

Will you thrive in a recession?

Failing to plan is planning to fail – cliché or truism? Both.

The UK economy is severely distressed and despite reductions to both VAT and Bank of England base rates, businesses are failing in epidemic proportions.

We would urge you to ensure you undertake a health check to diagnose problems early before they become fatal to your business.

Our 22 point health check is simple to complete and covers five main areas: management information, management control, key relationship management, systems and processes and financial wellbeing.

| Management Information | Yes/No |
|-------------------------------------------------------------------------------------------------------------|--------|
| 1. Monthly management accounts produced within 20 days | |
| 2. Updated financial forecast monthly | |
| 3. Cashflow and headroom monitored | |
| 4. KPIs in place | |
| Management Control | |
| 5. Monthly board meetings and discussions with key sales and production staff held | |
| 6. Minutes and actions produced with targets for key sales and operations heads | |
| 7. Forecasts and budgets monitored against actual performance, whether financial or otherwise | |
| Key Relationship Management | |
| 8. Supplier relationships monitored | |
| 9. Customer relationships managed | |
| 10. Employees performance appraisals completed and key staff contracted for a protracted duration | |
| 11. Know and met bank managers in last 4 months | |
| Systems & Processes | |
| 12. Credit control and reports available regularly | |
| 13. Stock and WIP control monitored monthly | |
| Financial Wellbeing | |
| 14. Profitable in past 3 years | |
| 15. Interest covered > 1.5 times | |
| 16. Net current assets | |
| 17. Equity > 100% of debt | |
| 18. Debtors days not increased in last 12 months and potential bad debts identified and managed proactively | |
| 19. Stock/WIP days not increased in last 12 months | |
| 20. Growing GP therefore growing sales | |
| 21. Cash headroom > 25% of monthly sales inc VAT | |
| 22. Non risk sector | |

| | | |
|-----------------------|-------|---------------------------------------------|
| Number of Yes Answers | 14-22 | Business is doing fine but keep monitoring |
| | 9-13 | Involve us to help you improve on key areas |
| | 5-13 | Seek our immediate help to ensure survival |
| | 0-5 | Unlikely to survive the next 6 months |

If you are unable to say yes to more than 13 points then please contact us. Between us, we will work to ensure you thrive and survive in this challenging economy.

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