



# Small Business Checkup

How healthy is your business?



# Table of Contents

The Four Keys to Business Health | 3

Management & Operations | 4

Marketing | 6

Financial & Legal | 8

Human Resources | 9

The Next Step | 10

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This guide is a tool,  
not a replacement for your  
good management skills.

## The Four Keys to Business Health

The health of your business is a reflection of how well you manage all aspects of your operation. Smart business owners know they can avoid problems by keeping aware of the many elements that can affect growth and success.

By conducting a regular business checkup, you can identify strengths and weaknesses. And much like your own annual physical, a business checkup pinpoints concerns and enables you to take preventative measures so they don't become a threat to your organization's health.

We've categorized your checkup into four key aspects necessary for business health: management & operations; marketing; financial & legal; and human resources. In a healthy and sound business, these four areas are in balance.

We hope you'll use this guide as a starting place to evaluate the health of your business. It is a tool, not a replacement, for your good management skills and provides a basic framework to help you examine critical areas.

Also included throughout the guide are several templates and tools useful for diagnosing your position and identifying areas to be addressed.

Let's get started!



# Management & Operations

When was the last time you looked at your business plan? Have it handy while you read over this set of questions. If you can't answer them positively, it may be time to review aspects of your business that need attention.

## Are you on target towards meeting your vision, mission and goals?

Business plans are meant to be living documents, not just something you write to convince the bank to finance you. A good plan provides direction and sets the course, but is also flexible enough to adapt to changing markets.

## Who is your sounding board?

Smart business owners build an advisory team of business professionals, including a lawyer, banker, accountant, insurance advisor, human resources consultant and others who can offer an expert opinion when needed.

## Do you have a strategic plan?

Plan for your future by identifying your strategy for success. How are you going to achieve your long-term goals?

## When did you last update your written operations plan, including contingency measures?

Systems change, old procedures are discontinued and new practices develop. Your operations plan details the how-to of your day-to-day activities, as well as recording your short and long term objectives and goals. A well-crafted plan means nothing should fall through the cracks. Are there any gaps in yours?

## Have you updated your goals?

Goals should be updated annually. It's an excellent practice to review each one and identify successes as well as areas you've fallen short. Write down what added to your success

and what held you back. Be careful not to generalize here, such as "the market was good", or "my employees fell short." Even in the most robust economy businesses still fail, so was there something deeper you did well to contribute to your achievements? What was it? Conversely, poor employee performance can be indicative of a larger issue, such as lack of training or unrealistic targets. Be careful where you lay the blame for any failures. Build on strengths, learn from mistakes.

## Do you have a succession plan?

What happens if one of your key staff leaves the company? Are you prepared? Grooming employees for increased responsibilities means you should never be caught in a compromising position.

## What back-up measures do you have in place should your systems fail?

How will you handle a disaster or crisis? Important, but often overlooked, is the need for a contingency plan. This addresses emergency situations and is created after a risk analysis of all systems, procedures and practices.

The business plan is your prescription for success.

# S.W.O.T Analysis

Complete a S.W.O.T analysis for any, or all, aspects of your business. This tool helps to highlight areas where you excel and challenges you face.

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<b>OPPORTUNITIES</b>	<b>THREATS</b>



Successful businesses  
satisfy a need.

# Marketing

Promoting your business is essential for ongoing success. No matter how strong a core client group you've built, don't rely solely on them for continued business.

Repeat customers have utmost value, but there may come a day when a key customer goes elsewhere. Be prepared by cultivating new contracts and sales through effective marketing.

## Does your marketing strategy reflect current methods of attracting business?

A written marketing strategy will help you keep on target to promote your business and in turn, increase sales. Review your current plan and identify marketing efforts that provide the biggest return for your dollar. Referrals are considered a minimal cost but high return benefit of word of mouth marketing. They are based on establishing and maintaining an excellent reputation. Some methods, such as traditional print advertisements are losing their appeal to more tech-oriented potential clients who rely heavily on social media. Be open to exploring new ideas to get the word out about your business.

## Does your brand suit the current environment?

You likely created your brand when you first started your business. Does it still accurately reflect the times and your company or have you evolved into something different?

## Are you a contender in your niche market?

One way of identifying your strengths and weaknesses in relation to your competition, is to do a competitive analysis. Create a chart listing strengths, weaknesses,

pricing, customer service approach, reputation, years in business, location, etc. and fill in the blanks for your own company and others offering similar products or services. It may take some time, but eventually you'll see where your strengths lie, what others do better and resulting opportunities for change and growth in your own operation. Read what customers say online about your and other firms. Another useful tool is a S.W.O.T. analysis. Remember, knowing another company's weakness can spell opportunity for your organization. Use the template on the previous page to get started.

## Are you reaching the right customers and meeting their needs?

Successful businesses satisfy a need. Make sure you keep up with client needs by being aware of new services and products they may find attractive. Ask for feedback every time you make a sale, and gather testimonials. Try our short but effective survey on the next page to gather valuable information and incorporate the results into your marketing plan.

## Have you targeted your marketing efforts?

Take the time to identify your ideal client and align your marketing approach to attract those clients. You cannot be all things to all people when running a business and your marketing dollars are best spent reaching a specific group.



Your most unhappy customers are your greatest source of learning.

— Bill Gates

## Survey

Use this simple survey to gather valuable feedback from your clients:

<p>What was the best part about your experience with us today?</p>	<p>Glowing reports of good service, timely action and good value are wonderful to receive and confirm why you are in business. Testimonials of good experiences can be used in your marketing materials (only add customers' names with their permission.)</p>
<p>What could we do differently?</p>	<p>This is a great way to find out what customers want, what they don't like and what will make them happy and keep coming back. Look at this as an objective exercise and keep an open mind.</p>
<p>Why did you choose to deal with our company?</p>	<p>Answers will range: your convenient location, because they've always dealt with you, you have the best prices, they were driving by, or they became dissatisfied with their previous supplier. Regardless, each answer gives you information to study, especially when you begin to see a pattern. Then emphasize those strengths in your marketing efforts.</p>

A photograph showing a close-up of two people in business attire shaking hands over a desk. On the desk, there is a laptop, a pen, a smartphone, and some papers. A blue text box is overlaid on the right side of the image.

Identify ratios or indicators and monitor them.

## Financial & Legal

Keeping on top of your finances is not always the most exciting part of running a business, but it's crucial to know exactly where you stand.

Start your checkup by gathering your most current set of financial statements and compare them to previous years. Identify any expenses that have become significantly higher. Check this information against your annual budgets and forecasting, and address why this is the case. What could you have done differently to save money? Any large discrepancies (positive or negative) warrant review, and a re-evaluation of your financial plan will help you get back on track. Consider the following areas:

### Do you have excellent bookkeeping and accounting systems? Are your financial statements in order?

Whether in-house or external, top quality expertise is mandatory for good financial health. What checks and balances do you have in place to ensure records and statements are complete and accurate? Your internal management information system should include timely and accurate financial information and reporting. Study your monthly financial statements and know the key drivers for your business. Identify ratios or indicators and monitor them.

### How is your cash flow?

Can you clearly identify the main streams of your revenue, those costing more money than expected, plus fixed and variable expenses? How do your actual figures compare to projections? Determine areas that need addressing in order to increase cash flow and reduce expenses. Beware of the impulse to reduce staff as an automatic solution to cash flow problems. You may find a service or product you offer costs more than it returns.

### Do you have systems in place to prevent fraud?

Implement preventative measures to prevent opportunities for collusion and other fraud. Are you reconciling bank statements monthly? Do you have cross checks in place to confirm financial authorizations?

### How good are you at collecting receivables?

Do you do a good job at monitoring receivables and customer payment behaviour? Your business is not a bank. You do yourself no favours if you don't have a clear policy on overdue accounts.

### Is your business classification still the best fit?

As profits grow, many sole proprietors move to incorporation. If you have already incorporated, are your minute books and shareholder agreements in order? Make sure you understand the full tax and legal implications of incorporation by setting an appointment with your accountant and/or lawyer.

### What are your legal responsibilities as a business owner?

Are your business licenses, permits, and leases up-to-date? How familiar are you with labour law and employment standards? Do you have signed employment agreements and/or contracts with major suppliers? Are you in compliance with tax regulations?



# Human Resources

No business runs without people power. Considered by successful business owners to be their greatest asset, the right mix of employees is invaluable to business health.

For some small businesses, human resources management often takes a back seat to more pressing matters. However, the effort it takes to develop clear policies and procedures pays off the first time an employee issue arises. Consider these areas:

## Are roles and responsibilities clearly defined?

Nothing is more confusing and frustrating to employees than being unsure of their job requirements and responsibilities. Up-to-date, written job descriptions protect you and your staff from misunderstandings and possible legal issues.

## Are the right people in the right jobs?

Did hiring that last employee because they were willing to accept minimum wage solve your problem or add to your headaches? Ensure your interviewing skills and hiring practices result in a good fit for both the organization and the candidate's skills and ambitions.

## Do you have a written Human Resources policy and procedure guide?

Documenting everything from vacation entitlement, hours of work, compensation practices, plus terms and conditions of employment establishes orderly and consistent administration of your human resources. By creating and fostering guidelines, you build a venue for effective working relationships at all levels of the organization. Don't wait until you have an issue before you implement a policy.

## What training and personal development opportunities do you provide?

Many employees view employer-paid educational training opportunities as recognition of the value they have to the organization. It's a smart move to pave the way for growth

and new skills whenever possible. Bottom line: spending money on training is a lot cheaper than losing a valued employee who wants to learn more, but isn't given the chance.

## How do you rate yourself as a leader and why?

Do you keep yourself current on new ways to lead and manage? Today's workforce offers much, but has different generational expectations and needs. Does your style help or hinder progress?

## Does your compensation and staff recognition plan meet the current market standards?

The right mix of salary, benefits, rewards, meaningful work and recognition combined with a healthy environment leads to fully engaged employees – an asset to any company. Are you providing the framework needed to retain top quality staff?

## Are there any significant patterns or increases in absenteeism rates?

Good records help identify trends and concerns affecting your work force, and are often an indicator of deeper organizational problems. Don't ignore them.

## Have you provided expert training for your management team?

Conflict resolution, handling difficult employees, dealing with discrimination, bullying, abuse or addiction are all real issues in today's workplace. How equipped is your key staff in dealing with sensitive concerns, and are they aware of the management resources available to them through your benefit plan?



Leadership is doing what's right when no one is watching.

— George van Valkenburg

## The Next Step

Action brings results. Once you've completed your checkup and identified challenges, make a plan and then work it. Prioritize each new goal and get going!

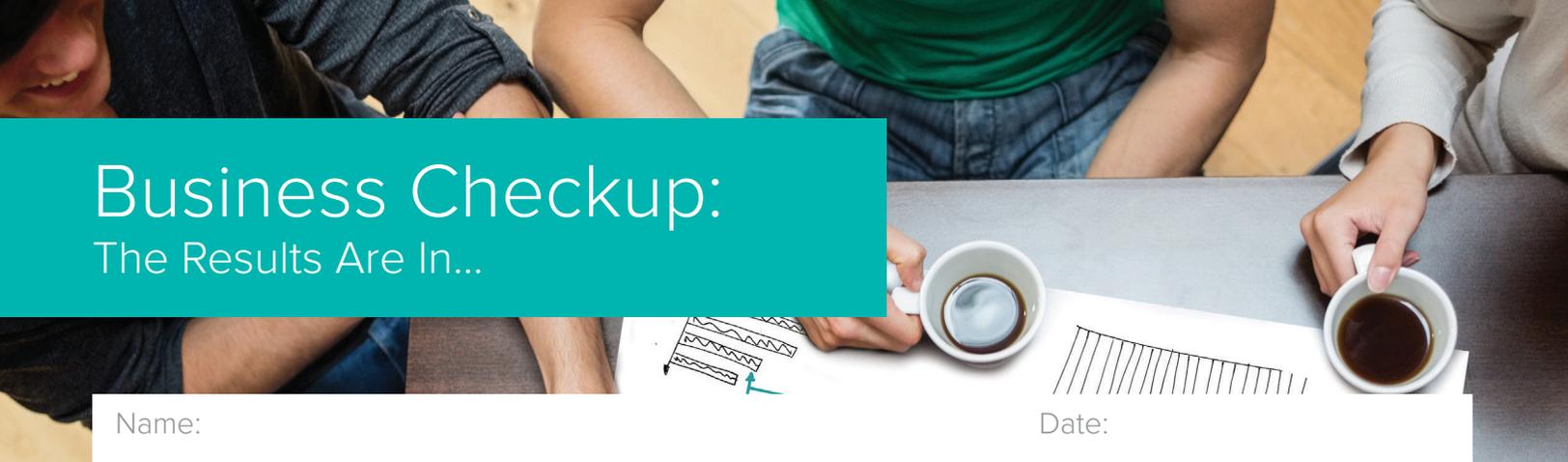
Much like starting a new health regime, long-lasting and effective changes tend to be those you take one step at a time and involve the development of new practices and habits. In some cases you'll want to take care of a situation immediately, especially if it has legal or financial implications. Other challenges may take longer to resolve, and will require considerable effort.

Get your employees involved. It's a common trait for business owners to feel they need to resolve problems by themselves, but don't overlook the knowledge and intelligence of your staff. After all, they are your eyes and ears on the front line and deal with issues every day.

They are the face of your company, they hear feedback from customers, and they know what works and what doesn't within your systems. Tap into this resource for great ideas and support.

We hope our checkup suggestions have been helpful, and encourage you to expand our test questions to suit your own business and situation. Here's to your good business health!

# Business Checkup: The Results Are In...



Name:

Date:

What Needs to Change

What Will We Do and  
Who Will Lead This?

Where Do We Want to Be  
in One Year?

Management & Operations

Marketing

Financial & Legal

Human Resources