

COMPANY HEALTH CHECKLIST

FINANCE		Yes	No
- Are the desired levels of gearing, interest cover, investment out of cash flow, dividend payments and return on capital identified and attainable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are gross profit percentages by product and operating unit known?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the funding policy reflect the needs and type of business i.e. fixed assets acquired with fixed capital?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company know about the finances of competitor businesses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company observe basic routines such as backing-up computers and maintaining strict accounting routines?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company use/consider all forms of finance e.g. leasing, contract hire, factoring, to ensure the most effective and efficient use of its resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TREASURY		Yes	No
- Does the Company enjoy good and supportive relationships with its bankers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are regular bank reconciliations made?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are surplus funds invested?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- What exposure is there to foreign exchange fluctuations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the Company in breach of any of its banking covenants?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are regular cash flow forecasts produced to identify all future funding requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CREDIT MANAGEMENT		Yes	No
- Has the business identified a maximum amount of credit which it is prepared to place in the hands of its customers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does a credit policy exist which deals with the amount of time for which credit can be given and gives upper limits for each customer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company have a policy on over-extended credit and/or discounts for prompt payment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do the conditions of sale properly reflect the credit policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do the conditions of sale contain a retention of title clause in the event of non-payment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company charge interest on overdue payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is there a proper procedure for the assessment of current risk through trade bank and competitor references?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are current accounts regularly monitored?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is bad debt insurance effective?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Would the factoring of debts be relevant to the business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ACCOUNTS		Yes	No
- Are attainable budgets prepared to facilitate the planning and control of the Company?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are actual figures compared with budgets and the reasons for variances analysed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company maintain proper accounting disciplines and routines?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company use any creative accounting policies to give better than realistic results?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do the accounts confirm the Company is solvent?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company employ a suitable qualified/experienced accountant?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do managers know which costs they are responsible for?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do directors and managers understand the dangers of overtrading?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STRATEGIC PLANNING		Yes	No
- Has the Company prepared a strategic plan with defined objectives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do the objectives take account of the desired rate of return, market share, investment and dividend forecasts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the plan take account of economic trends, inflation, political change, future employment needs, capital needs and taxation implications?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Has the plan been communicated to other key members of staff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do annual budgets accord with the strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Have the critical success factors been identified?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TELLTALE SIGNS OF ILL HEALTH	
Staff	Low morale Lack of incentives High staff turnover Avoidance of obligations to staff
Banking	Poor working relationship with bankers Loan covenants breached Lack of liquidity
Finance	Creative accounting Inadequate/lack of budgets High level of contingent liabilities
Production	Poor quality control Ageing and unreliable tools and systems High servicing costs Disgruntled suppliers
General	Inability to react to change Autocratic management Dependency on single product/customer base Failure to comply with statutory requirements Inadequate insurance cover Lack of properly structured support and back up facilities

COMPLIANCE		Yes	No
- Is the Company in arrears with payroll, property or corporation tax payments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Has the Company filed its statutory returns with IRS and the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Have all employees been issued job descriptions and ethics standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company comply fully with the requirements of the health and safety legislation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- How often are formal board of directors meetings held and does the Company satisfy other corporate governance standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SALES AND MARKETING		Yes	No
- Does the sales force have realistic, attainable targets to achieve?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the sales force sufficiently well motivated with bonuses etc?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the Company credit policy clearly understood by its sales force?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the marketing plan prepared at regular intervals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the business rely on either one product or one major customer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the business have the capability to produce new products and is it aware of the life cycle of its existing product(s)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the Company aware of its market share and the activities of its competitors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the Company aware of the potential impact of economic, political, cultural and legal changes on the business as well as technological advances that might have an adverse impact on it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the Company overly dependent on advertising for new business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MANUFACTURING/PRODUCTION		Yes	No
- Are tools and systems aged and out of date?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are servicing/maintenance costs reasonable given the age of the equipment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are production runs interrupted by breakdowns?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the quality control system working effectively?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the number of 'returns' within acceptable tolerances?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Can waste/scrap be recycled?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Could sub-contractors produce any component cheaper?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are delivery dates realistic and achievable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are surplus materials disposed of?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Can unplanned demand be accommodated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are there any bottlenecks in the production flow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the level of work-in-progress within an acceptable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are accurate unit costs of production calculated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PURCHASING		Yes	No
- Is the purchasing function undertaken exclusively by an experienced manager?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is there continuity and security of supply?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Have key items been identified and contingency arrangements for their supply made?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are alternative sources of supply or products investigated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the availability of supply regularly maintained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are periodic evaluation checks made on suppliers and their goods?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are maximum discounts and periods of credit obtained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are goods received, checked and kept securely?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Have the benefits of 'just-in-time' buying been explored?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are maximum and minimum stock levels known and followed with proper inventory controls?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PERSONNEL		Yes	No
- Are staff kept informed of business performance and conversant with their own targets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the level of absence sustainable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is staff turnover high and are the reasons for this understood?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Is the Company managed by an autocrat?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Do staff have the skills that are relevant to the business?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are there regular management meetings to discuss up-to-date financial performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Are there any non-executive directors on the board to bring independence and experience to the Company as well as boardroom democracy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- Does the Company honour all of its obligations to employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>