THE FINANCIAL EDGE

MEASURE · QUARTERLY MEASUREMENT SYSTEM

FINANCIAL EDGE DASHBOARD™

The central question
Are the decisions we are making actually moving the business, family wealth and our life in the direction we intended?

See whether the business, family wealth and life you are building are moving in the intended direction

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INTRODUCTION

What the Dashboard does

The Financial Edge Dashboard™ is the measurement layer of the Financial Edge ecosystem. It does not diagnose the business, design the wealth strategy or manage implementation. It measures whether the financial architecture already chosen is producing the intended outcomes.

Use the companion Excel Financial Edge Dashboard (12-quarter tracker) to record results each quarter and see status and trend calculated for you. Use this workbook to choose the measures and discuss what they show.

Defining principle
What gets measured should help you decide—not merely help you report.

Five headline dimensions

Dimension	Question
Business Health	Is the business becoming financially stronger?
Family Wealth	Is business success translating into increasing family wealth?
Financial Resilience	Are we becoming better able to withstand disruption and make decisions from strength?
Freedom & Lifestyle	Is financial success creating greater choice over time, work and life?
Legacy & Future	Are we progressively creating the longer-term position we ultimately want?

THE METHODOLOGY

The five Dashboard rules

1. Measure what matters—not everything that can be measured.
Five meaningful headline measures are more useful than thirty numbers nobody acts on.

2. Every measure must connect to an intended outcome.
Know why each KPI belongs on the Dashboard.

3. Direction matters as much as position.
A measure can still be below target while moving strongly in the right direction.

4. A dashboard should trigger decisions, not merely report history.
Measurement earns its place when it changes behaviour or decisions.

5. Review consistently enough to change course while there is still time.
Quarterly is the standard Financial Edge rhythm.

SET-UP

Choosing the five measures

Dimension	Possible Headline Measures
Business Health	EBITDA margin; operating cash flow; gross margin; owner-independent earnings; business value
Family Wealth	Family Net Wealth; Wealth Outside Operating Business; Liquid Financial Wealth; Business Wealth Dependency %
Financial Resilience	Financial Runway; business liquidity; family liquidity; debt-to-asset ratio; interest coverage
Freedom & Lifestyle	Owner hours; weeks completely away; owner-independent operating days; income independent of business
Legacy & Future	Financial independence progress; succession readiness; estate planning milestone; legacy/impact capital

Selection rule
Choose one headline measure per dimension. Supporting operational KPIs can exist elsewhere; do not turn the Financial Edge Dashboard™ into a management reporting pack.

DIMENSION 01

Business Health

Dashboard question
Is the business becoming financially stronger?

A business KPI should capture financial strength or transferability—not simply activity. Revenue may matter, but it is rarely enough on its own.

Our Headline Measure	Why It Matters	Data Source	Owner

Current	12-Month Target	Tolerance / Range	Desired Direction

DIMENSION 02

Family Wealth

Dashboard question
Is business success translating into increasing family wealth?

The Family Balance Sheet™ provides the strongest inputs. Family Net Wealth is the default headline measure, with Wealth Outside Operating Business often an important supporting measure.

Our Headline Measure	Why It Matters	Data Source	Owner

Current	12-Month Target	Tolerance / Range	Desired Direction

DIMENSION 03

Financial Resilience

Dashboard question
Can we withstand disruption and make decisions from strength?

Financial Runway is a powerful default because it translates liquidity into time and choice. Other businesses may require a liquidity, debt or coverage measure.

Our Headline Measure	Why It Matters	Data Source	Owner

Current	12-Month Target	Tolerance / Range	Desired Direction

DIMENSION 04

Freedom & Lifestyle

Dashboard question
Is success creating greater choice over time, work and life?

Not every meaningful measure needs a dollar sign. Owner hours, weeks away and owner-independent operating days can reveal whether the business is creating freedom or consuming it.

Our Headline Measure	Why It Matters	Data Source	Owner

Current	12-Month Target	Tolerance / Range	Desired Direction

DIMENSION 05

Legacy & Future

Dashboard question
Are we creating the longer-term position we ultimately want?

This dimension is life-stage dependent. It can measure financial independence, succession readiness, estate planning progress, intergenerational capital or impact objectives.

Our Headline Measure	Why It Matters	Data Source	Owner

Current	12-Month Target	Tolerance / Range	Desired Direction

INTERPRETATION

Targets, tolerances and direction

Higher is not always better. Each numeric KPI needs a desired direction so that status is interpreted correctly.

Direction	Example	Interpretation
Increase	Family Net Wealth	At/above target = On Track; within tolerance below target = Watch.
Decrease	Owner hours per week	At/below target = On Track; within tolerance above target = Watch.
Maintain / Range	Liquidity ratio or nominated operating range	Inside range = On Track; near range within tolerance = Watch.

No arbitrary universal thresholds
Targets and tolerances should reflect the owner's circumstances and intended outcome. The Dashboard should not pretend that one benchmark suits every business or family.

INTERPRETATION

Status and trend are different

Measure	Current	Target	Status	Trend
Financial Runway	4 months	6 months	Watch	Improving
Owner Hours	52	40	Action Required	Improving
Family Net Wealth	$6.2m	$6.0m	On Track	Improving

Status tells us where the measure sits relative to the intended outcome. Trend tells us which direction it is travelling.

Why this matters
A red status with an improving trend requires a different conversation from a red status that is deteriorating quarter after quarter.

INTERPRETATION

Milestone measures

Some important outcomes are not naturally numeric. Succession, estate planning and other strategic projects may be better tracked as milestones.

Example Stages	
Not Started	
Defined	
In Progress	
Documented	
Completed	

For milestone measures, the owner/adviser records Status and Trend manually rather than forcing a false numeric score.

No overall Financial Edge score
The Dashboard should preserve the five different stories. Collapsing them into one percentage would hide precisely the information the Dashboard is designed to surface.

EACH QUARTER

Quarterly Financial Edge Dashboard™

Dimension	Measure	Current	Target	Trend	Status
Business Health					
Family Wealth					
Financial Resilience					
Freedom & Lifestyle					
Legacy & Future					

Quarter reviewed: _____

EACH QUARTER

Financial Edge alerts

An alert should prompt discussion when a measure moves into Action Required, deteriorates persistently, or a material implementation/liquidity issue remains unresolved.

Dimension	Alert	Decision Required	Owner

Quarterly Discussion

What's improving?

_____

What's deteriorating?

_____

What surprised us?

_____

What requires a decision?

_____

What requires action in the next 90 days?

_____

ACTION

90-day priorities

Priority	Issue	Decision	Action	Owner	Due Date
1					
2					
3					

Keep it focused
The Dashboard should identify no more than three immediate priorities. Detailed implementation belongs in the relevant Financial Edge resource or action plan.

ANNUAL REVIEW

Annual Dashboard review

☐ Did the business become financially stronger?

☐ Did business success translate into greater family wealth?

☐ Did resilience and liquidity improve?

☐ Did success create greater freedom and choice?

☐ Did our longer-term position improve?

☐ Which measures should change for the next 12 months?

Annual question
Are we measuring the outcomes that still matter for the life and financial position we are now trying to create?

WHERE TO GO NEXT

FINANCIAL EDGE BOARDROOM™

Turn the Dashboard's movement, exceptions and emerging issues into discussion, decisions and accountable action.

The Dashboard identifies movement, exceptions and emerging issues. The Financial Edge Boardroom™ is where those signals become discussion, decisions and accountability.

Financial Edge Principle
Measure the few things that reveal whether success is creating a stronger business, a stronger family balance sheet and a better life.

FIND THE FULL RESOURCE SET

All seven Financial Edge resources and their Excel companions are free to download at **thefinancialedge.com.au**.

To discuss a Financial Edge Review™, contact AD Partners on (03) 9349 3499, email **admin@adpartners.com.au** or visit **adpartners.com.au/contact**.

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