

SPECIAL BULLETIN

Your Business Health Checklist

In operating any business, there are important prerequisites that are vital to the wellbeing of the business. The following checklist provides prompts for you to analyse your business and its success by focusing on some of these prerequisites.

Whilst failure to comply with any one particular question will not in itself render your business unhealthy, it should be perceived as a weakness that must be rectified.

We would be pleased to assist you in ensuring your business is on the right path to prosperity.

Telltale signs of ill health

There are a number of factors which may indicate impending problems for a business.

Consider the table below:

Factor	Issues to consider
General Matters	<ul style="list-style-type: none"> Inability or reluctance to react to change Dependency on a single customer or product Regular difficulties in complying (or total non-compliance) with statutory authorities/requirements Inadequate insurance cover Lack of disaster recovery plans and formalised back-up facilities
Staff	<ul style="list-style-type: none"> Low morale Lack of incentives High staff turnover Regular staff demands for changes to be made

Banking	<ul style="list-style-type: none"> Regular communication from banks regarding loans Concerns from bankers over liquidity Increased reliance on short term finance
Finance	<ul style="list-style-type: none"> Irregular budgeting and/or forecasting No regular financial reports and/or analysis of debt levels No consideration to alternative forms of funding Increased accounts receivable collection periods
Production and manufacturing	<ul style="list-style-type: none"> Ageing and/or unreliable equipment High servicing costs Problems with suppliers Increased levels of spoilage and issues of quality control Increasing production output periods Internal complaints about production resources

Important: This is not advice. Clients should not act solely on the basis of the material contained in this resource. Items herein are general comments only and do not constitute nor convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This resource is issued as a helpful guide to our clients and for their private information. Therefore it should be regarded as confidential and should not be made available to any person without our prior approval.

Compliance Issues

1. Are you in arrears with PAYE, company other tax or ACC payments?
2. Have all employees been issued with contracts of employment?
3. Do you fully comply with all applicable health and safety requirements?
4. If a company, have you filed your statutory return with the Companies Office in time?

Accounts

1. Are realistic budgets prepared on a regular basis?
2. Are actual figures compared with budgets and any difference analysed?
3. Do you maintain proper accounting routines?
4. Do the financial records confirm that you are solvent?

Finance

1. Does the business enjoy good and supportive relationships with its bankers?
2. Are bank reconciliations regularly carried out?
3. Are regular cash flow forecasts produced to identify all future funding requirements?
4. Does the business use/consider all forms of finance (e.g. leasing, hire purchase, factoring) to ensure the most effective and efficient use of its resources?

Credit Management

1. Does a credit policy exist, outlining the amount of time for which credit can be given and the upper limits for each customer? If so, are all staff aware of it?
2. Is there a proper procedure for the assessment of credit risks through banks and trade references?
3. Are current accounts regularly monitored?
4. Would the factoring of debts be relevant to your business?

Strategic Planning

1. Have you prepared a strategic plan with defined objectives?
2. Does the plan take into account all economic trends, inflation, future staff needs, equipment needs and tax implications?
3. Has the plan been communicated to key staff members?
4. Have the critical success factors for the business been identified?

Manufacturing and Production

1. Is your manufacturing equipment aged and out-dated?

2. Are servicing and maintenance costs reasonable given the age of the equipment?
3. Are production runs interrupted by breakdowns?
4. Is your quality control system working effectively?

Sales and Marketing

1. Does the sales force have realistic, attainable targets to achieve? If so, are they sufficiently motivated with performance rewards?
2. Is a marketing plan prepared at regular intervals?
3. Does your business rely on either one product or one major customer?
4. Are you fully aware of your market share (country-wide or locally) and your competitors' activities?
5. Are you fully aware of the potential impact of economic, political, cultural, legal and technological changes which might have an adverse impact on you?
6. Are you overly dependent on advertising for new business?

Employees

1. Are staff kept informed as to the performance of the business?
2. Is staff turnover high, and are the reasons for this understood?
3. Is absenteeism a problem?
4. Does the business honour all of its obligations to employees?
5. Is your business dominated by one particular decision maker?
6. Have provisions been made for a business succession plan with either family members or business partners and/or associates?
7. In the case of one person companies or operations in particular, has an enduring power of attorney been appointed?

Our Services

Whilst the range of questions provided above is far from exhaustive, we consider them to be sufficiently in depth to enable you to identify impediments to your business' success.

We are committed to seeing you succeed. Our comprehensive service and dedicated staff will be pleased to advise you on any matter of particular concern.

Should you require a more detailed health check-up, we would be pleased to assist you.

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We care about your Business Prosperity