



## Business Health Checklist

*The following items are a handful of the pertinent questions we cover with our clients when offering our advisory services.*

### **Business Planning**

- ◇ How is the business generally?
- ◇ How are your cash flows? Are you in a position to pay tax bills?
- ◇ Have you got a budget and cash flow forecast for the coming 6 months/ year/ 5 years?
- ◇ Are you measuring actual against budget?
- ◇ Have you got a plan in broad terms for the next 5 years - what do you want your business to look like then?
- ◇ Have you established financial and non-financial KPI's that you can measure your performance against?
- ◇ What are the biggest problems in your business right now? What is keeping you awake at night?
- ◇ Identify the good and bad trends in the business
- ◇ Is there any way the information provided could be made more useful?
- ◇ Have you identified strategic competitive advantages?
- ◇ Client advisory boards - have you considered and are you interested in us running one for you?

### **Estate Planning**

- ◇ Is your will up to date?

### **Financial Planning**

- ◇ Have you considered retirement planning/ measurement of net worth towards targets?

### **Intellectual Property**

- ◇ Have you paid for a specific task? Ownership will rest with the consultant unless agreed on in the contract. For example: Graphic Artist paying software developer.
- ◇ If using contractors, IP remains with the contractor unless otherwise agreed in contract ( if an employee, ownership rests with the employer)



## Finance/ Borrowing

- ◇ Is there any benefit in considering fixed rate borrowings?
- ◇ On 11 September 2011 the Government made three key announcements regarding the existing Government Guarantee for term deposits:
  - ◆ Existing \$A1 million cap - will continue to apply until 1 February 2012;
  - ◆ Permanent cap introduced - a permanent guarantee cap will be introduced from 1 February 2012, subject to the continued advice of financial regulators that this remains appropriate; &
  - ◆ Amended cap level - from 1 February 2012 the permanent guarantee cap will be revised to \$A250,000 per account holder per institution.
  - ◆ Existing term deposits continue to be covered at the current level from today until 31 December 2012, or until the deposit matures, whichever occurs sooner. This arrangement will apply to term deposits which existed on 10 September 2011. If such a term deposit matures before 1 February 2012 and is rolled over, then the new \$250,000 cap will apply from 1 February 2012. If such a term deposit matures after 1 February 2012 and is rolled over, then the new \$250,000 cap will apply from the rollover date.

## Human Resources

- ◇ Do you use aptitude testing and structured interviews for applicants?
- ◇ Use of formal agendas to facilitate staff meetings, resulting in actions being allocated with timeframes and follow up?
- ◇ Induction and training programs - are they in place and structured?
- ◇ Do you have written job descriptions with measureable outcomes?
- ◇ Do you hold regular performance appraisals (personal development plans, with goals and actions?)
- ◇ Incentive arrangements - e.g. profit share, performance based bonuses?
- ◇ Fish Philosophy management system - would this be suitable for you?

## Marketing

- ◇ What are your competitors doing? Are there any marketing strategies you should be undertaking?
- ◇ Marketing directed towards desired segments?
- ◇ Do you and your team have an understanding of ideal client/ customer profile?
- ◇ Considered visiting repeat clients at their premises - gain an understanding of their needs



## Taxation

- ◇ Can you justify wages to children?
- ◇ Are wages to owners appropriate?
- ◇ Are there any opportunities to maximise superannuation tax benefits?
- ◇ Are you meeting the Super Guarantee Charge requirements?
- ◇ Do you have any non deductible debt? How much is it?
- ◇ Is there a need for company beneficiary?
- ◇ Are you complying with FBT/ substantiation requirements for cars, travel and so on?
- ◇ Do you have a business in the building and construction industry? (See **appendix 1** for examples). If so, the business will have to comply with the taxable payments reporting system and keep records of all payments made to contractors for building and construction services (see **appendix 2**, a worksheet to assist)

## Systems

- ◇ Do you currently maintain your own share register? We can do this for you and possibly generate report for the same each year.
- ◇ Are administration processes working well in general?
- ◇ Have you a documented procedure manuals in place - to assist with consistency, new staff inductions and so on?
- ◇ Have you looked at paperless filing systems?
- ◇ Do you have job costing/time recording systems in place to measure profitability?
- ◇ Is your debtor follow up systemised and effective?
- ◇ Do you authorise creditor invoices and have controls so they cannot be paid twice?
- ◇ Could you benefit from utilising any of the cloud computing offerings?
- ◇ Are you currently using MYOB?
  - ◇ If so, have you considered setting up direct bank feeds? (Need to be using MYOB online).
  - ◇ If you are not online, have you considered upgrading to take advantage of bank feed (and other) capabilities?



## Risk Management

- ◇ Are there any liability or work-cover issues regarding household help?
- ◇ Have you reviewed your general, life and other insurances with broker and/or insurance agent?
- ◇ Do you have enduring powers of attorney? Do they reflect the current position?
- ◇ Is your business economically dependent on one key person/ client/ supplier? If so - how can this risk be reduced?
- ◇ Is there adequate segregation of duties in the finance function (unless the owner is involved)?
- ◇ Are you using "contractors" at all? If so - then check possible issues with superannuation guarantee, payroll tax, PAYG withholding and work cover coverage. Work cover can be a critical and costly area.
- ◇ Workplace health and safety — changes effective from 1 January 2012 mean that all employers will now have wide WH&S obligations, many of which previously applied to employees of 30 or more. There is potential for personal and company liability and even jail terms in extreme situations. It is essential that you have an employee up to date with changes and requirements to ensure you are complying with requirements.
- ◇ Do you have entities which have leasing/licensing arrangements in place? Have you registered the asset on the PPSA register to protect ownership in the entity's name?
- ◇ Are you aware of the necessity for a fire training register if you have a company, staff, or own a building?

## Succession Planning

- ◇ Do you have an exit strategy? If so - what is it?
- ◇ Have you considered what actions you could take to improve the saleability/ value of the business?

*If you have any queries regarding the above please feel free to contact us.*