

Business checkup

1. How quickly has the sales turnover risen in the past 12 months?
(a) more than 50%; (b) 25-50%; (c) 10-25%; (d) less than 10%.
2. How many of your key staff have you lost over the past 12 months?
(a) fewer than 10%; (b) 10-25%; (c) 25-50%; (d) more than 50%
3. Have the number of outlets, retail square footage or number of product lines increased? If so, by how much?
(a) more than 50%; (b) 25-50%; (c) 10-25%; (d) less than 10%
4. For the service sector, what is the level of expenditure on training and personal development programs of your staff relative to revenue?
(a) more than 10%; (b) 7-10%; (c) 3-7%; (d) less than 3%
5. For the manufacturing sector, what is the average useful life of fixed assets, based on technical useful life?
(a) more than 10 years; (b) 5-10 years; (c) 3-5 years; (d) less than 3 years
6. What percentage of the cash flow of your business have you committed to upgrading and/or buying equipment?
(a) less than 15%; (b) 15-25%; (c) 25-50%; (d) more than 50%
7. What impact will rising interest rates have on your business's profitability? To calculate your interest cover, divide your annual interest expense into your pre-tax profit before interest. The result:
(a) more than 5; (b) between 2 and 5; (c) between 1 and 2; (d) less than 1
8. What is your gearing ratio? This is calculated by dividing your interest-bearing debt by all the debt and equity in the business, giving an indication of the level of debt relative to net assets. The result:
(a) less than 1; (b) between 1 and 2; (c) between 2 and 5; (d) more than 5
9. What level of assets is expected to be realised in the coming period when compared with those liabilities expected to be retired during the same period? This quick asset ratio is calculated by taking total current assets (excluding inventory) and dividing it by current liabilities. The result:
(a) more than 1.5; (b) between 1 and 1.5; (c) between 0.7 and 1; (d) less than 0.7
10. Have you conducted a detailed review of the business's historical cash flow and prepared a cash flow projection (future liquidity management) when assessing liquidity and the need to raise funds in subsequent years?
(a) conducted both reviews and looked at future funding; (b) conducted reviews but not determined future funding; (c) conducted only one of the reviews; (d) conducted neither review

11. Have your profit margins increased over the past 12 months? If so, by how much?
(a) more than 30%; (b) 20-30%; (c) 10-20%; (d) Less than 10%
12. Profitability is related closely to the operational performance of the business. Operational measures involve such things as staff utilisation or the number of bottlenecks on a packaging line. Does your business set operational measures/targets, monitor them and implement procedures to correct them?
(a) sets targets, monitors and looks for areas of improvement; (b) sets targets and monitors only; (c) sets targets only; (d) does not use operational measures
13. To what extent does your business depend on its five largest clients/customers for sales?
(a) less than 10%; (b) 10-20%; (c) 20-50%; (d) more than 50%
14. Is there one supplier who supplies the bulk of the business's material or referrals? If so, what percentage does it involve?
(a) less than 10%; (b) 10-20%; (c) 20-50%; (d) more than 50%
15. Look at the key personnel of the business. If one of them left, how long would it take before it became urgent to find a replacement: (a) more than 12 months; (b) 6-12 months; (c) 1-6 months; (d) less than 1 month
16. To what extent do you prepare long-term business plans?
(a) documented and regularly updated; (b) documented annually; (c) developed but not formally documented; (d) not prepared

SCORING:

For each question, score as follows:

(a) 4 points; (b) 3 points; (c) 2 points; (d) 1 point

TOTAL SCORE: _____