profitfocuspartners
BUSINESS AND TAXATION CONSULTANTS
Your Business Partner

Business Financial Health Check Questionnaire

	Checklist Questions	Comments & Tips	Yes/No
1	Do you have a budget and a projected cash flow forecast for the next 12 months?	Anticipating when and how much money is coming and going out of your business are critical to maintaining a positive cash flow. These financial tools are designed to identify if and when you are likely to need additional finance.	
2	Do you have an understanding of what your gross profit is?	Gross profit is your sales minus the total cost of the goods you've sold. You should monitor this and the 'gross profit margin' which is the gross profit divided by your sales, expressed as a percentage. This can fluctuate as costs rise and should be monitored to help you with your pricing strategy in inflationary times.	
3	Do you know what your 'break even point' is and have you priced your goods or services to cover the breakeven profit margin?	Knowing your breakeven point (the total cost of producing a product or service) is essential in making sure your prices are sufficient to cover costs so that you make a profit. If you know your total costs you can calculate the sales quantity needed to break even.	
4	Do you have a bookkeeping system in place that provides you with timely and accurate financial data?	Up to date records let you make informed business and financial decisions. It should give you the exact state of your finances including cash in the bank, debtors, creditors, and where applicable, stock. If your software doesn't readily provide this information talk to us immediately about options.	
5	If your customers owe you money, do you know how much is owed and how overdue the payments are?	If your customers owe you money (debtors) which is outside your normal credit terms, you need to act swiftly to collect this money. If they default you how will you pay your bills, wages and other operating expenses? Do your customer statements go out on time?	
6	Do you have a process for following up customers who owe you money?	Monitoring late payers and following them up improves your ability to recover debt. Strategies to deal with late payers include cash on delivery and offering a discount for paying on time. Remember, customers who struggle to pay in good times will become bigger problems in a downturn.	
7	Are you keeping up with the bills you owe other businesses (creditors) and your payments to the Tax Office (e.g. Supplies and GST?)	Not meeting your debts to other businesses and the Tax Office is one of the first signs of a cash flow crisis. Failing to pay suppliers will soon result in cessation of supply which will grind the business to a complete halt. This is why a cash flow forecast that is regularly updated is mandatory – See Question 1.	
	If you're an employer, are you keeping up with all your employer legal obligations (e.g. PAYG Withholding and Superannuation?)	Most businesses are collecting GST on behalf of the Government and withholding tax from their employee's wages. Failure to meet these obligations on time is a real distress signal for a business and using these funds to finance operational expenses spells disaster. The money should be put aside every quarter and factored into your cash flow budget.	

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8	Do you have good working relationships with your suppliers?	If you're dealing with a supplier who suddenly changes their terms of trade, particularly when it comes to credit arrangements, you may need to renegotiate your agreement or find a new supplier. Don't put all your eggs in one basket because what happens if their business falls over and you can't get stock or materials?	
9	Are you reviewing your cost structure quarterly and considering increasing prices to cover rising costs?	Your cost structure should not be set in concrete. Profitable businesses have regular reviews and make allowances for rising costs. Are you maintaining your gross profit margin and adjusting prices in line with rising costs?	
10	Can you increase revenue or decrease expenses in your business?	These are the two key questions in a financial turnaround. Can you increase your customer database or is there room in the market to sell at a higher price? What non-essential expenses can be reduced without affecting the quality of your service? Prioritise these expenses by the size of potential savings e.g. vehicle fleet costs before mobile phone usage.	
11	Do you plan to start cutting your marketing expenditure?	The first thing to look at is whether your marketing is working. By monitoring your marketing results you can identify what is working and what needs to be cut. If your marketing is working and generating 10 or 20 times the costs and bringing in new business why would your cut it? Measure and monitor!	
12	Are you competing with other businesses using strategies other than your price?	If you have many direct competitors and your only selling point is to be one of the cheapest, your margins will always be slim and eventually someone will undercut you. Work on creating points of difference with competitors that you can promote (e.g. guarantees etc.)	
13	Do you speak to your accountant more that once a year?	If you don't have strong financial management skills, seeing us once a year at tax time is not enough. Our role is to help detect potential problems early and provide solutions where possible.	

Our goal is to help you build a stronger, more profitable and valuable business.
With over 20 years experience advising business, Profit Focus Partners can assist you.
Please contact us today!

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