



GROWTH ASSESSMENT TOOL

Client: _____

LEGAL FORM OF OWNERSHIP

Under what form of ownership is the firm now operating?

Sole Proprietor () Partnership () Corporation () S Corporation ()

If more than one owner exists, does a buy/sell agreement or succession agreement exist?

Yes () No ()

Is unlimited liability a serious problem for the owner(s)?

Yes () No ()

Is there any reason to consider changing the legal form of organization?

Yes () No ()

If the firm is a corporation, is it meeting its legal reporting requirements?

Yes () No ()

MARKET EVALUATION

Have sales been increasing or decreasing over recent years?

- () Increasing rapidly () Increasing slowly but steadily
- () Staying the same () Decreasing slowly () Uneven, No pattern or trend

Has the firm conducted any type of market research?

() Yes: What type and what are the results? _____

() No: Why not? _____

Have there been any demographic factors or competitive factors that may dictate changes in the way the firm operates?

- () Demographic (Describe) _____
- () Competitive (Describe) _____
- () None

At what stage is the industry in which this firm operates?

() Development () Introduction () Growth () Maturity () Decline

Does the firm have a written marketing plan?

Yes () No ()

What market segments are being targeted? _____

How has the firm positioned its products or services in relation to the competition?

- () Premium pricing-high price/unique product
- () Penetration pricing-low price to gain market share
- () Price skimming-high price until competitors increase supply with lower pricing
- () Economy pricing-no frill, low price

SALES DEVELOPMENT

Does the firm generate enough sales volume to maintain their market position?

More than adequate Just enough Not quite enough Not nearly enough

Does the firm's sales come from:

Existing demand Created demand

Does the firm generate enough sales volume to maintain their market position?

More than adequate Just enough Not quite enough Not nearly enough

Are advertising objectives defined in measurable terms?

Yes No

Are the most effective direct and indirect sales promotion methods being utilized? (Check all that apply)

Radio TV Newspaper Newsletter Trade shows Other

Is the firm's business dependent on few customers purchasing a large percentage of goods and services?

Yes No

Does the firm have a customer feedback system in place?

Yes No

How does sales volume compare with the projected level of sales?

Greater than projected Less than projected About the same

Are the advertising, sales and marketing expenses tied to sales volume?

Yes No

What is the image of the firm in the community?

Positive Negative Neutral Unknown

SEASONAL VARIATIONS

Does the firm have seasonal sales?

Yes No

Is inventory adjusted for seasonality?

Yes No

Can additional merchandise lines or different products help even out the seasonal variations?

Yes No

Are seasonal variations significant enough to warrant closing the business for part of the year?

Yes No

PRICING POLICIES

Is the gross margin of the firm consistent with industry norms?

Yes No

Are loss leaders used?

Yes No

Is slow moving merchandise identified and priced accordingly?

Yes No

Does the company conduct a break-even on its products?

Yes No

Is the firm's pricing affected by any of the following?

Fair trade laws Competitor pricing Nationally advertised prices
 Franchise agreements Other

ADEQUACY OF ACCOUNTING RECORDS

Which accounting method does the firm use?

Cash based Accrual based Hybrid

Is there an accounting system in place? If so, what does it contain?

Accounts receivable Accounts payable Inventory/order entry General ledger

Does the company utilize any of the following? (Check all that apply)

CPA Outside bookkeeping service Inside bookkeeper Spouse doing bookkeeping Other

Are financial statements and other information generated on a timely basis?

Monthly Quarterly Semi-annually
 Annually Without schedule Not at all Other

Are the financial statements regularly reviewed and analyzed?

Yes No

Is the accounting system computerized? If so, what software is being used?

Yes No

Can sales, cost of sales, expenses and profit be shown by department or product line?

Yes No

Are monthly adjusting entries (i.e. Depreciation, amortization, interest) being made timely and in the proper amounts and in the proper places?

Yes No

FINANCIAL CONDITION

Is monthly or quarterly financial statement ratio analysis being performed?

Yes No

Does the firm account for obsolete inventory?

Yes No

Is there a policy for writing off old accounts receivable?

Yes No

Does the owner/manager know what the working capital requirements of the firm are?

Yes No

What is the firm's credit history?

Excellent Good Fair Poor

What is the trend of the firm's credit history?

Improving Getting worse

Has the firm experienced cash flow problems in the last six months?

Yes No

Is the firm capitalized enough to survive a downturn in sales or other unforeseen events?

Yes, there is more than enough capital
 Some leverage exists but still below comfort level
 No, the firm is highly leveraged

Is the owner's compensation comparable to other firms in the industry?

Excessive Average Less than average

Do any of the following apply?

- All available purchase discounts taken
- Creditors withholding credit due to slow paying
- Long-term assets being financed with long-term sources of capital
- Operating expenses in line with other firms in the industry as compared to RMA ratios

Would additional asset acquisitions help this firm increase any of the following? (Check all that apply).

- Sales
- Profits
- Image
- Customer service

List additional assets and cost _____

RISK MANAGEMENT

Has the firm's owner addressed any of the following security issues? (Check all that apply)

- | | | |
|-----------------------|---------|--------|
| Shoplifting | Yes () | No () |
| Employee theft | Yes () | No () |
| Burglary | Yes () | No () |
| Employee embezzlement | Yes () | No () |

Which of the following types of insurance does the firm have?

- Fire Automobile Business interruption
- Glass
- Group life Disability Key-person
- Credit life
- Liability Worker's Compensation Crime
- Rent Group health Retirement income
- Product & completed operations

CREDIT POLICIES

Does the firm have the capital to carry all of their receivables?

- Yes ()
- No ()

Has the firm compared the cost of alternative credit card programs?

- Yes ()
- No ()

Are the accounts receivable aged on a regular basis?

- Yes ()
- No ()

Is a formal collection policy in place?

- Yes ()
- No ()

What types of credit accounts & terms are available to customers now?

- Credit cards
- Early payment discounts
- Revolving accounts

Check which of the following describes the write off of bad debt.

- Realistic
- Too low
- Too high

PURCHASING AND INVENTORY CONTROL

Does the firm have problems with any of the following?

- Shortages
- Back orders
- Changing prices

Is there a system for determining any of the following?

- Minimum inventories
- Order points
- Order quantities

Is inventory computerized?

- Yes ()
- No ()

Are policies in place dictating who is authorized to purchase goods or services?

- Yes ()
- No ()

Have potential vendors been met with and investigated to verify that they can meet price, quality, quantity and service requirements?

Yes () No ()

Does the firm purchase at a volume that would allow buying direct from manufacturers rather than middleman?

Yes () No ()

COMPLIANCE

Check any of the following with which the firm is out of compliance.

- () IRS: federal income tax
- () FICA
- () Federal Workers Compensation
- () Federal payroll withholding tax
- () Any federal fines or levies
- () State income tax
- () SUTA
- () State Workers Compensation
- () State payroll withholding
- () State sales tax

Are accounts payables current?

Yes () No ()

Is the firm current with existing lenders?

Yes () No ()

If no, list lenders and past due amounts: _____

PERSONNEL MANAGEMENT

Has there been turnover of desirable employees?

() Yes, if so, why? () No

Is there an observable pattern or recurring reason given for resignations?

Yes () No ()

Is there a written personnel manual?

Yes () No ()

If not, do employees know company policies?

Yes () No ()

Are there incentives for employees to seek advancement?

Yes () No ()

Does the firm provide training or orientation for new employees?

Yes () No ()

Do opportunities exist for employees to cross-train or work at other positions in the firm?

Yes () No ()

Do the employees consider this firm a good place to work?

Yes () No ()

Are pay scales and/or benefits consistent with larger firms in the area?

Yes () No ()

