



## Small Business Check - up

Small businesses sometimes fail because owners are unaware of some of the elements that can prevent a business from growing and being successful. Often, a small business is organized around the owner's specific area of expertise, such as marketing, accounting or production. This specialized expertise often prevents the business owner from recognizing problems that may arise in other parts of the business that are outside of the owner's "strength zone".

By doing an audit of your business, you can determine areas that may require improvement. In the healthy and financially sound small business, these seven functional areas are optimized and in balance.

For this audit (Check-up), rate yourself from 0 to 5 for each point (0-not true to 5-very true).

### MISSION / VISION & FOCUS:

1. There is a clear understanding of **why** you are in business. \_\_\_\_\_
2. There is a **clear vision** of where the business is going. \_\_\_\_\_
3. The company has a clearly defined mission & business plan **in writing**. \_\_\_\_\_
4. The business plan is referred to **often** as a blueprint for direction. \_\_\_\_\_
5. You have a keen **focus** on your core purpose & intended outcomes. \_\_\_\_\_
6. You have a **passion** for what you do and you love doing it. \_\_\_\_\_

**Total score (0-25, could use some attention, 25-35, seems ok):** \_\_\_\_\_

### SALES & MARKETING:

1. There is a **marketing plan** in place. \_\_\_\_\_
2. There is a clear understanding of your **target market**. \_\_\_\_\_
3. There is a clear understanding of your **unique market strengths** \_\_\_\_\_
4. You understand your **"brand"** & know how to communicate it effectively. \_\_\_\_\_
5. 4-5 marketing methods are being applied with a budget to support it. \_\_\_\_\_

### **SALES & MARKETING (Cont.):**

6. You are regularly communicating with your prospects & customers. \_\_\_\_\_

7. You use some type of customer/prospect system or CRM software. \_\_\_\_\_

8. You have a "**conversion strategy**" once you have an interested prospect. \_\_\_\_\_

**Total score (0-30, could use some attention, 30-40, seems ok):** \_\_\_\_\_

### **PRICING:**

1. You are priced competitively for your market and specific niche. \_\_\_\_\_

2. You are making adequate **profit** on each transaction. \_\_\_\_\_

3. Discounting is used with discretion and used mainly to turn old product. \_\_\_\_\_

**Total score (0-10, could use some attention, 10-15, seems ok):** \_\_\_\_\_

### **ACCOUNTS RECEIVABLE & CASH FLOW:**

1. Accounts are invoiced in a timely manner (within 2-3 days). \_\_\_\_\_

2. Collections are received within 30 - 45 days. \_\_\_\_\_

3. There is a cash-reserve account in place, funded with 2-3 months of revenue. \_\_\_\_\_

4. There is a short-term line of credit available to smooth out cash flow. \_\_\_\_\_

5. Standard bookkeeping is being used or sub-contracted out. \_\_\_\_\_

**Total score (0-20, could use some attention, 20-25, seems ok):** \_\_\_\_\_

### **CUSTOMER / CLIENT RELATIONS:**

1. There is a customer retention program in place. \_\_\_\_\_

2. Customer feedback is encouraged and collected. \_\_\_\_\_

3. All company personnel are committed to providing high customer support. \_\_\_\_\_

4. Referrals are encouraged and rewarded. \_\_\_\_\_

5. We act with 100% integrity in all customer relations. \_\_\_\_\_

**Total score (0-20, could use some attention, 20-25, seems ok):** \_\_\_\_\_

**PRODUCT OR SERVICE:**

- 1. Our product / service is **perceived** among the best in our industry. \_\_\_\_\_
- 2. Our customers receive tremendous value from our product / service. \_\_\_\_\_
- 3. Our product / service is unique. \_\_\_\_\_
- 4. We take great pride in providing the best product / service available. \_\_\_\_\_
- 5. We understand clearly how our product / service fulfills a need or want. \_\_\_\_\_

**Total score (0-20, could use some attention, 20-25, seems ok):** \_\_\_\_\_

**TIME MANAGEMENT & OPERATIONS:**

- 1. I spend most of my time in my "**strength zone**", working on the business. \_\_\_\_\_
- 2. I work less than a 50-hour week & have plenty of time for family & friends. \_\_\_\_\_
- 3. We have **systems** in place to ensure consistent service & productivity. \_\_\_\_\_

**Total score (0-10, could use some attention, 10-15, seems ok):** \_\_\_\_\_

**TEAM TALENT, SUPPORT & MENTORSHIP:**

- 1. My team is comprised of 80% competent, productive "A" players. \_\_\_\_\_
- 2. All detrimental members of the team have been cut from the organization. \_\_\_\_\_
- 3. Each team member is doing work within their key skill set & "strength zone". \_\_\_\_\_
- 4. All key needs of the company are being adequately met by current talent. \_\_\_\_\_
- 5. I have the support of mentors and key advisors. \_\_\_\_\_

**Total score (0-20, could use some attention, 20-25, seems ok):** \_\_\_\_\_

**NOTES:**

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## FINANCIALS:

1. **Current ratio:** measures your company's liquidity and ability to pay short-term debts by comparing current assets to current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \quad (\text{higher over "1" the better}) \quad \underline{\hspace{2cm}}$$

2. **Quick ratio:** another liquidity ratio, commonly called the "acid test." It compares current assets, less inventory, to current liabilities to determine how readily you can convert to cash to pay current obligations.

$$\text{Quick ratio} = \frac{\text{Current Assets} - \text{A/R}}{\text{Current Liabilities}} \quad (\text{higher over "1" the better}) \quad \underline{\hspace{2cm}}$$

3. **Debt to assets ratio:** measures how much a company relies on borrowing to finance operations, an important ratio if you're interested in getting a loan.

$$\text{Debt to asset ratio} = \frac{\text{Total Debt}}{\text{Total Assets}} \quad (\text{lower below "1" the better}) \quad \underline{\hspace{2cm}}$$

4. **Return on assets:** measures how much income is generated by assets.

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}} \quad (\text{lower below 10\% \$ intensive}) \quad \underline{\hspace{2cm}}$$

5. **Gross profit margin:** measures the amount of each dollar that can go for overhead and profit.

$$\text{Gross Profit Margin} = \frac{\text{Gross Income}}{\text{Sales}} \quad (\text{good GPM depends on industry}) \quad \underline{\hspace{2cm}}$$

## NOTES:

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