

The Fiscal Checklist

The first step in understanding where you need to go is knowing where you currently stand. This checklist will help you take a snapshot of your business's key components and get you started on a path to financial clarity and performance. It will also provide an introduction to the set of tools available through the Alaska SBDC's Profit Mastery financial management course.

Developed by Business Resource Services, a Seattle-based financial performance company, Profit Mastery helps business owners, key managers, and those who advise them understand and use financial information to drive their business success.

Take a moment to go through this checklist. Then use it to start a conversation with your business advisor about what some next steps should be. Your balance sheet and income statement will thank you.

Instructions

Step 1 Answer each question. Evaluate yourself in seven business management areas. If the answer to any question is "true," check the box. Be rigorous. If the statement does not apply to your business, check "true." **Step 2 Summarize each section.** Add up the number of true boxes at the end of each section. Determine the total number of true boxes check. Insert that total in the Total Score box on this page.

Step 3 Chart your score In the Progress Chart below, plot your score for each business management area. Starting at the bottom, fill in each column up to your total score for that particular management area. The goal is to answer true to all questions so that the entire chart is filled. If you're not quite there, the completed Progress Chart will indicate where you need work and where you're doing well.

Step 4 Revisit the Progress Chart You can do it! Use your business advisors to assist you. Check back regularly for maintenance and improvement.

Progress Chart

	Risks	Trans	FinM	Costs	Growth	Cash	Bank
5							
4							
3							
2							
1							

Total Score (Max 35 points)

Managing Risks Check box if true

- My selection of business structure, proprietorship, partnership, C or S corporation, is the best choice for me given all liability and tax issues.
- I am maintaining adequate professional and business liability insurance in the event of a claim. I regularly evaluate health care and other benefit plans I provide to my employees to ensure they are the best for my business.
- I make all federal, city, county and tax deposits in a timely fashion.
- I keep good documentation of all matters relating to legal and accounting issues. For example, if I have made loans to and from the business, I have kept the transaction "at arm's length" and properly documented it. If my business is structured as a corporation, I have and maintain a corporate minutes book.
- I have a tax accountant and attorney in whose skills I feel absolutely confident and who provide me with top level advice on a regular basis.

___ Number of True (5 Maximum)

Transition Plan

- I have a transition team, which consists of my executor, attorney, banker, spouse, key family members, and insurance agent.
- I have a will and I keep it up to date. My transition team knows where it is located.
- I have consulted an attorney who specializes in estate planning to review the steps involved.
- I have put together at least an outline of a transition plan, including naming successors, and shared it with my transition team.
- I have estimated the liquid assets and/or life insurance needed to pay estate taxes in a timely manner when I die and have ensured that my resources are adequate.

___ Number of True (5 Maximum)

Financial Management

- I have financial statements prepared on a monthly (or at least quarterly) basis in an accurate and decisionrelevant format. I know my key performance ratios and regularly benchmark my performance in those areas against myself and my industry peers on an on-going basis.
- I keep an especially close watch on my gross and net margins.
- I feel comfortable talking to my banker, financial staff, and advisors on financial issues.
- My year-end statements are finalized by the end of the first quarter after my fiscal year ends, if not sooner.

___ Number of True (5 Maximum)

Managing Costs

- I know the difference between fixed and variable costs and know which are which in my company.
- I know my company's cost structure: fixed cost total, variable cost percentage and contribution margin.
- I can fill in the answer to this question: for every dollar of fixed costs that I add, I need to add an additional \$___ in sales.
- I know my company's break even sales amount on a monthly and yearly basis.
- I understand and use break even analysis as a decision-making tool in my company. All of my employees understand what my company's contribution margin is and how their jobs directly impact it.

___ Number of True (5 Maximum)

Managing Growth

- If my company is a service company, I have a balance sheet prepared on at least a yearly basis. If my company is other than a service company, I have a balance sheet prepared on at least a quarterly basis.
- I know the four sources of funds available to acquire new assets and I know which is best for my growth situation.
- I understand the difference between variable and non-variable balance sheet items and I know which are which for my company.
- I can fill in the answer to this question: To grow from \$_____ to \$_____ in sales I will need \$_____ in financing, assuming I operate at the same level of efficiency.
- I understand how managing my company more efficiently in such areas as inventory and accounts receivable can reduce the need for outside funding.

___ Number of True (5 Maximum)

Managing Cash

- I have a 12-month projected cash budget, profit plan and balance sheet prepared for my company which I regularly monitor and adjust at least quarterly.

- I keep an especially close watch on the issues that affect my working capital: inventory levels, accounts receivable, and sales growth.
- I process and send out invoices within 24 hours of completing a project.
- I post a weekly A/R aging report and make follow up calls on late accounts immediately.
- I understand the difference between cash flow and profits and take appropriate action to manage and maximize both, including knowing my cash levels and demands on a weekly basis.

____ **Number of True (5 Maximum)**

Banking

- I have a banker who understands my business and is a partner in its success and growth.
- I provide my banker with information on my business, i.e. statements and business plan, on a regular basis.
- I know how to adequately plan for sufficient working capital and long term cash needs: I use short term credit such as a credit line to fund short term cash needs and I use long term loans to fund long term cash needs such as asset acquisition or expansion.
- I have negotiated the best rates possible on any outstanding loans.
- I plan for and negotiate credit before it is needed.

____ **Number of True (5 Maximum)**