

BUSINESS IMPROVEMENT PLAN

Prepared for:

Blue Sky Architecture

SAMPLE

BUSINESS IMPROVEMENT PLAN FOR YOUR BUSINESS

Thank you for participating in the **Better Business Workshop** on 22 December 2018.

This Report provides you with a summary of the key points and outcomes of the workshop:

- Your business Risks and Value Drivers Score and a Benchmarking comparison;
- Your business *Strengths, Weaknesses, Opportunities* and *Threats* Report; and
- Three Business Improvement Strategies that were discussed and agreed in the workshop.

RISK AND VALUE DRIVER BENCHMARKING ANALYSIS

We have completed a RAVDA benchmarking analysis on your business, set out below. This is to highlight how your business's score compares to other businesses in your industry, and how this affects our assessment of your business.

The table summarises how your business's Risk and Value Driver score compares to the average and benchmark (average of the top 20%) business in your industry.

We have compared your RAVDA score to **13** comparable businesses that have been benchmarked in our Benchmarking Database.

<i>Comparable Businesses Information - this Report has been prepared on the basis of:</i>			
Industry	Architectural Services		
<i>Analysis Summary</i>			
	Your Business	Industry Average	Benchmark (average top 20%)
Risks and Value Drivers Score <i>(From your completed Risks and Value Drivers Assessment)</i>	7	6.6	8.2
Variance - #		0.4	1.2
Variance - %		6.3%	14.1%

Your business has achieved a RAVDA score of **7**. This score is at the middle to high end of the scale, as it is above the **industry average**.

Your RAVDA score reflects your business has areas of **low to medium risk** that need to be addressed and also highlights that there is room for improvement.

We have identified opportunities to reduce your risks and significantly grow the value of your business. For more detail please refer to the **Business Improvement Strategies** section of this report.

Your Business's SWOT Report - 22 December 2018

STRENGTHS		WEAKNESSES	
Industry			
Excellent understanding of technological advances			
Performance / Benchmarks			
		Wages as a % of Sales increasing	
		Business performing below industry benchmarks	
Growth			
		No investment in soft skills development	
		Merger/acquisitions constraints exist in the short-term	
		Premises restricting business growth	
		Business plan on the future direction of the business needs updating	
		Website need updating	
Risk			
Majority of customers located in a region experiencing good economic conditions		Insufficient cash reserves	
Supplies are protected by Government legislation			
No risk from imports due to nature of products/services provided			
Up-to-date business insurances			
No history of legal claims			
Good business location, tenancy secured for medium to long term			
Competition			
Barriers to entry are high for competitors			
Management Information Systems ("MIS")			
		Poor sales/job cost reporting	
Owner/s			
		Business culture does not promote healthy work/life balance	
Customers and Market Demand			
Minority of customers are price sensitive			

Market demand for business products/services is growing	
Competitors are unable to supply the same products/services to customers	
Products/services are an essential spend for customers	
Low customer succession risk	

Staff

	A lack of staff engagement is restricting business growth
	Poor communication exists between owner/s and staff
	Staff/contractors skills need improving
	No future leaders program exists

Finance, Valuation, Succession and Estate Planning

	No documented business succession(s) plan
	Business is not 'sale ready'
	No asset protection/estate planning agreement(s) in place

OPPORTUNITIES	THREATS
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Industry

Industry conditions offer opportunities for growth	
Strong growth prospects exist within the industry/market sector	
Well positioned to maximise future industry opportunities	

Performance / Benchmarks

Prepare plan to improve financial position	
Cash flow improvement program	
Complete cost audit on business	

Growth

Increase average sales/profit per customer within existing market sector/s	
Increase sales from new products/services	
Prepare R & D Plan for business and investigate grant funding opportunities	

Review and update capital expenditure program	
Risk	
Consider how to address threat(s) from new technologies	
Negotiate favourable, long-term supply agreements	
Negotiate favourable, long-term supply agreements	
Develop policy for cyber attack/ data breach	
Develop social media strategy to protect business & enhance reputation	
Improve management and reduce risks by reviewing governance procedures	
Competition	
Complete competitor analysis	
Strong growth opportunities exist in the market for the business and its competitors	
Management Information Systems ("MIS")	
Conduct an IT audit to target areas for improvement	
Use CRM system/process to improve customer education, retention & increase sales	
Upgrade business systems/processes to improve efficiencies/productivity	
Owner/s	
Build alignment through independent advice and support	Lower business value and higher risks from key person reliance
Develop business knowledge & systems through staff training & mentoring	Business losing key customer(s) and staff if change in business ownership occurs
Enhance business/financial management skills within business to improve operations	
Improve understanding between owners by formalising expectations & responsibilities	
Customers and Market Demand	
Gain understanding of customers to discover opportunities	Top customers influencing pricing and margins
Complete customer satisfaction survey	Lower business cap rate due to sales mix
Enhance customer relationship management systems and processes to retain high value customers	

Expand into niche market(s)	
Staff	
Document/update staff agreements	Lack of experienced staff impacting business operations & growth
Improve productivity with performance rewards and more flexible working conditions	Losing customers due to a lack of resources
Finance, Valuation, Succession and Estate Planning	
Develop plan to diversify funding providers	Too much debt
	Not enough assets to achieve desired lifestyle at retirement

An analysis of your business SWOT confirms there are opportunities for your business to:

- grow revenue and profit;
- improve cash flow; and
- reduce your risks.

OBSERVATIONS/COMMENTS/ADVICE

INDUSTRY

Your Comments:

Not concerned about industry changes & pressures as we view these as opportunities rather threats.

Our Observations/Advice:

Business is well positioned to take advantage of changing business conditions & operating models

PERFORMANCE / BENCHMARKS

Your Comments:

Business performance has been strong previously, down a bit last financial year

Our Observations/Advice:

Needs solutions to maintain & improve business performance

GROWTH

Your Comments:

Premises needs improvements to sustain growth within the business
Need to review and update website

Our Observations/Advice:

Capital expenditure for premises improvement

RISK

Your Comments:

Need to invest in new technology

Our Observations/Advice:

Review and update insurance policy

COMPETITION

Your Comments:

No financial barriers for competitors

MANAGEMENT INFORMATION SYSTEMS ("MIS")

Your Comments:

Need to develop systems, policies & procedures to track services and monthly reporting

Our Observations/Advice:

Improve productivity - systems

OWNER/S

Your Comments:

Key person reliant, need to find someone to manage the day to day running of the business

Our Observations/Advice:

Owners working in the business not on the business, need to develop a Management Succession plan

CUSTOMERS AND MARKET DEMAND

Your Comments:

Income stream from a number of key customers

Our Observations/Advice:

High Customer Concentration

STAFF

Your Comments:

Losing staff to other business, need to find skilled people and retain

Our Observations/Advice:

Staff retention is a concern, needs to develop formal strategies for staff recruitment, retention and motivation

FINANCE, VALUATION, SUCCESSION AND ESTATE PLANNING

Your Comments:

Not sure what Succession & Estate planning requires - not ready to retire

Our Observations/Advice:

Need to develop an Ownership Succession plan and Estate plan & Business life plan. Review key person insurance

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BUSINESS IMPROVEMENT STRATEGIES

During our workshop we agreed to focus on key strategies that will improve and grow your business.

The table below summarises the Business Improvement Strategies we agreed to. It provides simple Action Plans for each strategy, including the name of the person responsible for the specific action item or task and a due date.

		Person Responsible	By When
Goal 1	Improve the financial performance of the business and reduce stress by accessing accurate, useful & real time financial information.		
Strategy	Engage Focal Point Advisory to provide professional CFO Program services that are tailored to suit Bob's budget.		
Action Item 1.1	Provide more information to Bob on Focal Point Advisory CFO Program services.	Scott	Not Started 1 March 2019
Action Item 1.2	Confirm that proceeding with Focal Point Advisory CFO Program service immediately.	Bob	Not Started 24 March 2019
Action Item 1.3	Provide an engagement letter outlining the terms and conditions of Focal Point Advisory's CFO Program services.	Scott	Not Started 23 April 2019
Action Item 1.4	Schedule date, time, location for first CFO Program meeting.	Bob Scott	Not Started 23 April 2019
Action Item 1.5	Schedule regular meetings (number & frequency of meetings to be agreed) and use accurate financial information to develop goals, strategies and action plans to de-risk, improve the profitability and cash flow of Bob's business.	Bob Scott	Not Started 23 May 2019
Action Item 1.6	Invite specialists to meetings on ad hoc basis when their services are required.	Bob Focal Point Advisory	Not Started 22 June 2019
Action Item 1.7	Present report on the benefits of the first year of CFO Program service before continuing in subsequent periods.	Focal Point Advisory	Not Started 22 December 2020
Goal 2	To create a healthier, more balanced lifestyle with less stress and more family time.		
Strategy	Invest in business systems, develop key people and manage a life plan that reduces reliance on, and improves the well-being of Bob.		
Action Item 2.1	Commit to personal objectives e.g. 4 weeks leave, an annual holiday and a personal diet, health and fitness plan.	Bob	Not Started 1 March 2019
Action Item 2.2	Establish mentoring routine for team leaders and/or a future successor/s so they develop skills to gradually take over running the day to day business operations.	Bob	Not Started 8 March 2019
Action Item 2.3	Appoint a staff member responsible for developing and/or upgrading the business's operations manual.	Bob	Not Started 24 March 2019

Action Item 2.4	Investigate training and business management courses to improve staff development, financial skills and business acumen.	Bob	Not Started 23 April 2019
Action Item 2.5	Complete a skills gap review to assess what HR resources are required to achieve the life plan goals and aspirations.	Bob	Not Started 23 May 2019
Action Item 2.6	Provide more information to Bob on Focal Point Advisory Business Life Planning Program (engagement terms and conditions to be agreed).	Scott	Not Started 22 June 2019
Goal 3	Create greater staff engagement to generate business growth.		
Strategy	Implement a Staff Value Program to improve staff attraction, retention and motivation.		
Action Item 3.1	Arrange a meeting to introduce Bob to a business partner who specialises in providing Staff Value Programs.	Focal Point Advisory	Not Started 24 March 2019
Action Item 3.2	Determine if an external Staff Value Program would improve staff engagement and benefit the business. First step is conduct Staff Value Survey.	Bob	Not Started 23 April 2019
Action Item 3.3	Agree engagement terms and conditions with the Staff Value Program specialist.	Bob	Not Started 23 May 2019
Goal 4	Improve the quality and timeliness of the business's financial information, reporting systems and processes.		
Strategy	Upgrade management accounting systems and engage Focal Point Advisory to provide external CFO services.		
Action Item 4.1	Prepare a list of key products/services and identify fixed and variable operating costs.	Bob	Not Started 24 March 2019
Action Item 4.2	Prepare a standard chart of accounts for the business.	Bob Scott	Not Started 24 March 2019
Action Item 4.3	Implement systems and processes to produce accurate financial and management reports.	Bob Scott	Not Started 23 April 2019
Action Item 4.4	Arrange a meeting time to prepare a budget and confirm balance sheet, profit/loss and cash flow report formats.	Bob Scott	Not Started 23 April 2019
Action Item 4.5	Provide industry benchmarking information.	Scott	Not Started 23 May 2019
Action Item 4.6	Use CFO Program meeting agenda to schedule regular review of financial information and agreed budgets.	Scott Bob	Not Started 23 May 2019
Goal 5	Securing funding for the business's future growth, improvement and succession planning objectives.		
Strategy	Prepare a finance plan featuring a mix of funding providers, that reduces reliance of one major provider and secures sufficient capital to fund the business operations in the medium to long-term.		

Action Item 5.1	Contact all current funding providers and meet with them to discuss their relationship and support of the business's future direction and goals.	Bob Focal Point Advisory	Not Started 24 March 2019
Action Item 5.2	Determine the business's future finance requirements and maximum borrowing capacity (engagement terms and to be agreed).	Bob Focal Point Advisory	Not Started 23 April 2019
Action Item 5.3	Investigate alternative funding solutions.	Bob Focal Point Advisory	Not Started 23 April 2019
Action Item 5.4	Invite Focal Point Advisory finance broker business partner to the first Board of Advice Program meeting to discuss how their finance solutions can support the business's funding requirements.	Bob Focal Point Advisory	Not Started 23 May 2019
Action Item 5.5	Invite Focal Point Advisory equity/capital raising business partner to the first Board of Advice Program meeting to discuss how their equity funding solutions can support the business's funding requirements.	Bob Focal Point Advisory	Not Started 23 May 2019

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NEXT STEPS

Your business Risks SWOT analysis confirms there are opportunities for you to improve your business.

By attending the Workshop you have already started this improvement process. The Workshop completes the first stage of our Engagement.

We will contact you to discuss this Report in more detail and to arrange the next stage in our Engagement.

Yours sincerely,

Scott Smith

Important Notice: This Business Improvement Plan has been prepared specifically for the client's internal use. It is not intended for any other use or purpose. It is intended as a summary of the discussions, strategies and plans agreed at the Workshop. It does not contain all material discussed, or all options for business improvement. The client should review the contents of the report carefully, and advise us promptly if it appears to be incomplete or inaccurate in any way.

The statements contained in this report are given in good faith. In preparing the report we have relied on information provided by the client, particularly the client input into completion of the RAVDA. We emphasise that we have not carried out an independent confirmation of the information, and we have not conducted anything in the nature of an audit. This report does not contain a comprehensive disclosure or description of any risk mentioned or described. The report is given at the stated date, and as facts or circumstances change, will need to be reviewed or updated. We do not accept responsibility for the client (or any other person) relying on the report after the stated date.

Disclaimer: The report is not a valuation and does not comply with APES 225. It is not tax, investment or financial advice. Nothing in this report is intended as a recommendation for any person to invest or divest in a particular manner or purchase or sell any product. No liability is assumed for any loss from trading or acting on a perceived recommendation. Other than to the client, we do not accept any responsibility to any person in respect of this report, including for any error or omission, however caused.

Appendix - Client RAVDA

The Risk and Value Driver Assessment (RAVDA) is the assessed risk profile of the business, expressed in the maximum number of years for an owner/investor to receive a total return of funds.

The RAVDA recognises that each business is unique and owners/investors associate different levels of risk with different businesses.

Typically, a RAVDA score will be within the range of 1 (a business with high levels of perceived risk) to 10 (a business with low levels of perceived risk). Only a very small number of industries include businesses that achieve a RAVDA score in excess of 10.

An independent assessment of key business risks and value drivers for any business can be determined from the RAVDA. The RAVDA requires responses to up to 90 risk related questions. A review of these responses provides the RAVDA score that relates to the particular business at that particular point of time, based on its level of perceived risk.

Based on the responses, a Score is determined, **expressed as the number of years an owner/investor would be prepared to wait to get a total return of their funds invested in the business.**

Below is a copy of the completed Risk and Value Driver Assessment for the clients business that has been relied on to prepare this Business Improvement Plan.

Industry				
1. Business operates in a well established, stable industry				
Yes, very stable & predictable	Yes, low levels of instability	Mature, little change anticipated	No, moderate change/disruption is evident	Subject to significant change/disruption
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
2. The industry/market is growing				
Definitely, at a good rate	At a steady rate	Slowly	Marginally/not really	No, it's contracting
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
3. Business positioned well to take advantage of future industry trends				
Yes, constantly evolving to keep ahead	Yes, reacting to change	Started planning	Not sure	Not at all
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
4. Future government policies will negatively affect the business				
Not at all, policy changes will benefit	Planning in place to reduce impact	No impact, N/A	Yes, limited negative impact	Yes, strong negative impact
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
5. Adapting the business to advancements in technologies (e.g. A.I., Robotics etc.)				
Yes, we are an industry tech leader	Yes, but we can still improve	To a small degree, needs more focus/resources	We are behind where we need to be	Unsure where to start
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Performance / Benchmarks

6. Number of years owning/managing the business

> 20	11 to 20	6 to 10	3 to 5	< 3
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

7. Years the business has been trading profitably

> 10	6 to 10	3 to 5	1 to 2	< 1
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

8. Balance sheet, equity and personal financial net worth position

Very healthy, major strength	Good and growing	On par with expectations/requirements	OK, needs improving	Poor, restricting business operations
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

9. Current year increase in sales

> 20%	11 - 20%	6 - 10%	0 - 5%	< 0%
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

10. Current year increase in gross profit margin as a % of sales

> 20%	11 - 20%	6 - 10%, or N/A	0 - 5%	< 0%
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

11. Current year increase in wages & on-costs as a % of sales

< 0%	0 - 5%	6 - 10%, or N/A	11 - 20%	> 20%
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

12. Current year increase in adjusted EBIT as a % of sales

> 20%	11 - 20%	6 - 10%	0 - 5%	< 0%
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

13. Cash flow is

Very good	Good	A sporadic issue	A small concern	A continual headache
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

14. Business achieving key industry benchmark standards (growth, profit, costs, liquidity etc.)

Well above	Slightly above	Average	Slightly below	Unknown or well below
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

15. Ability of business to control its operating costs

Excellent	Good	Fairly good	OK	Poor
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Growth

16. Continual investment in developing 'soft skills' - business development, sales & service culture

Absolutely, strong sales/service culture exists	Yes, we are improving	Informally	No, need more information	No, not a priority
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
17. New and existing markets - practical opportunities for business growth currently exist				
Excellent opportunities being pursued	Good opportunities being considered	Fairly good, need to be developed	Some, but not being pursued	No realistic growth opportunities
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
18. New products/services - practical opportunities for business growth currently exist				
New product/services being rolled out	Opportunities being considered/developed	Fairly good, need to be developed	Some, but not being pursued	No realistic new product/services opportunities
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
19. Business is likely to make mergers/acquisitions, under a structured well managed process, in the short to mid term				
Yes, underway/being planned	Good opportunities being considered	Some opportunities exist, need to be considered	Unlikely, not being actively pursued	No realistic prospects for merger/acquisition
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
20. Staying ahead of changes in customer trends and buying habits				
Yes, it is a strength	Yes, in key areas	Some planning exists	Reactive only	No planning in this area
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
21. Business has continually invested in research and development				
Formal R & D plan/s in place	In some key areas	N/A	Not for a while	No
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
22. Plant & equipment in good working order and able to meet future demand				
Yes, supporting growth	Excellent, some excess capacity	Good, no excess capacity	OK, due for a refurbishment	No, poor condition or hampering business
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
23. Premises - ability to support growth				
Yes, capacity for expansion	Moderately, can cope with growth	Somewhat or "Growth is not influenced by premises"	OK for now, but not for growth	Premises need improvement or renovations
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
24. Business Planning : Formal Business Plans (including SWOT, Growth, Budgets, Cost Centre Analysis, Strategic Plan, Marketing Plan etc.) exist and are actively managed				
Excellent, current plans in place & well managed	Good, regular planning, reviews & reporting in place	OK, informal planning	Discussed, but not actioned	No plans exist or don't see the need
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
25. Up-to-date website including customer e-commerce and social media functionalities				
Yes, continually updating content	Partially, not updated in the last 12 months	Partially, not updated in the last 3 years or N/A	No, needs a major overhaul	Business does not have web site
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Risk

26. Cash reserves exist to protect business from economic downturns, seasonal conditions etc.				
Large reserves exist and continue to grow	Reserves exist to fund the next 3 years	Limited reserves, operations are cash flow positive	No reserves, operations are cash flow neutral	Business is not viable with its current revenue/cost structure
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
27. Sales threatened by new technologies, web, etc.				
Not at all	Slightly, needs future consideration	Slightly, needs consideration now	Moderately	Significantly
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
28. Customers located in a depressed geographical region				
Not at all	Customer spread, minimises risk	Small %	Medium to large %	Large %
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
29. Government legislation protects products/services				
Yes, strong regulatory barriers exist	Yes, and regulation is expected to increase	No more than any other business	Slightly	Not at all
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
30. Products/services threatened by imports or new competitors				
Not at all	Not in the medium to long-term	Not now, but a future risk could emerge	To a small degree	Significantly
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
31. Insurance management - policies are adequate and current (PI, General Insurance, Staff etc.)				
Yes, detailed review conducted annually	Yes, some policies/agreements need updating	Work in progress	Risks understood, but some shortfalls exist	Not reviewed or don't align with current operations
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
32. Last 5 years : number of legal claims/complaints > 1% of that year's sales				
0	1	2 or 3	4 or 5	> 5
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
33. Premises - where location is important, tenure is secured on favourable terms				
Long term, favourable conditions	Mid term, favourable conditions	In between or "Business is not influenced by location"	For short term or not favourable conditions	No, poor conditions or no security of tenure
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
34. Cost of supplies are subject to inflationary pressures and/or exchange rates/fuel prices				
Not at all	Slightly	Any impact is managed, or N/A	Some supplies, concerns exist	Significantly
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
35. How reliant is the business on its major suppliers				
Not at all, can substitute suppliers easily	To a small degree	In between, or N/A	In quite a few areas	Totally
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
36. Risk of Cyber Attack, Data Breach and security of personal information				
Strong data protection measures in place	IT risk management procedures are being updated	Started to review risks	More information required	Unsure of responsibilities/actions to take

LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
37. Management of online presence (e.g. website, social media profile & online reviews)				
Online profiles/reviews up to date & actively managed	Online presence managed and generally positive	Planning to develop a social media/online strategy	Managed when there's a problem	Don't see the need to manage social media
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
38. Governance - policies, procedures and training programs exist (e.g. for directors, executives and key staff)				
Yes, best practice standard	Yes, close to best practice	Yes, meeting expectations	Some, but minor review required	No, need more information
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Competition

39. Business brand, profile and reputation when compared to competitors				
Well ahead	Slightly ahead	About the same	Slightly behind	Well behind
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
40. The market can sustain the current level of competition				
Definitely	Probably	Possibly	Unlikely	No, competitors are reducing and/or merging
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
41. New competitors have high barriers to entry				
Yes, prohibitive to many	Yes, some	In between	To a small degree	Not at all
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Management Information Systems ("MIS")

42. Commitment to maintaining up to date IT programs and infrastructure				
Totally, this is critical to our business	Totally, we upgrade every so often	Considerably, we are due for an upgrade	Somewhat, our business does well regardless	Not really, it has limited benefit for us
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
43. Management accounting systems are able to produce accurate financial reports on a timely basis				
Yes, 'best practice' reporting exists	Yes, can be improved	Systems need reviewing/updating	No, a minor concern	No, a major concern
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
44. Financial accounting systems report on sales, cost of goods sold, employee and profit by major product/service categories				
Yes, across all areas of the business	In some, not all parts	Would like more information	Unsure if current systems produce this information	Not at all
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
45. Data Analytics, CRM systems and processes are in place to manage customer relationships, grow sales and attract new customers				
Yes, 'best of breed' customer reporting	Yes, upgrade planned/underway	In part, feel we could be doing better	Informal	No, restricting growth
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

46. Existence and use of best practice operating manual & system

In place, actively managed	In place, requires updating	Work in progress	Informal	Not at all
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Owner/s

47. Degree of owner(s) reliance

None, business runs well without owner(s)	Low	Medium	High	Very high
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

48. Owner(s) and key stakeholders are aligned on the future direction of the business and motivated to grow

All owner(s) share the same vision/motivation	Not all, but majority aligned/motivated	Work in progress, or N/A	Conflicts identified, need addressing	Major barriers exist
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

49. Owner(s) departure will cause loss of key customers and/or staff

No	To a small degree	Any impact can be managed	Minor concern	Major concern
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

50. Easy to transfer business knowledge, IP, systems etc.

Very easy, scalable & transferable	Easy	Yes, but requires a planned approach	Hard	Very hard, specialist skills required
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

51. Business has strong management, leadership and financial skills internally - either owner(s), CEO or CFO

Very much so	In quite a few areas	In between or reliant on external skills	To a small degree	No, skills gap exists
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

52. Formal policies are in place that clearly state each owner(s) remuneration & incentive structure, areas of responsibility, outputs, lifestyle rewards and how the business will be managed (communication, budgets, targets etc.)

Yes, all of these issues are well documented	Most of these issues are documented	A general understanding exists	Not really	No
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

53. Business has a culture of balancing work and non-work activities as part of a healthy life balance for owner(s), managers and staff

Yes	Improving, changes underway	Started, not a current issue	Needs addressing	Negative culture affecting operations
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Customers and Market Demand

54. Knowledge/degree of customer demographics (gender, age, income ranges, location, opportunities)

Excellent	Good	Fairly good	OK, or in some areas	Poor, we don't collect or use customer data
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

55. Customer satisfaction rating

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Excellent	Good	Not sure	Poor, minor concern	Poor, high concern
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
56. Top 10 Customers : % of Total Sales				
< 10%, diversified customer base	10 - 20%	21 - 30%	31 - 40%	> 40%, high reliance on key customers
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
57. Percentage of customers that generate 80% of profits				
> 40%, profitability not reliant on key customers	21 - 40%	20%	10 - 19%	< 10%, key customers influence profitability
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
58. Sales Mix - % of revenue generated from recurring or repeatable sources				
> 60%, strong annuity income	41 - 60%	21 - 40%	5 - 20%	< 5%, high reliance on transactional income, new customers
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
59. Degree of customer loyalty				
Very high, with strong customer referrals	High	Medium	Low	Very low, few customer touch points
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
60. 10% increase in prices affect demand for your products/services				
None at all	No material change	Not sure, need to assess price sensitivity	Lose some sales/customers	Major drop in sales/customers
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
61. Strong market demand exists for your products/services				
Absolutely, now and into the future	Good, at this stage	OK	Slight decline	Major decline
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
62. Substitutes exist for your products/services				
Not at all, different/unique offering	To a small degree, we have a strong brand	Yes, but we are taking business off competitors	Yes, minor concern	Yes, majority of industry competes on price
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
63. Describe the nature of the products/services that you provide				
Absolute necessity	Our customers would struggle without them	Some customers could reduce their use of our products/services	Quite easy to do without for many of our customers	Luxury goods
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
64. Business has established and/or is developing a unique identity (specialist products/services, niche market/s etc)				
Yes, strong growth opportunities exist	Yes, moderate growth opportunities exist	Possibly, more planning is required	No	Losing market share due to competitors' specialisation
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
65. Effect on sales if a key customer sold their business				
None at all, or N/A	Slight decline	Not sure, need to assess customer sensitivity risk	Operations would be disrupted in the short term	Major decline

LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN
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Staff

66. Formal strategies in place for staff attraction, retention and motivation

Excellent processes in place	Good	Fairly good	OK	Poor, no processes in place
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

67. Experienced staff retention history

Excellent, considered an 'employer of choice'	Good, favourably viewed by the labour market	OK	A bit of a struggle	Problem area for the business
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

68. Current staff agreements adequately address remuneration, superannuation, insurances, taxes, restraint of trade, etc.

Yes, up-to-date	Yes, not current but still ok	We are reviewing our agreements	Informal arrangements, requires documentation	No, will consider
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

69. Business offers innovative ways to retain & motivate key staff (e.g. non-cash incentives, flexible working conditions, performance bonuses)

Yes	In some areas	Informal	No, will consider	Don't see the need
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

70. Staff commitment to business goals and visions

100% buy-in	Strong buy-in from key staff	OK, needs improving	Little staff commitment	Large disconnect between business & its staff
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

71. Formal communication within business

Excellent, vision and goals well understood by all	Good, regular communication	Fairly good	OK, ad hoc when necessary	Poor or no regular communication
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

72. Training plans in place for skilling, re-skilling and upskilling staff, key contractors and consultants

Formal, for all people	Formal, for key people	Informal, could be managed better	Ad hoc, only when a skill gap identified	No, will consider
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

73. Programs in place to attract & retain future successors (inc. dividend, ownership, valuation and funding models)

Yes, in place and working	Yes, successors identified, work in progress	Informal discussions	No, will consider	Don't see the need
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

74. Using outsourcing, offshoring or contractors to fulfil resource gaps

Yes, trusted relationships exist	Yes, further opportunities exist	In part, business needs a more structured process	No, hard to find qualified, external resources	Won't consider due to fear of losing customers/quality of work etc.
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Finance, Valuation, Succession and Estate Planning

75. Surplus capital exists for future growth and succession

Yes, generated from trading operations	Yes, excess borrowing capacity exists	No problems to date	Could be an issue	Not at all
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

76. Relationship with bank(s) and other funding providers (e.g. finance/mortgage brokers)

Very good	Good	OK	Experienced minor problems in the past	Difficult, impacted by current performance
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

77. Documented management and ownership succession plan

Yes, and is actively managed	Yes, needs to be reviewed and updated	Informal	Discussed, but not actioned	No, not sure of the benefits
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

78. Excess assets and income to fund retirement or next business venture

Yes, not reliant on sale of the business	Not yet, plans exists to grow business value	Unsure, need more information on business value	No, low to medium 'value gap' risk	No, major shortfall (high 'value gap' risk)
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

79. Current business operating model and future growth prospects are attractive to a buyer

Yes, been approached on many occasions	With some modifications	Unsure, need to develop a plan for sale	No, business is not 'sale ready'	No, major barriers exist to sell the business
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

80. Personal, family & business arrangements in place for asset protection/estate planning (i.e. disputes, relationship breakdowns, TPD, death, retirement, ill health etc.)

Yes, up-to-date	Yes, needs updating	In progress	Discussed, but not actioned	Not a priority
LOW CONCERN	LOW/MEDIUM CONCERN	MEDIUM CONCERN	MEDIUM/HIGH CONCERN	HIGH CONCERN

Risk & Value Driver Assessment Score:

7