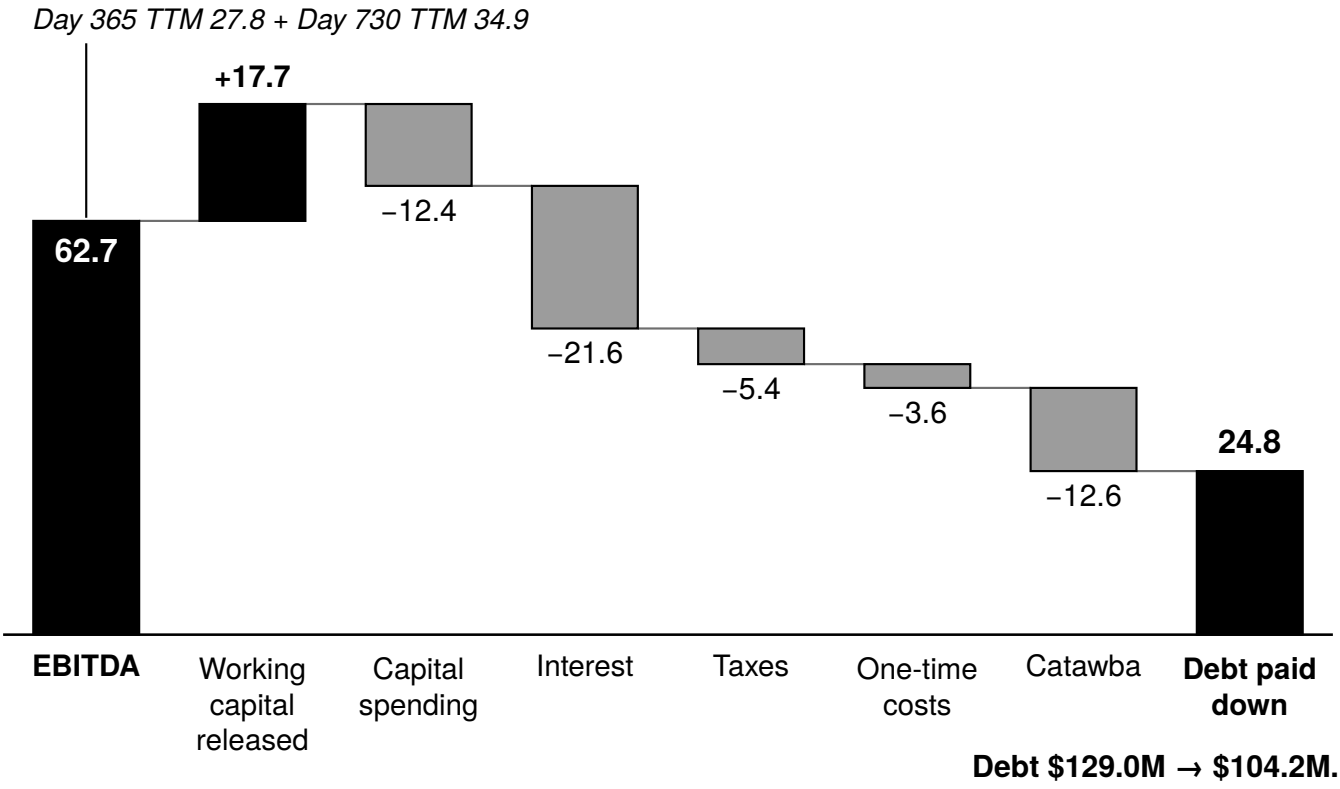



**Cash conversion cycle: 121 → 91 days.**

Receivables on revenue. Inventory and payables on cost of goods sold.

*Figure 11.1. Days, by A and B: Thornbury's receivables, inventory and payables days at Day 0 and Day 730, with the tail's days beside the core's.*

# The cash bridge, Day 0 to Day 730




*Cash released goes here — never on the EBITDA bridge.*

*Figure 11.2. The cash bridge, Day 0 to Day 730: two years of EBITDA, plus the working capital released, less every use of cash, is the debt Thornbury paid down.*

# Debt and the leverage ratio

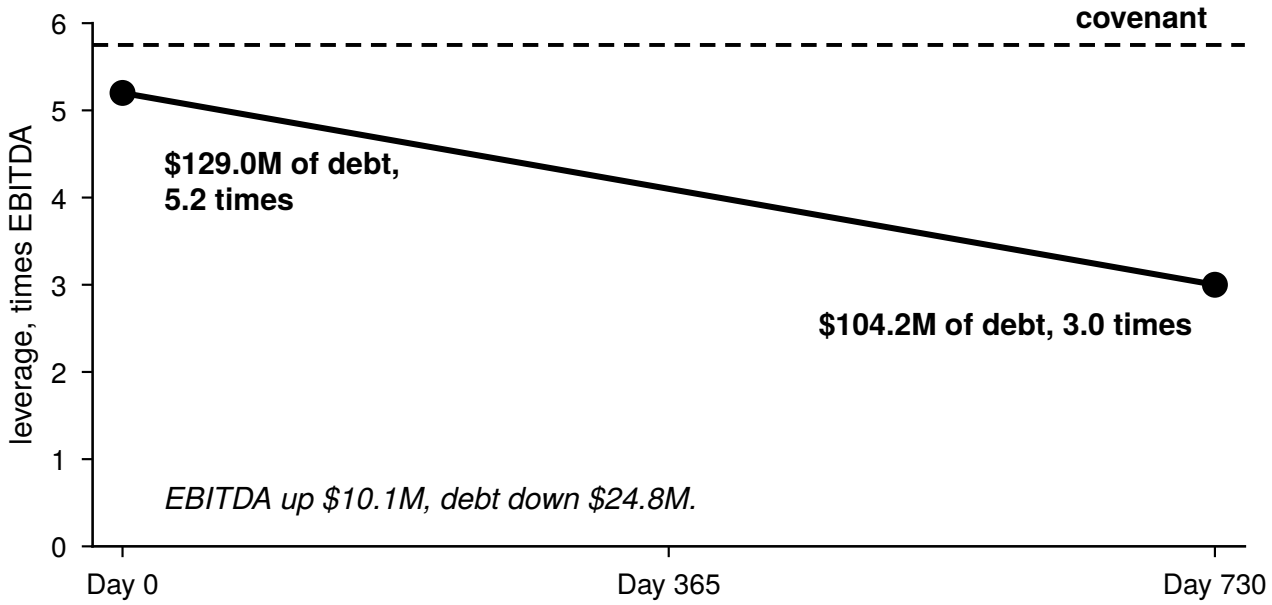



*Figure 11.3. Debt and the leverage ratio: from 5.2 times, a 9.5 percent fall in EBITDA from breach, to 3.0 times in two years.*

# One page per lever

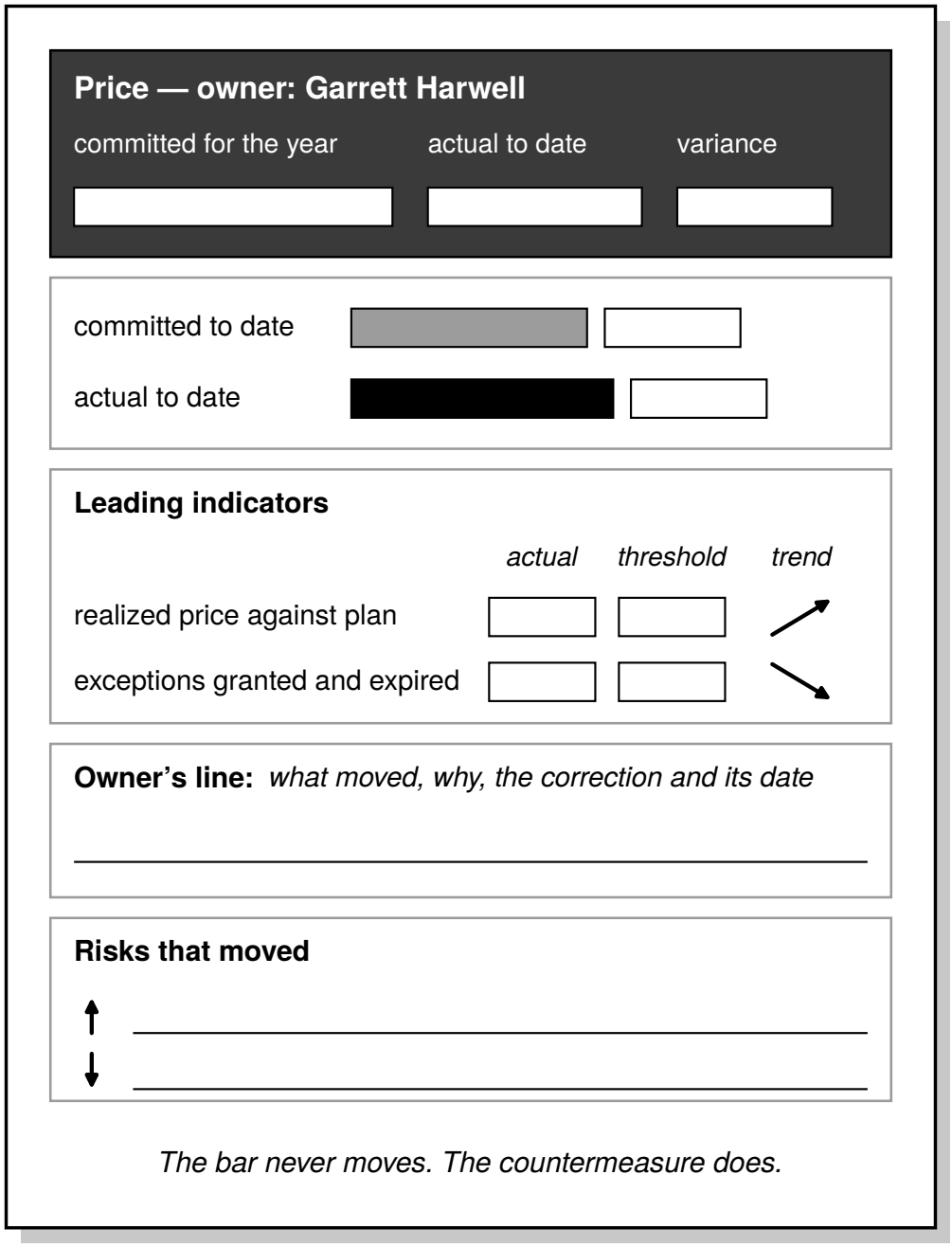
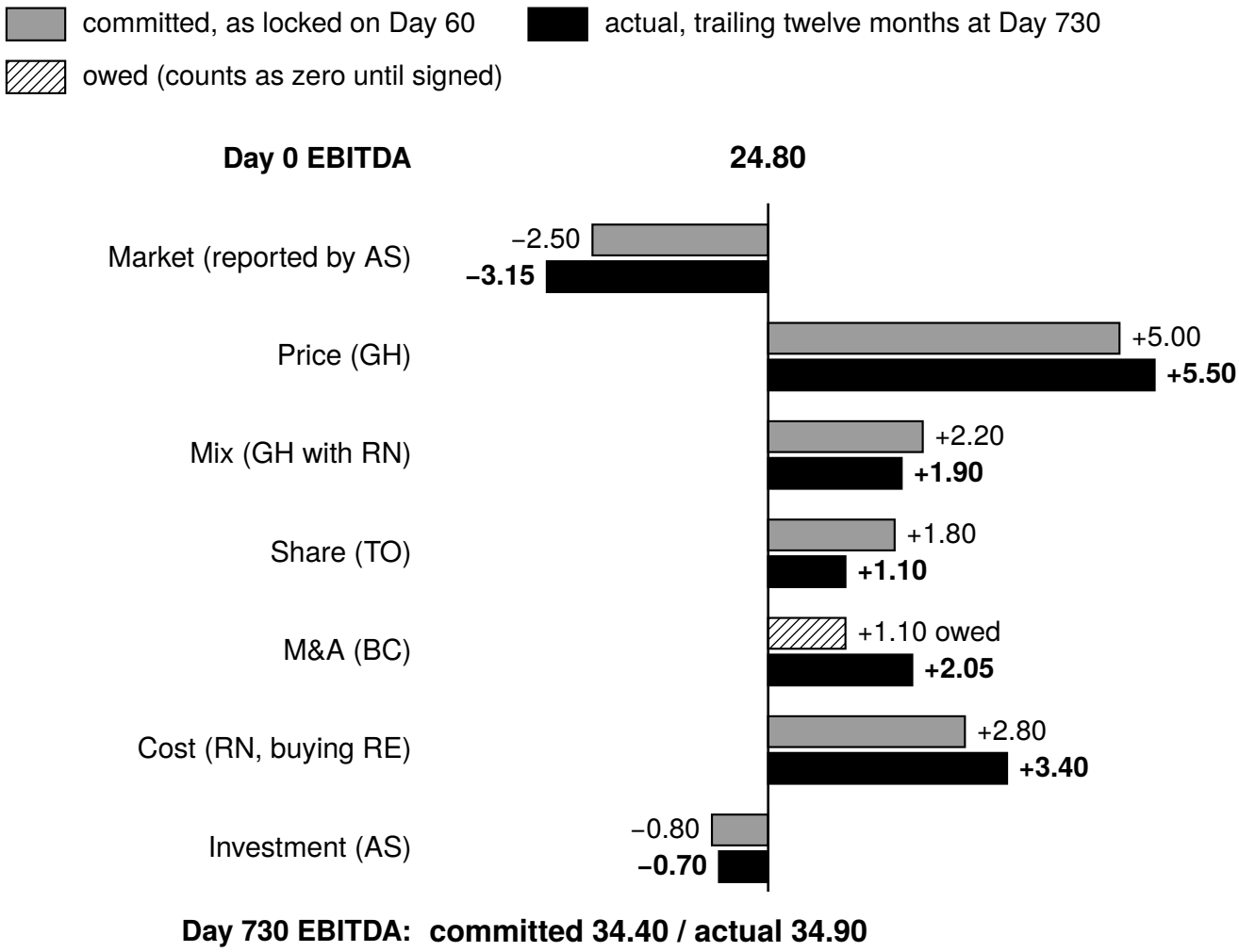



*Figure 12.1. One page per lever: the bar, its two leading indicators, the owner's one line and the risks that moved, in the same order every month.*

# The bridge, committed and actual, Day 730




*Organic: 32.85 against a plan of 33.30. M&A carried the gap.*

*Figure 12.2. The bridge, committed and actual, Day 730: every bar as the board locked it on Day 60, beside what each one delivered.*

# Leading indicators, by lever

| Lever | Two leading indicators |
|---|---|
| **Price** | Realized price against plan, and exceptions granted and expired |
| **Mix** | Fort lead time, and share of field hours on A customers |
| **Share** | Fort wallet share at the top twenty accounts,<br>and named-account win rate and cycle time |
| **M&A** | Claim proof dates met, and the one-company test |
| **Cost** | The savings ledger by column, and changeovers a week |
| **Cash** | Days by A and B, and receivables over 60 days, with a name on each |

*Figure 12.3. Leading indicators, by lever: two measures for each line of the bridge, chosen because they move before the dollars do.*

FROM THE BOOK

# Put It to Work

*Pages from The Field Guide*

Thornbury's account ends on Day 1,000. Yours begins where Thornbury's began: with a number someone else picked and a market nobody controls.

Use these pages to make the first decisions before a price letter goes out or a cost comes out, with your CFO, your chief commercial officer, your chief operating officer and your controller in one room. Work from your own deal model and your own invoice lines. Where you're guessing, say so on the page, and give every gap an owner and a deadline.

Start with the board's number. Thornbury's was $34.4 million at the twenty-four-month board, and until the CFO and I rebuilt it on Day 12, nobody in the building could say where it came from.

What follows is a beginning. The rest is in *The EBITDA Bridge · The Field Guide*, sold separately: all thirty-six worksheets with Thornbury's filled-in version beside each blank, a plan for the first hundred days, and a guide for the person who runs the sessions. The full list of instruments comes right after these pages.

## What the first meeting must produce

1. Your board's number, rebuilt from the five inputs, with the gap in dollars, in basis points and as a yearly rate.
2. A request to the controller for three years of invoice lines, tied to the ledger, with a date.
3. One owner for each of the five levers, and the market on its own bar with your CFO as its reporter.

Do the first of each by hand. After that, the tools you have can do the pulling, as long as every total ties to the ledger before anyone acts on it and prices, costs and pay stay inside approved systems. The decision belongs to whoever owns the bar.

*Thinking is required.*

## The method on one page

In practice the parts overlap. Each number below is its chapter, and each line is the chapter's rule.

**Part One · The Number**

1. **The Levers You Control.** You can't control the market. Turn the board's number into points and put a dollar figure and a name on every one of the five levers.

**Part Two · The Revenue You Already Have**

2. **Stop the Leaks.** Before you raise a single price, stop giving away the ones you already have.
3. **Raise Price Where You Have Earned It.** By segment, prepared months before the letters go, governed so it stays.

4. **Sell More of What Makes Money.** Find where the profit lives, then point capacity, people and pay at it.
5. **Fix or Exit the Tail.** Price it up, change how you serve it, or let it go — never in the same quarter as an increase.

**Part Three · The Revenue You Go and Get**

6. **Start in Your Own Backyard.** The cheapest new revenue is the rest of what your best customers already buy.
7. **Take Share Where You Can Win.** Only where you serve better than anyone, named account by account, phased by the real sales cycle.
8. **Buy What Makes the Levers Bigger.** Only when the base is proven and there is capacity, every gain a claim with an owner, one company before the next.

**Part Four · Cost, Cash and the Calendar**

9. **Buy Better.** Rebid the indirect cost in the first month, beside price, and start the direct cost in the second, on the products that earn, so its savings land in year two. Buy the index, negotiate the premium, count only what's realized.
10. **Simplify, Then Zero-Up.** Take out the complexity first, then rebuild the cost base from zero around the Fort.
11. **Turn EBITDA into Cash.** Build the cash bridge behind the EBITDA bridge, and never count released cash as EBITDA.
12. **Run It Every Month.** One page per lever, owners in the room. The bars never move, and the pay follows the bridge.

## The first thirty days

In the first month you rebuild the number, get the data, plug the first leaks and put the indirect spend out to bid, all before anyone raises a price. If the covenant is tight, start the cash bridge in week one and push the other dates back.

**Days 1 to 7: rebuild the number.** Sit down with your CFO and the deal model. Rebuild the board's number from the five inputs, convert the gap to basis points on today's revenue, put it on a clock and sign the page. Ask the controller for three years of invoice lines, and ask your chief commercial officer for every exception and special price now in force.

Done / still open:

---

Owner / due by:

---

**Days 8 to 14: sit where the price is set.** Spend a morning in the room where your orders are quoted. Watch which charges get waived, which quotes outlive their commodity date and which freight goes out

free. Name one owner of price who isn't paid on volume, and have that person report to the CFO or to you.

Done / still open:

---

Owner / due by:

---

**Days 15 to 30: build the waterfall and the quads.** Tie the invoice file to the ledger. Build the pocket price waterfall for your largest product family and count the exceptions. Cut customers and products at 80 percent and draw the four quads. Start the point-one fixes that need no customer conversation. The same week, ask purchasing for twelve months of what you pay to run the business, from freight to phones to supplies, and put the biggest lines out to bid. None of it has to wait for the quads.

Done / still open:

---

Owner / due by:

---

**On Day 30, meet again.** Bring the signed number, the waterfall, the leak list, the quads and the indirect bids, and fix the date the five-lever bridge goes to the board. Ask purchasing for the full spend cube by the board date too, read against the quads, so the slow work on the direct cost can start the week the bridge is signed. At Thornbury I sat in the quoting room on Day 9, the CFO and I rebuilt the number on Day 12, the controller's file was ready on Day 17, the same afternoon purchasing started on the indirect spend, the pricing manager started on Day 24, the waterfall was on the wall and the routing guide on both docks by Day 30, the spend cube was on purchasing's wall on Day 50, and the bridge went to the board on Day 60. Borrow those dates if they help, but never let a calendar rush a count.

The board date, and the bars you'll commit to:

---

## A. The board's number

Five inputs, the arithmetic, and the number at each board until the sale, on one page with your signature at the bottom. Build it with your CFO from the deal model and the credit agreement.

Deal closed on, and the number at the next board:

---

| The five inputs | Yours | The arithmetic |
|---|---|---|
| Entry EBITDA | | |
| Entry multiple | | × entry EBITDA = enterprise value paid |
| Debt at close | | Enterprise value − debt = equity in |
| Target multiple of money, and the hold | | Equity in × target = equity out |
| Debt still owed at exit | | Equity out + debt = exit value; ÷ flat multiple = exit EBITDA |

| The gap | Dollars | Basis points on today's revenue | A year |
|---|---|---|---|
| To the next board's number | | | |
| To exit | | | |

Signed by, and acknowledged by the chair:

---

Thornbury's page, on Day 12: $26.4 million × 9.0 = $237.6 million paid, $132.0 million of it debt, so $105.6 million of equity. At 2.5 times in five years that equity had to be worth $264.0 million, and with $90.0 million of debt still owed the company had to sell for $354.0 million — $39.3 million of EBITDA at a flat 9.0 times. On that path the twenty-four-month board needed $34.4 million. Thornbury was earning $24.8 million: a gap of $9.6 million, about 390 basis points on $248.0 million of revenue, about 18 percent a year for two years.

**Rebuild the number before you plan against it.** A number you can't rebuild is a number you can't defend.

*Full Field Guide: Worksheets 1 and 2.*

## B. The five-lever bridge

From today's EBITDA to the number, one bar at a time: the market on its own line, then the five levers in order, each with a dollar figure, one owner, a date and a leading indicator, phased by month. The CFO reports the market. Nobody owns it.

Today's EBITDA, and the number:

---

| Bar | $ | Owner | Date | Leading indicator |
|---|---|---|---|---|
| Market (reported, not owned) | | | | |
| Price | | | | |
| Mix | | | | |
| Share | | | | |
| M&A (zero until signed) | | | | |
| Cost | | | | |
| Investment | | | | |
| **The number** | | | | |

Phased by month and signed on:

---

Thornbury's bridge went to the board on Day 60: market −$2.50 million (reported by the CFO), price + $5.00 million (owned by the chief commercial officer), mix +$2.20 million (the same owner, with the chief operating officer beside him), share +$1.80 million (the vice president of sales), M&A +$1.10 million owed and counted as zero (mine), cost +$2.80 million (the chief operating officer) and investment −$0.80 million (the CFO). From $24.80 million to $34.40 million, to the penny. Twenty-four months later the actual read $34.90 million, and every bar was still where we had drawn it.

**If a bar has no dollar figure and no name, it isn't on the bridge.** Phase it by month, and never divide it by twelve.

*Full Field Guide: Worksheet 3.*

## C. The pocket price waterfall

One product family, from the book price down to the money that stays: the discounts on the invoice, then everything that leaves after it. The pricing owner builds it from three months of invoice lines, rebate payments and freight bills.

Product family, and the months covered:

---

| Step | Per $100 of book | Who granted it | Earned? | Expires |
|---|---|---|---|---|
| Book price | 100.0 | | | |

| Step | Per $100 of book | Who granted it | Earned? | Expires |
|---|---|---|---|---|
| Standard discounts | | | | |
| Special prices and exceptions | | | | |
| **Invoice price** | | | | |
| Rebates | | | | |
| Freight given away | | | | |
| Charges waived | | | | |
| Late-taken cash discounts | | | | |
| Other | | | | |
| **Pocket price** | | | | |

Exceptions in force, and how many have no expiry date:

---

Thornbury's control-cable family on Day 30, per $100 of book: 18.0 off for the standard channel discount and 7.5 more for special prices and exceptions put the invoice at 74.5. Then rebates took 2.4, freight given away 1.9, waived cut and reel charges 1.0, quotes billed on an expired copper base 0.8, late-taken cash discounts 0.6, waived expedites 0.5, co-op money 0.4 and waived returns 0.3. The pocket price was 66.6 — 7.9 points below the invoice and 33.4 below the book. There were 1,760 exceptions in force, and 71 percent had no expiry date. The point-one fixes recovered $2.40 million a year, about one point of revenue, and by Day 120 the exceptions were down to 610, every one dated.

**Only the pocket price pays the bills.** Read the waterfall every month, not once.

*Full Field Guide: Worksheets 4 to 6.*

## D. The quads

Customers and products, each cut at the point where cumulative revenue passes 80 percent, and the four boxes the two cuts make. The controller builds it from the invoice lines, tied to the ledger. Sales doesn't grade its own customers.

Months covered, and the A cut for customers and for products:

---

| | A products | B products |
|---|---|---|
| **A customers** | Quad 1, the Fort — revenue, margin, EBITDA: | Quad 2 — revenue, margin, EBITDA: |
| **B customers** | Quad 3 — revenue, margin, EBITDA: | Quad 4 — revenue, margin, EBITDA: |

| Right-to-Grow ratio | Material margin | Total employee cost | Ratio |
|---|---|---|---|
| Company | | | |
| Quad 1 | | | |
| Quad 4 | | | |

What each quad gets this year:

---

Thornbury's quads on Day 17: 312 A customers out of 1,940 accounts and 1,090 A products out of 6,800 part numbers. Quad 1 had $163.7 million of revenue, 66 percent, and earned $27.0 million after its share of fixed cost — 109 percent of the company's EBITDA. Quad 4 had $14.9 million, 6 percent, at the lowest material margin in the company, 38.8 percent, and lost $4.0 million. The Right-to-Grow ratio was 1.93 for the company, 2.6 for the Fort and 0.9 for Quad 4. We priced and simplified before we grew, and the company crossed 2.0 in the third quarter of the first year.

**Hold the Fort.** Schedule it first, staff it first, and pay on the contribution it earns.

*Full Field Guide: Worksheets 10 to 12.*

## E. The monthly bridge review

One page per lever, every month, within ten days of the close, presented by its owner. Committed against actual, two leading indicators, one line from the owner, and the risks that moved. The bars never move. The countermeasures do.

Month, and the date of the review:

---

| Bar | Committed to date | Actual to date | Variance | Owner's line: what moved, why, the correction and its date |
|---|---|---|---|---|
| Market | | | | |
| Price | | | | |
| Mix | | | | |
| Share | | | | |
| M&A | | | | |
| Cost | | | | |
| Investment | | | | |

The corrections due before next month's review, with owners:

---

Thornbury's first review was on Day 90, and twenty-two had been held by Day 730. On Day 270 the vice president of sales read her own line before anyone asked: new accounts were running at 40 percent of their ramp, because she had sized it from the pipeline instead of the sales cycle. The bar stayed where it was, and the countermeasure changed. At the twenty-four-month board the bridge read $34.90 million against a number of $34.4 million — price, cost and the acquisition ahead of their bars, share and mix behind, and every month of it on the record when the buyer's team asked to see it on Day 1,000.

**Monthly, or it's just decoration.** Read the bridge with the owners in the room before you read anything else.

*Full Field Guide: Worksheets 34 to 36.*

FROM THE BOOK

# The Instruments

*The EBITDA Bridge · The Field Guide*, sold separately, prints each instrument at full size, with Thornbury's version next to every blank. Five of them appear in short form on the *Put It to Work* pages just before this list. Most of the numbers can be pulled with the tools you have. The judgments belong to the people who own the bars.

| Ch. | Worksheets |
|---|---|
| 1 | **1** The board's number — five inputs, one signed page · **2** The gap in points — from dollars to basis points and back · **3** The five-lever bridge — a dollar figure, an owner and a date on every bar |
| 2 | **4** The pocket price waterfall — book to invoice to pocket · **5** The leak list — every concession, its cost, its owner, its expiry · **6** The point-one plan — the mechanical fixes for the first ninety days |
| 3 | **7** The price corridor — what each customer really pays for the same item · **8** The segmented increase — by quad, with the attrition math · **9** The price authority matrix and the realization report |
| 4 | **10** The quads — customer by product, cut at 80 percent · **11** The Right-to-Grow ratio — material margin over total employee cost · **12** The Fort plan — capacity, lead time, coverage and pay for Quad 1 |
| 5 | **13** The tail decision — reprice, change the service or exit, row by row · **14** The managed exit — minimums, notice, the final buy and the referral · **15** The part-number purge — dead, duplicate and substitutable |
| 6 | **16** The wallet map — what each Fort customer buys, and from whom · **17** The account growth plan — one line, one number, one owner · **18** The customer scorecard — in the customer's own measures |
| 7 | **19** The right-to-win test — where you serve better than anyone · **20** The named-account list — target, rival, reason to switch, owner · **21** The share ramp — win rate, cycle time and dollars by month |
| 8 | **22** The readiness gate — is the base proven, and is there capacity? · **23** The add-on screen and the claim sheet · **24** The one-company test |
| 9 | **25** The spend cube — supplier by category, cut at 80 percent · **26** The index-and-premium sheet — what the index sets and what you negotiate · **27** The savings ledger — identified, negotiated, contracted, realized |
| 10 | **28** The complexity count · **29** The Zero-Up worksheet — the Fort first, the rest earned · **30** The freed-capacity plan — redeploy, release once, hire into named seats |
| 11 | **31** The cash bridge — EBITDA to cash, every line owned · **32** Days by customer and product — receivables, inventory and payables, A and B · **33** The working-capital plan — terms, tail inventory and payables |
| 12 | **34** The monthly bridge review — one page per lever · **35** The leading-indicator board · **36** Pay for the bridge — incentives tied to bars, and the annual re-lock |

CONTINUE THE WORK

# Where to go next

| If you're here | Read this |
|---|---|
| You've been handed a number and want to know which levers are yours | This book first, then the Field Guide |
| Your prices leak, and nobody owns the waterfall | *Get Paid* |
| You want to see where the money is, by customer and product, before spending a dollar of it | *The 80/20 Company* |
| Your sales team chases everyone | *The 80/20 Salesman* |
| You're about to buy a company, or you already have | *The Owner's Edge*, then *The Integration Playbook* |
| You're building a platform to sell | *Buy the Platform, Build the Exit* |
| Your suppliers set your costs | *Cost Is a Choice* |
| The plant gets the orders out, but only through waste and workarounds | *Lean That Lasts* |
| Sales, inventory and the plant each run on their own numbers | *Nerve Center* |
| The plan is written, and the monthly rhythm to deliver it isn't | *The Strategy Deployment Process* |
| You're new in the chief executive's chair | *Take Control* (The 1000-Day CEO, Book One) |
| You want the operating system under every one of these books | *The 80/20 CEO* |