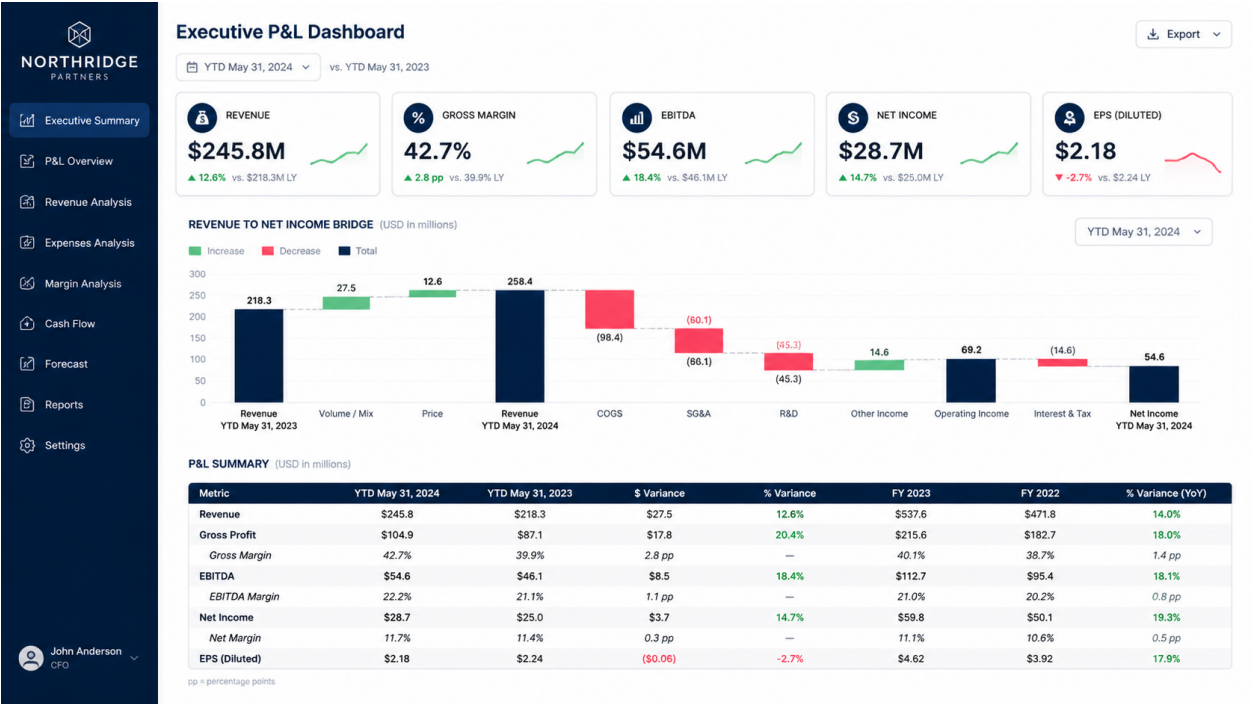


Designing a P&L; Dashboard

Executives Actually Read



1. Executive Dashboards: The Clarity Gap

Most financial dashboards fail not because they lack data, but because they lack context. Executives operate in a high-pressure environment where time is the most expensive resource. They do not want to 'mine' for insights; they want the insights delivered to them on a silver platter.

The gap usually exists between 'What happened' (the raw numbers) and 'Why it happened' (the driver analysis). A successful dashboard bridges this gap by focusing on variances, trends, and actionable narratives.

Design for a CEO, not an accountant.

2. The 1-3-10 Rule: Design for Attention



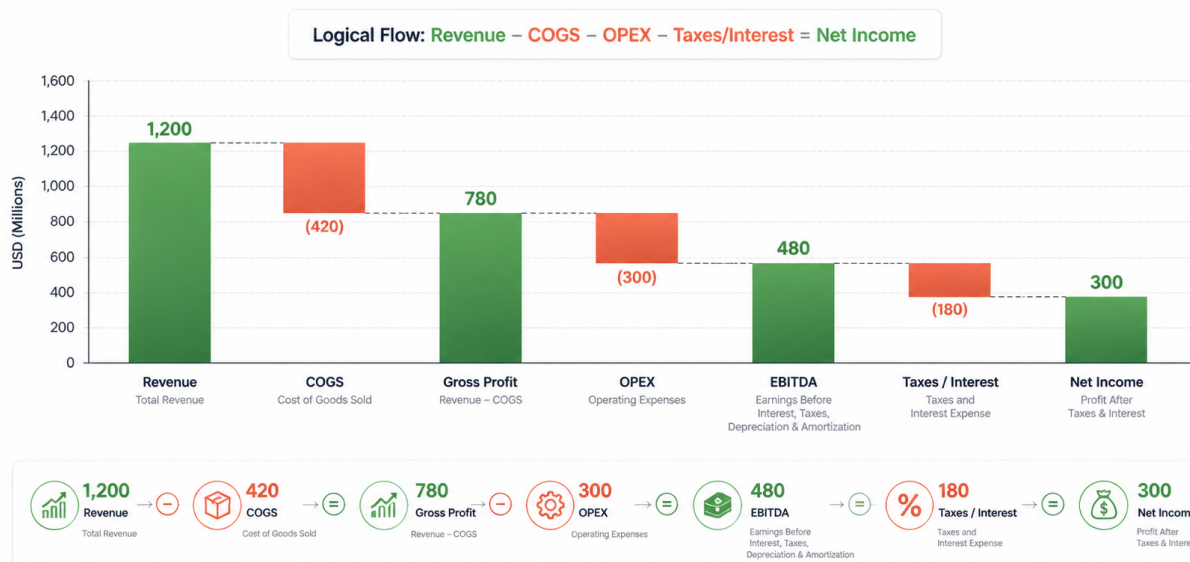
The 1-3-10 Rule is a hierarchy of information consumption:

- **1 Second: The Status.** The executive should know if the month was good or bad within one second. This is achieved via high-level KPI cards with color-coded variances.
- **3 Seconds: The Trend.** In three seconds, they should understand the direction. Are we improving? Is the variance a one-off or a trend? Line charts and sparklines do the heavy lifting here.
- **10 Seconds: The Detail.** By ten seconds, they should see the root cause. This is where bridge charts and top-down tables provide the 'where' and 'how' behind the performance.

3. Bridge to the Truth: Using Waterfall Charts

FINANCIAL WATERFALL CHART (BRIDGE CHART)

From Revenue to Net Income



A P&L; is a story of movement. A waterfall chart (or bridge chart) is the most powerful tool to tell that story visually. It moves the eye logically from Revenue down to Net Income, highlighting where value was created or lost along the way.

Key bridges to build:

- Revenue to EBITDA Bridge: Shows the impact of COGS and OPEX.
- Budget vs. Actual Bridge: Highlights exactly which departments or cost centers overspent or outperformed expectations.
- Price-Volume-Mix Bridge: Explains if revenue growth was driven by selling more (Volume), charging more (Price), or selling more profitable products (Mix).

4. Color as a Compass, Not a Decoration

Dashboard Color Theory for Finance

USE COLOR PURPOSEFULLY. GUIDE DECISIONS. DRIVE ACTION.

AVOID: TRAFFIC LIGHT OVERLOAD

High-saturation red and green create visual noise, suggest equal weight for all variances, and reduce readability.

✖ Too aggressive

✖ Hard on the eyes

✖ Everything competes for attention

PREFER: PROFESSIONAL VARIANCE

Muted, sophisticated tones create hierarchy, improve readability, and draw attention to what matters most.

✔ Sophisticated & professional

✔ Easier to read & interpret

✔ Highlights truly material variances

VS.

EXAMPLE: FINANCIAL PERFORMANCE HEATMAP

					Favorable (Better than Plan)	In Line (Within Tolerance)	Unfavorable (Worse than Plan)					
\$ IN MILLIONS	ACTUAL	PLAN	VARIANCE \$	VARIANCE %	JAN	FEB	MAR	APR	MAY	JUN	YTD	
Revenue	125.4	120.0	5.4	4.5%	3.2%	2.7%	(1.1%)	4.8%	5.6%	6.3%	4.5%	
Gross Profit	48.7	50.0	(1.3)	(2.6%)	(0.8%)	1.2%	(2.7%)	(1.5%)	0.1%	(3.4%)	(2.6%)	
Operating Expense	31.6	30.0	(1.6)	5.3%	4.2%	5.8%	3.1%	6.7%	5.0%	6.9%	5.3%	
Operating Income	17.1	20.0	(2.9)	(14.5%)	(8.3%)	(5.1%)	(15.2%)	(12.1%)	(4.5%)	(17.7%)	(14.5%)	
Net Income	11.3	12.5	(1.2)	(9.6%)	(4.4%)	(3.2%)	(11.0%)	(6.7%)	(2.1%)	(20.3%)	(9.6%)	
EBITDA Margin	21.4%	23.0%	(1.6pp)	(7.0%)	22.1%	22.6%	20.1%	21.5%	22.9%	19.8%	21.4%	

KEY TAKEAWAY: A restrained, professional color palette reduces noise, improves clarity, and ensures stakeholders focus on the variances that truly drive performance.

Color should be used sparingly and strategically. Avoid the 'Christmas Tree' effect—too much bright red and green creates visual fatigue and hides the real signal.

Professional Color Principles:

- Use muted tones: Soft emerald for favorable, soft coral for unfavorable. Muted navy for totals.
- Semantic Consistency: Never use red for growth if growth is the goal. Never use green for expenses increasing.
- Use Heatmaps: For large tables, use background shading (conditional formatting) to guide the eye to the largest relative variances immediately.

Good dashboards don't use more colors—they use the **right** colors.

GUIDE THE EYE TO WHAT MATTERS

- 1. ESTABLISH A CLEAR FOCAL POINT**

Use stronger color intensity for the most material variances so they stand out first.
- 2. CREATE A VISUAL HIERARCHY**

Use neutral tones for context, moderate tones for moderate variances, and stronger tones for outliers.
- 3. BE CONSISTENT**

Use the same color meaning across all dashboards to build trust and speed interpretation.
- 4. MINIMIZE, DON'T ELIMINATE**

Use a restrained palette so color enhances the story—not distracts from it.

5. The Narrative Advantage

ACTIONABLE FINANCIAL COMMENTARY

— Numbers inform. Commentary drives decisions. —



DATA DUMPING

Too much data. No context. No clear takeaway.

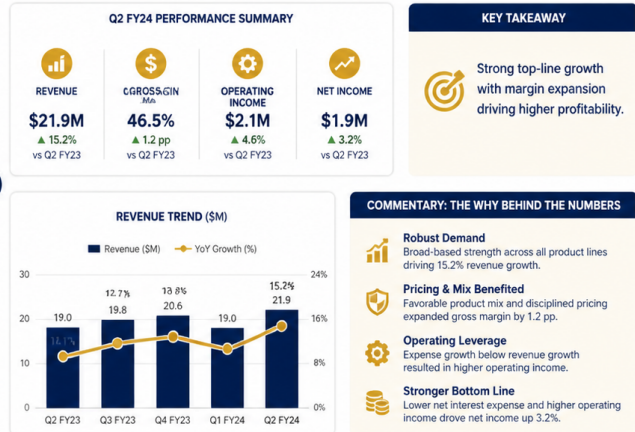
P&L (\$000)	Jan-24	Feb-24	Mar-24	Q1 FY24	Apr-24	May-24	Q2 FY24	YTD FY24	FY YTD	Var \$	Var %
Revenue											
Product A	2,313	2,458	2,721	7,491	2,651	2,812	8,442	15,993	13,876	2,077	15.0%
Product B	1,854	1,996	2,144	5,994	2,163	2,343	6,999	12,965	11,243	1,742	15.5%
Product C	987	1,102	1,287	3,376	1,213	1,478	4,047	7,423	6,402	1,021	15.9%
Services	654	701	746	2,101	768	812	2,641	4,542	3,987	555	13.9%
Total Revenue	5,807	6,257	6,898	18,962	6,800	7,321	22,091	40,903	35,508	5,395	15.2%
Cost of Goods Sold											
Product A	1,295	1,367	1,508	4,170	1,421	1,513	4,442	8,316	7,612	704	8.5%
Product B	1,031	1,100	1,192	3,323	1,203	1,285	3,789	7,172	6,221	951	13.3%
Product C	547	612	688	1,847	652	720	2,140	3,997	3,411	586	16.9%
Services	316	338	357	1,011	365	386	1,163	2,174	1,948	226	11.6%
Total COGS	3,189	3,417	3,745	10,351	3,641	3,904	11,693	22,049	19,192	2,857	14.9%
Gross Profit	2,618	2,840	3,153	8,612	3,159	3,417	10,648	18,547	16,316	2,231	14.0%
Gross Margin %	45.1%	45.4%	45.7%	45.4%	46.5%	46.7%	48.2%	45.3%	45.9%	(2.3 pp)	9.4%
Operating Expenses											
Sales & Marketing	842	885	912	2,639	933	976	3,541	5,569	4,879	690	14.1%
R&D	612	645	678	1,935	701	732	2,169	4,128	3,612	516	14.2%
SGA	521	550	571	1,642	584	603	1,808	3,450	3,021	429	14.2%
Depreciation	123	126	129	378	132	135	405	702	702	0	0.0%
Total OpEx	2,098	2,206	2,290	6,994	2,350	2,446	7,330	12,214	11,716	498	4.1%
Operating Income	520	634	863	2,018	809	971	3,318	6,333	4,604	1,729	27.3%
Operating Margin %	9.0%	10.1%	12.5%	10.6%	11.9%	13.3%	14.4%	15.5%	13.0%	(2.5 pp)	23.3%
Other Income (Expense)											
Interest Expense	(78)	(82)	(85)	(245)	(87)	(91)	(272)	(482)	(35)	(447)	7.3%
Other Income	24	20	18	62	22	21	19	124	96	28	29.2%
Total Other Expense	(54)	(62)	(67)	(183)	(65)	(70)	(253)	(358)	(61)	(297)	1.8%
Net Income	466	572	778	1,835	744	901	3,065	5,985	4,543	1,442	24.1%
Net Margin %	8.0%	9.1%	11.5%	9.7%	10.9%	12.3%	13.8%	14.6%	12.7%	(1.9 pp)	15.8%

Overwhelming detail makes it hard to see what matters.



EXECUTIVE CLARITY

The right insight. Clear context. Confident decisions.



Clarity drives understanding. Understanding drives better decisions.

Numbers without a narrative are just digits. The 'Actions' or 'Commentary' section is often the most read part of an executive dashboard. It should answer three questions:

1. What happened? (e.g., 'Revenue is up 12% vs. Budget')
2. Why did it happen? (e.g., 'Driven by the early launch of Product X and higher retention in EMEA')
3. What are we doing about it? (e.g., 'Increasing marketing spend in EMEA to capitalize on the trend')

Executive clarity beats data depth every time.

6. The Executive Shortlist: Essential P&L; KPIs

KPI	Executive Significance	Visual Recommendation
Revenue	Top-line growth / Market health	Gauge or KPI Card
Gross Margin %	Pricing power & Production efficiency	Trend Line
OPEX Ratio	Internal discipline & Efficiency	Stacked Bar
EBITDA	Core operating profitability	Waterfall Chart
Net Income	The bottom line / Ultimate result	KPI Card
Variance to Budget	Predictability & Control	Bullet Chart

Conclusion

An executive P&L; dashboard is a communication tool, not just a data repository. By applying the 1-3-10 rule, using strategic bridges, and emphasizing narrative over raw data, you turn a standard report into a strategic asset.

Master the 'Why', and the 'What' will take care of itself.