



Every business can improve its profit and reduce risk by following well defined business practices. By reviewing and planning the way we do business and not just doing things because “that’s the way we’ve always done it” we can change our financial fortunes.

We have developed this handy checklist to help you take a fresh look at your financial processes and take a new look at how you do business.

## **Business Improvement Checklist**

### **To improve the cash position of your business**

- Prepare & review regular cash flow forecasts
- Generate cash through sales but do not undersell your products or services
- Pay sales commission once payment is received
- Negotiate extended terms of trade with suppliers
- Take modest personal drawings or wages
- Don't hide any problems from your bank. Tell your bank early if you need money to overcome a cash flow problem

### **To improve the profitability of your business**

- Prepare financial statements on a regular basis and use them to analyse performance and benchmark your business against industry averages
- Understand the profit you generate on each item of stock or service you provide
- Concentrate on improving sales of your most profitable stocks or services
- Don't discount prices on lower margin products and services
- Don't discount on your most profitable products or services unless the discount encourages increased sales that lead to at least the same profit

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Call Us on 07 3272 6572**

**To control costs**

- Identify the expenditures that are essential to keep your business running. Don't cut these costs
- Look at costs carefully, but don't criticise every transaction
- Conduct a review of the business's processes to see whether some expenses can be eliminated.
- Direct marketing expenditure towards direct response advertising (e.g. direct mails, emails etc)
- Review staffing arrangements
- Work to retain good staff . Remember that replacing staff can be expensive

**To reduce your customers' debt**

- Keep in regular contact with customers, particularly customers with outstanding debts
- Prepare an aged debtors report
- Negotiate periodic payment if that helps customers to clear overdue amounts
- Before you sell to a customer on credit, perform a credit check and agree on proper commercial terms of trade
- Encourage your customers to pay immediately by offering discounts on cash sale, for example

**To control stock**

- Keep the right amount of stock – too much and not enough stock can damage a business
- Identify slow moving and dead stock and try to sell it. If you can't sell it, write it off and destroy it
- Identify items you simply must never run out of
- Negotiate deals with suppliers but avoid volume-based discounts
- Tighten the buying of stock by knowing when to buy. To do this you will need to know the volume sales per item. Don't let discounts drive your buying decisions

**To improve sales**

- Focus on the most profitable sales. Don't chase just any sales
- Create added value with your offers by providing a gift or training, for example
- Undertake companion selling and up-selling

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