

Financial tasks do not end with the balance sheet. There are other financial actions that are critical to the future direction of your business.

STRATEGIC FINANCIAL TASKS CHECKLIST	
TASK	REGULARITY
Set targets for financial performance	At least annually
<p><i>Possible actions:</i></p> <ul style="list-style-type: none"> • Consider where you want your business to be in the next year and beyond, and set targets in line with that. • Incorporate these targets into your strategic plan, key performance indicators and budgets. • To help set targets for performance, look at how other businesses in your industry perform through industry benchmarks. You can get some basic industry benchmarks through www.ato.gov.au or your advisor may be able to help you get access to more detailed industry averages. • Review financial targets against your strategic plan and operational budgets at least quarterly. • Alter targets where market or other circumstances dictate. • Consider incorporating non-financial activities in targets, for example measures of throughput, number of sales calls etc. • Use visual displays around the work place to ensure all staff are aware of the key targets and progress against those targets. 	
Review and analyse financial statements	At least annually, preferably quarterly or monthly
<p><i>Possible actions:</i></p> <ul style="list-style-type: none"> • Compare key ratios from your financial statements, such as working capital ratio, stock turnover ratio or profit per employee to averages in your industry. • Compare performance against financial targets and past performance. 	
Review actual performance against budget	Monthly
<p><i>Possible actions:</i></p> <ul style="list-style-type: none"> • Ask yourself what caused any gap between budget and actual? • Consider how best to overcome any problem. 	
Undertake sensitivity analysis	Annually
<p><i>Possible actions:</i></p> <ul style="list-style-type: none"> • Ask yourself, what if sales dropped 15 or 20 per cent? Or you lost a major customer? Or a major supplier stopped selling to you? What if your best sales staff resigned? Factor answers to such questions into your budget forecasts and risk management strategies. 	

Set sales or production targets	Ongoing
<i>Possible actions:</i>	
<ul style="list-style-type: none"> Undertake a break-even analysis to determine what you need to sell before you make a profit. 	
Prepare profit and loss budget	Annually
<i>Possible actions:</i>	
<ul style="list-style-type: none"> Make sure your budget reflects your strategic and financial targets. Incorporate key findings from your review of your last budget, sensitivity analysis and the break-even analysis. Ensure that budget estimates are realistic and have not been “massaged” to fit a desired result. 	
Prepare cash flow forecast	At least annually
<i>Possible actions:</i>	
<ul style="list-style-type: none"> Have your cash flow forecast show the projected cash flows for each month in the 12 month period. Address any future cash shortages through increasing cash sales, collecting outstanding debts, reducing expenses or through external finance (such as an overdraft facility). If you decide to seek external finance for any purpose, go to your lender as soon as possible. 	
Review and update cash flow forecast in light of actual results	Monthly
<i>Possible actions:</i>	
<ul style="list-style-type: none"> Update cash flow forecast to reflect actual events and monitor ongoing cash position. 	
Review interest rates and conditions on your loans	Annually
<i>Possible actions:</i>	
<ul style="list-style-type: none"> Look at what other lenders are offering and consider whether you should switch lenders. If considering switching, consider the terms other lenders can offer, not just the interest rate. 	
Provide financial statements and budgets to lenders	Annually
Comply with repayment schedules	Ongoing
Review debt covenants/terms and conditions	Ongoing
<i>Possible actions:</i>	
<ul style="list-style-type: none"> Notify your bank immediately if you are in breach of a covenant. If you are uncertain of your covenants, read your loan agreement or ask your bank. 	