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The analytical reading of the financial statements of a northeastern supermarket chain in the process of financial crisis

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ABSTRACT
The text addresses the growing need for effective management in post-pandemic corporate environments, highlighting the importance of analyzing economic and financial indices for monitoring companies in crisis, such as a supermarket in financial deterioration between 2017 and 2021. The research aims to demonstrate how these indicators can inform managerial decisions and assist in financial survival. The analysis includes the discussion of metrics such as economic profit, cash flow and indebtedness, as well as the relevance of creditors' vigilance for bankruptcy prevention.

Keywords: Financial management, Economic indicators, Business crisis.

INTRODUCTION

If in the pre-Covid-19 pandemic environmental impositions prevailed for a fine-tuning of the required adjustments, in the post-pandemic, the speed of changes that have occurred in the corporate environment has been increasingly common. Inserted in this complex environment, companies find themselves in the need for a polished management of an intelligence system capable of continuously monitoring the variables susceptible to immediate impacts on the core of the business: demand behavior, socio-environmental issues, macroeconomic policies to name the most present.

In this way, it is necessary to make correct decisions at opportune times, thus facilitating their development in the corporate scenario.

Referring to Aguilar *et al.* (2014), the information on the price of assets and liabilities at market value and book value is known to the manager, by assumption. In these terms, he is able to analyze the probability of bankruptcy of the company in the period preceding it and make his decision on whether to exercise the feasible alternative of purchase on the company's debt or not to choose and go bankrupt. It is thus an inherent aspect of the managers' own decision-making process.

To rescue White (1994), the managers of companies that go bankrupt lose their jobs, so they are strongly encouraged to procrastinate the bankruptcy process as long as they can. Managers can achieve this delay by using the company's assets to pay current expenses or by giving these assets as collateral to get more loans or to renegotiate debts. But these resources will be exhausted and the managers will no longer be able to pay the debts and, in these cases, the creditors will have to sue the company. White

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(1994) also clarifies that, in general, the ability of managers to delay society's perception of bankruptcy will depend on the vigilance of creditors in monitoring the company and how agile these creditors are to take action when the organization begins to fail. And here the empirical reality is revealed to the researcher when faced with a supermarket group with regional coverage that corroborates the statements just addressed, leading to outline the guiding question for the present research: What is the contribution of the analysis through economic-financial indices to monitoring the performance of a supermarket company in permanent financial crisis in the time frame between 2017 and 2021?

The general objective was to highlight the contribution of financial and economic indicators to the monitoring of the performance of a supermarket company in permanent financial crisis in the time span between 2017 and 2021. Among the specific objectives, the following were highlighted: a) to understand the analytical logic of the financial statements in the context of equity deterioration; b) describe characteristic aspects of the supermarket segment in Brazil; c) to carry out the field survey of the financial and economic indexes; d) measure the financial and economic indicators and analyze the data obtained.

The study was justified by the importance of carrying out an economic and financial analysis from the perspective of a company in serious situations from the financial aspect and in the field whose business object is the trade of foodstuffs, cleaning and personal hygiene products, bakery and butchery products, chilled and frozen products, haberdashery, beverages and others, a segment still lacking studies on the subject. Not to mention that the study involves an empirical reality whose corporate organization is not a corporation, where there are no legal requirements in the disclosure of its financial figures, but a limited liability company that, despite the circumstances in which it finds itself, had to resort to external auditing services to generate the financial statements.

The economic and financial analytical treatment of such statements resulting from the investigation focus of this text is not very common among scholars and specialists, even more so in a state of asset deterioration. In addition, it can provide a more detailed "look" and serve as a subsidy in the decision-making process among the management team of the current context in which the empirical field of the organization is inserted.

The text is structured in seven sections, including this introduction. In section 2, it addresses the basis of the conceptual theoretical elements related to economic and financial indicators. In the following section, he weaves an analytical compendium related to the issue of businesses in the process of asset deterioration and the role of reading economic and financial indicators. Section 4 outlines a brief characterization of the supermarket segment in Brazil, and in the subsequent section deals with the methodological procedures. Section 6 presents the analytical focus of the results obtained and in the last section discusses the final considerations.

THE ECONOMIC AND FINANCIAL ANALYTICAL FOUNDATIONS

If everyday life reflects mathematics, according to Pontes (2022), it should be a mathematical model. After all, its managerial actions are recorded and summarized in a mathematical formula: its set of assets and resulting rights are confronted with its debt structure to show a patrimonial residue. As Stein (2010) clarifies, money and finance are part of an important model of arithmetic. Maex (2013) reinforces the digital world as propelled by the mathematical revolution in the business based on anabolic steroids.

Nevertheless, Belluzzo (2022) disagrees when he refers to contemporary science and epistemology as conflicting with a reductionist methodological instruction of economics. “[...] The faith in "financial equilibrium" imposed on populations is based on a philosophical misunderstanding: the defenders of financial stability think that the social body and mathematics belong to the same sphere. They are wrong, since reality is not mathematics and that mathematics is not the law of reality, but only a language whose consistency does not relate in any way to the multifaceted consistency of life."

A proof of Belluzzo's (2022) view refers to Michalowicz (2019) when discussing the mathematical accounting reality with the Generally Accepted Accounting Principles (GAAP), whose conceived logic makes perfect sense. It is suggested that you sell as much as possible, spend as little as possible and pocket the difference. However, such logic does not find support in human logic.

For Michalowicz (2019), the GAAP replaces natural behavior and makes people believe that the bigger, the better. So you try to sell more and thus achieve success. Spending is treated as a necessary evil to support sales volume. But "[...] the GAAP makes us blind to profit." That is, it is held hostage in the sales cycle to pay the bills, repeatedly, denying the positive waste to the background without immediate access. This goes against human nature. The entrepreneur as a human being looks for shortcuts and quick answers, especially in financial matters. Consolidated habits are inherent to natural human behaviors. Most business owners choose to check their bank balance and follow their instincts.

Müller (2014) emphasizes the goal of any organization to make money. And for that, you must work to increase your net income, return on investment and cash flow. Here are the financial measures of result. For him, the company needs to make a profit. It is an absolute measure of making money. Evidently, according to Bradley, Hirt and Smit (2019), companies also seek other objectives, such as producing inventions, guaranteeing employment, providing social contributions or building communities. However, if the robustness of a designed strategy manages **to tame** market forces, the residual economic profit will increase, making it even easier to achieve the other objectives (emphasis added). One must understand economic profit, the total profit after subtracting the cost of capital from the providers of financial resources. A metric that explains the success achieved in the clash with the exogenous environment, showing what was left after the forces of competition fulfilled their role.

While return on investment is a measurement that shows monetary gain, cash flow is a measure of survival. If there is enough cash, it is not important, however, the opposite does not matter anymore (MÜLLER, 2014).

Bradley, Hirt and Smit (2019), qualify residual economic profit as a good metric. Because it not only measures profit and scale, but also incorporates profit growth, increased sales, and cash flow. However, Müller (2014) contradicts them by mentioning that such a metric is inadequate to judge the impact of specific measures and therefore requiring some kind of link between the specific operational decisions to be made and the measurements of the results of the entire organization, recommending three global operational measures, which are: a) gain, index in which an organization generates money through sales; b) inventory, referring to all the money that the system invests in the purchase of things it intends to sell, and c) operating expenses, contemplating all the money that the system spends to transform inventory into gain.

As Grove (2020) points out, to ensure good operation management, it is necessary to appropriate indicators, also known as metrics, which their timely analysis allows you to avoid a potential problem before it actually materializes throughout the day. They tend to direct attention to what is being monitored. However, it is necessary to guard against exaggerated reactions, seeming to be indicators, in order to measure both the effect and the counter-effect. Paired monitoring can help keep the factors in optimal balance.

Bradley, Hirt and Smit (2019) instigate whether it will be possible to stipulate a single metric to evaluate the company's performance. From his perspective, the answer is negative. However, they frame economic profit as strongly close, mainly due to the existence of a considerable number of companies that are not listed on the public markets, so that it is "[...] a measure of more universal application [...]".

They further insist that a company's main competitor is the Darwinian forces of the market that compress its profitability. And the main criterion for determining whether there is gain or loss is the degree of success or failure in avoiding such compression. But for Joly and Lambert (2022), "[...] Earning money is vital and one of the natural fruits of good management, but considering profit the only purpose of a business is wrong [...]", since profit is not a good measure of economic performance. Focusing solely on it is dangerous and puts customers and employees in antagonistic positions (emphasis mine).

Under the reasoning just exposed, it is worth mentioning Michalowicz (2019), when highlighting the critical metrics: operating cash ratio, inventory turnover, current ratio, and quick ratio.

Referring to Helfert (2000) and Krantz (2021), they highlight the ratios that measure creditors' exposure to risk in relation to the available values of the asset, against which all rights are insured, namely: general indebtedness, long-term indebtedness, equity indebtedness, and interest coverage.

The overall debt ratio describes the ratio of third-party money to total rights against the company's assets. For Helfert (2000), it is not necessarily a real test of the company's ability to cover its debts, since the figures contained in the balance sheet do not reflect indications of current economic values, or even of liquidation values. It does not allow us to glimpse any clue about the likely profits and cash flow fluctuations that could affect the payment of interest and principal assets.

The long-term debt ratio is a more refined version of the analysis of the ratio of long-term debt to capitalization. The emphasis on this indicator, according to Herfert (2000), is justified considering the existence of loan agreements of publicly and privately held companies containing clauses that regulate the maximum debt capacity proportional to capitalization.

The total liabilities metric in relation to the PL is an attempt to present in another format, the relative proportions of all creditors' rights to property rights, and is used as a measure of the debt position. Regarding the interest coverage indicator, as can be inferred in Krantz (2021), it seeks to rescue the expectation that annual operating profits can be considered a basic source of funds for debt services where any significant change implies signaling difficulties. As Herfert (2000) points out, fluctuations in profits are a type of risk considered.

THE MAIN CONSTITUENT INDICATORS OF DYNAMIC ANALYSIS

The Fleuriet Model is a different look at a company's financial statements. Created in 1978, this model is an approach not only to analyzing the company's economic and financial performance, but also an intelligent way to manage a company with a focus on short and long-term financial and economic sustainability.

The discussions just exposed are qualified as a traditional analytical approach which are not exempt from criticism, since they "[...] contaminate the owner of the business, as it makes him concerned at all times with the company's ability to pay its responsibilities for the sale of its economic assets and still leaving a good surplus [...]".

In the understanding of Almeida *et al*. (2018), the Fleuriet model classifies the Balance Sheet accounts into three types: a) Cyclical accounts: current asset accounts of an operational nature; b) Erratic accounts: current asset accounts of a current nature – financial; and c) Permanent accounts: accounts of non-realizable and permanent assets of a strategic and operational nature. Such a model structure allows the visualization of the company as a whole, from the financial perspective of liquidity, thus providing a systemic view of the impact of the company's various decision areas, as well as their interdependencies. This model is based on the calculation and analysis (of the signal) of three variables: working capital (CDG), working capital requirement (NCG) and cash balance (T), whose interaction allows the formation of the so-called "types or structures of analysis". In addition, it addresses the analysis of the liquidity thermometer and the so-called scissor effect, understood as the growth of the NCG in a greater proportion than the CDG.

Based on Fleuriet and Zeidan (2015), Nobrega, Araújo and Carvalho (2020), explain that from the "inside" (from the erratic accounts) it is difficult to assess the risk of ST deterioration, while the "outside" analysis makes it possible to monitor changes in the TS based on changes in the CDG and NCG. A positive ST indicates that the company has sufficient capital to meet its short-term financial obligations without interfering with the resources allocated to the operating cycle. Fleuriet and Zeidan (2015) emphasize that the "Scissor Effect" occurs when the company is unable to increase its CDG in the same proportion as its NCG increases, thus, with the NCG greater than the CDG, the graph drawn by the crossing between the variables visually refers to the blades of a pair of scissors. This effect indicates that the cash balance is progressively negative, which shows that there is a marked dependence on its short-term resources to finance its business activities (FLEURIET and ZEIDAN, 2015).

Thus, after an analytical focus and a combination of the CDG, NCG and ST variables, it is possible to verify how the company's financial situation is in terms of liquidity and solvency in a given period. Nobrega, Araújo and Carvalho (2020), explain six most common types of structure. Thus, each combination represents a financial situation, with six classifications, according to the level in which the company fits, as shown in Chart 1.

Table 1 – Classifications of the financial situation

Kind	CDG	NCG	ST	Financial Status/Profile	Variables
1	+	-	+	Excellent	Company has the ability to settle its obligations
2	+	+	+	Solid	Capital is sufficient to meet needs with available balance
3	+	+	-	Unsatisfactory	It does not have resources for investment and uses resources in the short term
4	-	+	-	Bad	High risk of insolvency
5	-	-	-	Very bad	It needs to be using onerous net debt
6	-	-	+	High risk of insolvency	Pre-insolvency once it finances your short-term needs

Source: Nobrega, Araújo and Carvalho, 2020, based on Braga (1991), Marques and Braga (1995), Braga, Nossa and Marques (2004)

ASSET DETERIORATION AND PERFORMANCE INDICATORS

In the course of the construction of this section and under the provocations raised in the course of this study, the academic arena determines to avoid bibliographic material from the last five years, accepting a tolerance of at least until 2018. However, such a recommendation seems out of the sense. In the process of rescuing studies alluding to what leads a business unit to have financial problems, he came across Carmo-Neto (1984). For him, there are a multitude of important factors that result in financial obstacles, but which acts differently, and at different times, in all companies.

Appropriating his reasoning, organizations whose patrimonial structure is in line with continuous deterioration reflect the result that they did not pass the survival test, whose core includes two substantive credentials: competence and efficiency. And in this sense, outline five perceptible reasons for financially problematic companies whose neglected treatment, the few and eventual companies that do not survive the projected recoveries will be due to spurious, conjunctural, circumstantial cases, or even claims, which are: a) a complete dismantling of payments, without any observance of the quantity and quality of those who made it; b) an administration that does not lead, does not have specific objectives or, if it has them, does not follow them; opportunities are lost, time is poorly managed (particularly that of those who drive), the management of finances is chaotic; c) the market factor is decisive in modernization, production efficiency, receipts, the image that the company has and marketing; d) companies also do not control the evolution or reduction of expenses; they do not compare with others and have no perception of their external environment. Alienation ends up being an important element of deterioration; and; e) claims put the company in difficulties and even lead to bankruptcy; however, they can have their control delegated to third parties.

Making an analogy with Cabral (2021) when explaining what leads a company to economic and financial problems, taking as empirical reality, the object of the research now reported, that is, a supermarket, highlighted: a) the country's economic crisis; b) high interest rates; c) restriction on bank credit; d) difficulty in acquiring goods from suppliers; e) retraction in sales; f) increase in customer defaults; and e) resumption of inflation. Items d), e) and f) are clearly proof of what Carmo-Neto (1984) exposed, and the others, a reinforcement of managerial improvisation in the macro-environmental context.

In the same vein, Frange Júnior and Conceição (2016) list the following factors that cause the incidence of the economic and financial fragility of a supermarket chain, which are: a) high default of some customers with a large budgetary expression in the financial structure of the chain; b) large investment made without the expected return; c) high tax burden of the domestic market; d) very high rate of return paid to investors, banks and personal loans at high interest rates; e) local competition with the opening of large wholesale stores in the region; f) internal crisis in the country, mainly in the Vale do Aço region, in Minas Gerais, which directly affected the industrial and commercial sector, directly affecting the business activities of the supermarket chain. With the exception of item f), all the others are consistent with the variables explained by Carmo-Neto (1984), and once again the repetition of managerial improvisation in the face of the external environment.

Detecting which main operational indicators could represent the good performance of supermarkets was the object of study by Pato (2019), whose findings pointed out as the most representative indicator the operating profit and its variations: ROA, EBITDA and adjusted for non-recurring events. He also pointed out that the ROA is also used when predicting bankruptcy. The other indicators revealed were: product quality, store cleanliness, competitive price, store location and competition characteristics such as monopoly, duopoly, efficiency of local chains in facing large chains, rupture (lack) of goods in stores and price perception.

Another interesting indicator detected was the management practices of people. Here it is necessary to understand the harmony between the definition of goals and a clear understanding of the strategy designed with remuneration. Among all these indicators that emerged, competition, product quality and the way people are managed were decisive in shaping the main elements impacting the performance of supermarkets.

THE SUPERMARKET BUSINESS SEGMENT IN BRAZIL

The content of this section is based exclusively on two documentary artifacts originating from the Brazilian Society of Retail and Consumption (SBVC) and the Brazilian Association of Supermarkets (ABRAS).

Based on the study of the 300 largest companies in Brazilian retail according to the *ranking* prepared by SBVC (2021), in 2020, the supermarket sector became even more important for national retail: the 145 companies in the segment added up to gross revenues of R$ 407.578 billion, or 51.25% of the total of the 300 companies listed. In a year in which essential retail grew, nothing proved more essential than supermarkets.

The textual bases qualify the segment as sensibly heterogeneous. At the same time that three of the five largest retailers in the country are supermarkets, the emphasis is on large local operations, with dominance of specific markets and a sales volume capable of placing them among the 300 largest in retail. Only nine supermarket chains are present in more than 10 Brazilian states, and three of these companies are convenience store chains, which operate in franchise with small units at gas stations.

On the other hand, 115 companies are in only one Brazilian state and 25 have less than ten points of sale. Supermarket retail is a retail of local chains, with a lot of strength in the markets in which they are present. Over decades, they have built a deep relationship with their customers, deeply understanding the characteristics, habits and preferences of the population around them. This makes medium-sized supermarket chains have immense strength in their areas of operation and inhibits the growth of national leaders (SBVC, 2021).

For SBVC (2021), this is one of the factors why the five largest chains in the segment have held, for several years, about 45% of supermarket revenues, a much lower rate than that found in mature markets, such as the United Kingdom, France, and Germany. In recent years, however, the investment of large retail chains, especially Grupo Pão de Açúcar and Carrefour, in technological solutions has allowed them to better understand their customers and optimize the assortment of their stores, increasing their competitiveness. Where regional retail is still unbeatable, however, is in the "eye to eye" relationship, which is established in a different way from large metropolises.

The supermarket sector is a high-volume, low-margin segment that depends less on credit than on consumer income. According to Nunes Filho (2021) in line with the ABRAS ranking, in 2020, the sector recorded its best net profit index in the last two decades, reaching a margin of around 2.7%, representing an increase of 0.3 percentage points compared to the previous period.

In this way, it has a performance closer to that of the national GDP. Although it is the sector in which consumers are most reluctant to change their behavior, especially in times of crisis, a 2020 marked by financial concerns, record unemployment and emergency aid for the low-income population made the cash and carry model, with low cost and operational simplicity, continue to be very popular.

Another growth vector in the sector is convenience: smaller stores, in more central locations in cities, with a mix of products adapted to the micromarkets where they are positioned. During the pandemic, this concept was increased by stores in condominiums, bringing a context of ultra-convenience to customers unwilling to leave home to buy. As a result, store formats that do not meet either convenience or low price, as is the case with hypermarkets, have lost ground (SBVC, 2021).

The digital transformation of the sector was marked in 2020. The number of supermarkets with an *e-commerce* in operation almost doubled, from 39 to 76 companies. According to SBVC (2021), if there was a *gap* in the digitalization of retail within supermarkets, this *gap* has decreased considerably. And not only because just over half of the companies have an established *e-commerce*: the pandemic accelerated the digitalization of the sector by years, caused a rush of companies for online sales platforms, stimulated the growth of *marketplaces.* The companies Mercado Libre, B2W, and Magazine Luiza now have a consistent presence of food *sellers* in their ecosystems and boosted the adoption of tools such as *WhatsApp* for communication with customers (SBVC, 2021).

Even with stores open, since the sector was considered essential retail, digital shopping options have grown to reach consumers who are unwilling to leave home and expose themselves to possible contamination. Whether through *delivery* apps, *marketplaces* that have started selling food, or direct e-commerce operations, the supermarket sector will continue to grow strongly in *online retail* in the coming years, reducing its *digital gap*.

With this, SBVC (2021) deduces, it configures a significant opportunity to revitalize the store space, which on the one hand becomes an experience center and, on the other, a logistics *hub* for the fast delivery of food using the physical store as a picking location from the POS stock and for *omnichannel modalities* such as "click and collect", the *drive* and *lockers*.

With more than 11,500 points of sale and more than 744 thousand employees, the supermarket sector is also an important generator of jobs, playing a relevant social role. Retail is the main private employer in the country and supermarkets lead the generation of vacancies, especially in operational positions (SBVC, 2021).

According to Superhiper (2021), there are 91 thousand retail stores across the country, which reached a turnover of R$ 554 billion in 2020. Regional chains account for 63% of retail revenues in the country - in the South region, for example, regional chains are responsible for 81.4% of sales.

METHODOLOGICAL PROCEDURE

The investigation in question arose by chance in an interaction that discussed the surveys of the balance sheet for the purpose of requiring banking institutions of a business whose assets showed a drastic erosion of the set of existing assets.

For the unwary, the company's resistance was decreed to its disintegration. However, the financial asphyxiation was overcome and survival was allowed. However, the health crisis came. And here the time window of the research contemplated 4 years (2017-2021). Under this context and the peculiarities involved, it is a unique case study.

Despite the strong quantitative weight, the qualitative approach was remarkable. According to Oliveira (1999), the qualitative aspect is the ease of being able to describe the complexity of certain problems, analyzing their variables and understanding the classification of the dynamic processes known by social groups.

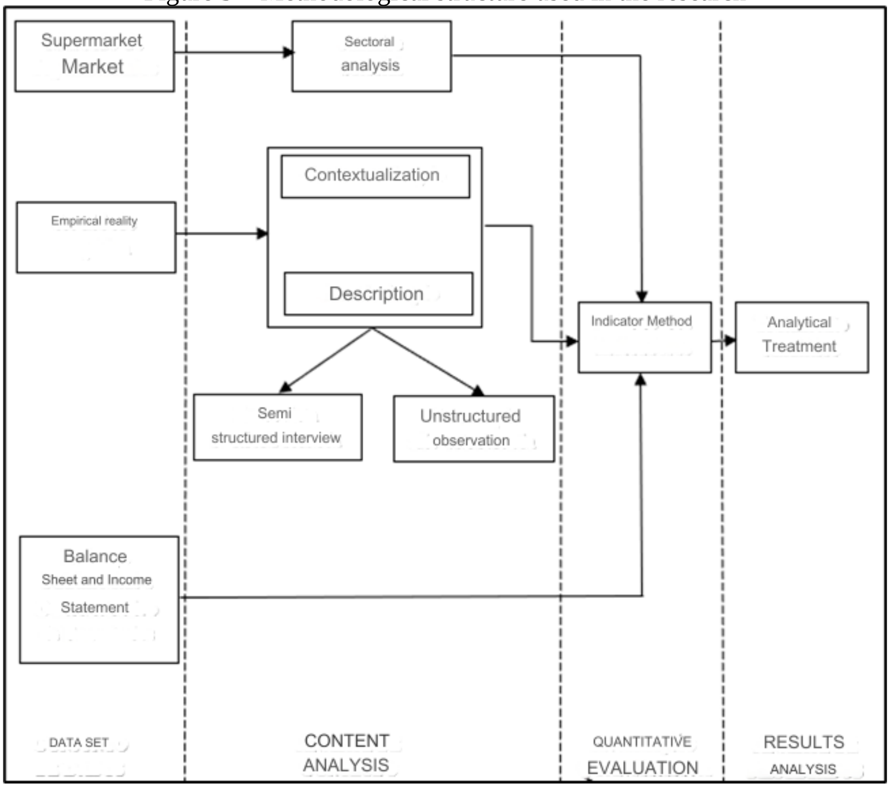
Based on the objectives of the investigation, it is verified that it is classified as descriptive, because it has as an empirical plan the disclosure of the analysis of the company's financial statements.

The investigation in question was structured according to the scheme contained in Figure 3, through which the methodological design is used.

The research subjects who are the focus of the semi-structured interviews and their respective times and recording instruments are the objects of Chart 2.

In the group of subjects submitted to the interviews, research professors from a public university in the areas of Accounting and Administration prevailed. Their statements were contrasted with the surveys cut out in the print and *online media*, as well as with the others involved in the context of the empirical field.

Figure 3 – Methodological structure used in the research



Source: The author

Chart 2 – Identification of research subjects, semi-structured interview time, recording instruments and capture resources

Subject research	**Minutes**	**Instruments of Records**	**Speech capture capabilities**
Contador	30/25/40/20/25/35/45	Field Diary Single leaves Audio recording *Chat*	*In loco*, AMT, GM, AMA
Employee 1	25/20/30		*In loco*
Employee 2	30/15		*In loco*
Employee 3	41		*In loco*
Employee 4	30/24/35/15		*In loco*
Financial Manager	30/40/30		*In loco*, AMT, GM, AMA
Credit Analyst 1	35		*On-site*
Credit Analyst 2	45		*On-site*
Credit Analyst 3	30/35		*On-site*
External Consultant 1	45/30/26		*On-site*
External Consultant 2	50/40/35		*On-site*
Supplier 1	50/20		*In loco,* Internet
Supplier 2	30/20/36		*In loco*, AMT
Supplier 3	35/40		*In loco*, AMT
Supplier 4	40/30/28/15		*In loco*, AMT, GM, AMA
Specialist – Teacher 1	40/20/30/25/36		GM, AMT, AMA
Specialist – Teacher 2	30/45		GM, AMT
Specialist – Teacher 3	36/45/20		GM, AMT
Specialist – Teacher 4	40/20/39/40		GM, AMT, AMA
Specialist – Teacher 5	40/30		GM, AMA
Specialist – Teacher 6	50/45/55/40		GM, AMT
Specialist – Teacher 7	40/25/45/39		GM, AMT, AMA

Source: Field research

Note: AMT-Text Messaging Application; GM – Google Meet; AMA-Audio Message Application; AMV-Video Messaging Application.

As for the unstructured observations, these also took part in the investigation, when they came across, at times, in the scope of the supermarket, which deserved a closer look. Such as the disposition of goods in the Distribution Centers (DC) and the equipment that make up the integrated information system, which is the object of large financial resources in its assembly within the scope of the Group's management structures.

ANALYSIS OF THE RESULTS

The company used as the object of this research, started its activities in 1986, with a turnover of more than 1.7 billion per year, 45 branches and employing almost 6 thousand people, the company is one of the twenty largest chains ofsupermarketof Brazil.

The supermarket chain that characterizes this work is a retail and wholesale trade company in the food, beverage, cleaning and hygiene sector. It is a genuinely Piauí company, founded and headquartered in the city of Teresina, capital of the State of Piauí. It was founded inSeptember 23from1986, from a small business, in a rented headquarters, installed in the center of Teresina. The Group was founded from the entrepreneurial capacity and vision of its founder.

Today, working in the capital and interior of Piauí and in the neighborMaranhao, the Group has been reinforcing and expanding its relationship with the consumer, from the installation of branches in practically all neighborhoods of Teresina and also in the cities of the interior, where the viability is verified. The company's philosophy is to be accessible to all social strata, with a clear and unshakable conviction that lower prices are the main attraction to the consumer, combined with deadlines, quality of service and offer of products that meet the prerequisites of origin.

WHAT THE NUMBERS REVEAL

The first evidence that guides how difficult the company is due to the lack of financial "breath" to overcome the crisis in the midst of the pandemic is the examination of the assets available in the form of cash and cash equivalents and negotiable securities. The continuous increase in the needs of short-term third-party resources is visible and how derisory are the amounts available to meet the coverage of the figures whose obligations are of a nature payable in a period of 12 months.

Considering the previous analysis, it is necessary to compare the liquidity measures in order to express the company's ability to meet its financial obligations according to the established deadline. Exhibit 3 displays performance.

Chart 3 – Measures of the company's economic and financial performance

Indicators	**2017**	**2018**	**2019**	**2020**
Current Liquidez	0,71	0,92	0,92	0,94
Dry liquidity	0,26	0,24	0,25	0,29
General Liquidity	0,72	0,92	0,94	0,98

Liquidez Imediata	0,06	0,04	0,05	0,06
General Indebtedness	0,76	095	096	0,97
Passive-PL Ratio	- 424,6 %	- 1.976%	- 2.304,2%	- 3.607,7%
Gross Margin	25,54%	25,88%	26,45%	33,52%
Operating Margin	6,88%	6,07%	7,35%	23,36%
Net Margin	6,68%	6,01%	7,94%	32,08%
Modelo Fleuriet				
Current Financial Assets	25.875	19.521	23.521	31.251
Financial Current Liabilities	116.398	198.447	200.447	204.312
Cash Balance (ST)	**- 90.523**	**- 178.926**	**- 176.926**	**- 173.061**
Operating Current Assets	279.533	435.093	445.093	466.418
Operating Current Liabilities	311.423	297.225	307.225	326.550
Working Capital Requirement (NCG)	**- 31.890**	**137.868**	**137.868**	**139.868**
Liabilities + Shareholders' Equity	37.858	134.753	144.753	166.078
Noncurrent Assets	160.271	175.811	183.811	199.271
Working Capital (CDG)	**122.413**	**- 41.058**	**- 39.058**	**- 33.193**

Source: Field research

The short-term cash flow as a counterpart to the liabilities, as shown by the current liquidity indicator, despite the upward trend, is still substantially below the volume of coverage of the financial expenses generated. The dry liquidity ratio follows the same upward trend, without being essential to sell the inventories of goods, but still not comfortable to ensure the financial expenses caused by the resources of short-term third parties.

Despite the strong dependence on short-term third-party capital due to the growing volumes, as shown in Chart 3, there is a slight drop, but the flow of this short-term money is continuous according to the debt composition coefficient in the period 2017 to 2020. The indicators do not explain the negotiations between the company and the banking organizations. Despite the fragility of the supermarket's net equity, the group holds strategic assets capable of revitalizing the financial structures of other similar businesses. And because of this aspect, it was possible to design a financial reengineering to leverage the operational and financial bases of the supermarket, having as ballast and guarantees the assets not yet contaminated by interference and unsuccessful decisions.

When observing the behavior of operating profit, it finds a growth of 254.07% between 2017 and 2020. Considering the year 2020, such growth reached 212.12% compared to 2019, reinforcing the profitable "muscle" of supermarket structures in a period of strong health crisis.

Comparing the average market operating margin, 4.6%, to the operating margin achieved by the company in 2020, 23.6%, it qualifies as having a strong degree of competitiveness. Although I knew a look at previous years.

Note that the average net market margin resulted in 4.3%. The company under analysis obtained a percentage net margin of 32.1% in 2020, as shown in Table 3. An increase of more than 300% compared to 2019 and a very robust number compared to the market average in a year marked by strong uncertainties in the macroeconomic environment.

Buffet and Clark (2020), presents a simple rule, although not exempt from exception, that "[...] If a company is consistently posting net profits of less than 10% of total revenue, it is quite likely that its industry is highly competitive, with no company having a lasting competitive advantage. This, of course, leaves a huge zone of uncertainty regarding organizations that profit between 10% and 20% of total revenue [...]". This statement reflects the situation of the company under study. The 2020 result indicates a good chance that the company benefited from some kind of long-term competitive advantage and at a time of uncertainty in the macroeconomic context.

Working capital corresponds to the resources necessary for a company to maintain its activity. In this sense, once the company's ability to finance its short-term obligations is evidenced, it can be seen that the balance is negative over the periods analyzed, although in a consistent process of decrease, as shown in Table 3.

Between 2017 and 2018, a significant reduction is observed, maintaining a certain constancy of reduction even in 2020, in the middle of the pandemic. It thus corroborates the argument that the company signals a recovery of its ability to finance its operations.

According to the literature, if the variation of the CDG does not occur in the same magnitude as the positive variations of the NCG through self-financing, the company will face financial costs that will reduce future cash flows, which, consequently, will deteriorate the capacity for future self-financing, thus worsening the company's solvency situation more and more. This process, then, intensifies as the distance between the two indicators increases. Under this logic, it is possible to infer the existence of a reflexive between solvency and profitability, with the former affecting the latter, which in turn affects the former in the same sense that it affected it (positively or negatively).

Nevertheless, the case study the company resists, because the data in Table 3 show a significant and continuous reduction in the CDG and, although the organization has resorted to costly short-term resources, it has obtained a lack of payment for the use of such resources. And how was this possible, in the face of such a financially inhospitable scenario? According to the statement captured in the course of the interviews, "[...] As the supermarket chain has a wide influence on the geographical space in which it is located, tradition, reliability, social and political influence and a robust backing of guarantees offered on the occasion of negotiations with banking institutions, all together, generated sufficient credentials to strengthen the spirit of capital suppliers that the risk constituted was inserted in a reasonably safe control space [...], despite the Financial Situation Thermometer (TSF).

Although a number of human influences, market factors, lags and distortions are intervening variables, surpassing the ability of any strategist to predict results, this does not imply the removal of the information asymmetry between the group's owning agent and the creditor (financial institution).

No matter how much effort is invested, it is not possible for creditors to exercise total control over the behavior of the business owner, who will retain information that cannot be captured by them. However, the appreciation of the asset against the liabilities detected in the analytical combination of the above indicators increases the probability of receiving the amounts of the credits granted.

FINAL CONSIDERATIONS

This study had as a guiding question, what is the contribution of the analysis through economic-financial indices to monitoring the performance of a supermarket company in permanent financial crisis in the time frame between 2017 and 2021?

The general objective was to highlight the contribution of financial and economic indicators to the monitoring of the performance of a supermarket company in permanent financial crisis in the time span between 2017 and 2021.

The main contribution evidenced was clear: the financial statements are not just a set of data, but rather have informative value so that managers can corroborate coherent decision-making, but also a reinforcement for the moments when intuition manifests itself.

By listing the accounting numbers in the coefficients in an operational and financial reality of equity deterioration, it can be inferred from a managerial perspective:

1. Patrimonial corrosion is patent, but in a stage of consistent recovery. The owner's persistence in standing firm in restoring the business is an interesting aspect;
2. Operating and net gains according to the indicators of operating margin (MO), net margin (ML) and return on assets (RSA) are robust, creating conditions for the generation of savings in order to meet the expenses of use of financial resources, especially in the short term when the end of the grace period is reached. The long periods of negotiation with the banking community seem to have an effect. Demonstrating how skillful and subtle is the power of persuasion on the part of the main manager;
3. Cash pressure remains strong with indications of small managerial maneuvers in a period of at least the medium term. The flow of money destined to banking institutions is continuous and of high volume at the time of the CDG reversal in relation to the NCG. A clear circumstance of how disciplined the executive team should behave in the face of decisions outside the reality of the supermarket;
4. The definition of the percentage of net income destined for distribution among investors should be close to zero while the disbursements of charges and the debt itself do not materialize and demonstrate a low percentage between expenses in relation to net revenue. A reality without a mask faithfully portrayed to the emotional impulses of the owner whose limit was coercive for the very health of the business;

5. The monetary dimension of overdraft equity (PL) is still significant. However, prospects for improvement can be seen on the horizon.

Therefore, the contribution of the analysis through economic and financial indices to monitor the performance of the company under study, inserted in a permanent financial crisis in the time frame between 2017 and 2020, shows deductions more than the numbers are imposed. They reveal a "painful" process of patrimonial degradation, but also a slow restoration and still full of managerial mishaps of the Finances in the heart of the supermarket. The analyses carried out show strong signs of reversal of the current state of overdraft liabilities and negative cash flow.

They also impose a new management format not only on the executive team, but especially on the top management as if it were a last opportunity to stop the imminent collapse of assets.

Nevertheless, throughout the analytical course of the appropriate statements and the research subjects interviewed, the behavior observed and reflected in the results of the numbers is attributed to preferences, personality traits and other internal dispositions. But such behavioral traits are molded to the current reality imposed to prevent the disintegration of assets.

STUDY LIMITATIONS

As is obvious in every case study, it is not possible to infer that the analytical approaches developed here will reflect on other similar realities. He even suspects that being a construction of the human being, businesses will hardly mirror the same realities.

Another limiting element was the reconstructions of the statements, which were prepared by an external consulting team, given the demand of financial institutions and the lack of habit of managers to have them as artifacts for appreciation and support their decision-making. It cannot be denied that there are several adjustments that may have occurred in their conformation and therefore causing biases in the analytical weightings.

The answers captured from the interviewees have always been very sparse, confusing, contradictory and sometimes without connections.

FUTURE STUDIES

It is necessary to continue the study in the research environment when its reversal of the patrimonial and financial situation. What indicators will the data behave?

It would be interesting to carry out a comparative study and by regions of the country. Would the analytical profile bring other elements that are more elucidative of the behavior of the top management?

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APPENDIX

Questions that are the subject of semi-structured interviews

SUJEITOS DE PESQUISA	PERGUNTAS
Contador Funcionário 1 Funcionário 2 Funcionário 3 Funcionário 4 Gestor Financeiro	1 – A empresa adota algum sistema de indicadores operacionais? 2 – Há uma apreciação analítica após as construções dos demonstrativos contábeis? 3 – Como se monitora a posição do caixa? 4 – Como se avalia o desempenho dos créditos concedidos e os obtidos? 5 – Como se procede a gestão dos estoques de mercadorias? 6 – Como se avalia a qualidade do sistema de suprimento? 7 – Qual o modelo de gestão financeira é adotado?
Analista de Crédito 1 Analista de Crédito 2 Analista de Crédito 3	1 – Quais os critérios para concessão de empréstimos em uma empresa com o PL deteriorado? 2 – A análise dinâmica toma parte da decisão final? 3 – Como se avalia a qualidade do conteúdo dos demonstrativos?
Consultor Externo 1 Consultor Externo 2	1 – Que tipo de recomendação se aplica em uma empresa com PL deteriorado? 2 – Como se configura a apuração dos dados contábeis-financeiros em uma com um passivo a descoberto?
Fornecedor 1 Fornecedor 2 Fornecedor 3 Fornecedor 4	1 – Quais critérios se leva em consideração na concessão de prazos a uma empresa cujo PL é negativo? 2 – Há alguma preocupação em entender o teor dos demonstrativos contábeis? 3 – Como se avalia a pontualidade de um cliente com problema financeiro?
Especialista – Professor1 Especialista – Professor2 Especialista – Professor3 Especialista – Professor4 Especialista – Professor5 Especialista – Professor6 Especialista – Professor7	1 – Qual a sua opinião no tocante ao estado econômico-financeiro do Supermercado X? 2 – Como uma instituição financeira bancária concede crédito para uma empresa com graves problemas contábil-financeiro? 3 – Uma empresa com perfil próximo ao efeito *overtrading* tem chance de recuperação, mesmo com um amplo impacto regional? 4 – Os proprietários aprenderão a lição de adoção de um modelo de gestão baseados em indicadores? 5 – A empresa apresentará folego financeiro para atender os compromissos de curto e longo prazo após a carência negociada?