

Tools

Fiscal Physical Checklist

The Fiscal Physical Checklist® for Business Owners



Benefits

Your business, just like your body, needs regular checkups and maintenance to stay in optimum health. The Fiscal Physical Checklist consists of 35 management issues which, when completed, will help give your business the staying power and returns you want.

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Total Score

(Maximum 35)

Instructions

There are 4 steps to completing the Fiscal Physical Checklist.

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	Tran	FinM	Costs	Growth	Cash	Bank
5							
4							
3							
2							
1							

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

- ✓ Check box if true
- 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)**

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Financial Management

- ✓ Check box if true
- I have financial statements prepared on a monthly (or at least quarterly) basis in an accurate and decision-relevant 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

- ✓ Check box if true
- 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

✓ Check box if true

- 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

✓ Check box if true

- 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

✓ Check box if true

- 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)