



BUSINESS NEEDS ASSESSMENT

Client Name:

Phone Number:

Client Number:

Date Conducted:

LEGAL FORM OF OWNERSHIP

Under what form of ownership is the firm now operating?

- Sole Proprietor S Corporation
 Partnership LLC
 Corporation Taxed as _____

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

Is the firm 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 rapidly
 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

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

- Demographic
 Competitive (Trends, Legal, Regulatory, etc.)
 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

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

- Low quality, low price
 Low quality, high price
 Medium quality, medium price
 High quality, low price
 High quality, high price

What market segments are being targeted?

- B2B Product

 B2C Service

PRODUCT

With regards to your product service offering, how innovative are you?

Describe your quality tracking system.

Describe your returns/guarantee policy.

Describe how you resolve customer disputes/complaints.

SALES DEVELOPMENT

Does the firm generate enough sales volume to maintain its market position? <input type="checkbox"/> More than adequate <input type="checkbox"/> Just enough <input type="checkbox"/> Not quite enough <input type="checkbox"/> Not nearly enough	The firm's sales come from: <input type="checkbox"/> Existing demand <input type="checkbox"/> Created demand
	Are advertising objectives defined in measurable terms? <input type="checkbox"/> Yes <input type="checkbox"/> No
	Are promotional objectives defined? <input type="checkbox"/> Yes <input type="checkbox"/> No
Are the most effective direct and indirect sales promotion methods being utilized? (Check all that apply) <input type="checkbox"/> Radio <input type="checkbox"/> TV <input type="checkbox"/> Direct Mail <input type="checkbox"/> Newspaper <input type="checkbox"/> Newsletter <input type="checkbox"/> Telemarketing <input type="checkbox"/> Trade shows <input type="checkbox"/> Internet <input type="checkbox"/> Other	Is the firm's business dependent on a highly limited customer base? <input type="checkbox"/> Yes <input type="checkbox"/> No
	Does the firm have a customer feedback system in place? <input type="checkbox"/> Yes <input type="checkbox"/> No
How does sales volume compare with the projected level of sales? <input type="checkbox"/> Greater than projected <input type="checkbox"/> Less than projected <input type="checkbox"/> About the same	What is the image of the firm in the community? <input type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> Neutral <input type="checkbox"/> Other
	Does the firm use the Internet? <input type="checkbox"/> Yes <input type="checkbox"/> No Used for: _____
Does the firm sell products or services to the Federal Government? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the firm sell products or services Internationally? <input type="checkbox"/> Yes <input type="checkbox"/> No _____ percent of sales	

SEASONAL VARIATIONS

Does the firm have seasonal sales? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is inventory adjusted for seasonality? <input type="checkbox"/> Yes <input type="checkbox"/> No
Can additional merchandise lines or different products help even out the seasonal variations? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are seasonal variations significant enough to warrant closing the business for part of the year? <input type="checkbox"/> Yes <input type="checkbox"/> No

PRICING POLICIES

Is the gross margin of the firm consistent with industry norms? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is slow moving merchandise identified and priced accordingly? <input type="checkbox"/> Yes <input type="checkbox"/> No
Do you monitor margins? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is the firm's pricing affected by any of the following? <input type="checkbox"/> Fair trade laws <input type="checkbox"/> Competitor pricing <input type="checkbox"/> Nationally advertised prices <input type="checkbox"/> Franchise agreements <input type="checkbox"/> Other
Have margins compressed the past 5 years? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Are loss leaders used? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How important is "low price" to your competitive advantage? <input type="checkbox"/> Very <input type="checkbox"/> Somewhat <input type="checkbox"/> Not <input type="checkbox"/> Not sure	

ADEQUACY OF ACCOUNTING RECORDS

Is there an accounting system in place? <input type="checkbox"/> Yes <input type="checkbox"/> No	
What does it contain? <input type="checkbox"/> Accounts receivable <input type="checkbox"/> Accounts payable <input type="checkbox"/> Inventory/order entry <input type="checkbox"/> General ledger <input type="checkbox"/> Payroll	
What accounting method is used by your firm? <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid	Does the company utilize any of the following? (Check those that apply) <input type="checkbox"/> CPA <input type="checkbox"/> Outside bookkeeping service <input type="checkbox"/> Inside bookkeeper <input type="checkbox"/> Spouse doing bookkeeping <input type="checkbox"/> Other

Are financial statements and other information generated on a timely basis? <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annually <input type="checkbox"/> Annually <input type="checkbox"/> Without schedule <input type="checkbox"/> Not at all <input type="checkbox"/> Other	
Is the accounting system computerized? If yes, what software is being used? <input type="checkbox"/> Yes Software _____ <input type="checkbox"/> No	Are the financial statements regularly reviewed, analyzed and used to <u>manage</u> the business? <input type="checkbox"/> Yes <input type="checkbox"/> No
Are sales, cost of sales, expenses and profit being shown by department or product line? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are the monthly adjusting entries (i.e. depreciation, amortization, interest, inventory) being made timely and in the proper amounts and in the proper places? <input type="checkbox"/> Yes <input type="checkbox"/> No
FINANCIAL CONDITION	
Is quarterly financial statement ratio analysis being performed? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the firm account for obsolete inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No
Is there a policy for writing off old accounts receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the owner/manager know what the working capital requirements of the firm are? <input type="checkbox"/> Yes <input type="checkbox"/> No
What is the firm's credit history? <input type="checkbox"/> Excellent <input type="checkbox"/> Poor <input type="checkbox"/> Good <input type="checkbox"/> Don't know <input type="checkbox"/> Fair	What is the trend of the firm's credit history? <input type="checkbox"/> Improving <input type="checkbox"/> Stable <input type="checkbox"/> Getting Worse
Has the firm experienced cash flow problems in the last six months? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is the firm capitalized enough to survive a downturn in sales or other unforeseen events? <input type="checkbox"/> Yes: there is more than enough capital <input type="checkbox"/> Some leverage exists but still below comfort level <input type="checkbox"/> No: the firm is highly leveraged
Is the owner's compensation comparable to other firms in the industry? <input type="checkbox"/> Above average <input type="checkbox"/> Average <input type="checkbox"/> Less than average	Would additional asset acquisitions help this firm increase any of the following? (Check those that apply). If so, list them and the cost. <input type="checkbox"/> Sales <input type="checkbox"/> Image <input type="checkbox"/> Profits <input type="checkbox"/> Customer service
Does any of the following apply? <input type="checkbox"/> All available purchase discounts taken <input type="checkbox"/> Creditors withholding credit due to slow paying <input type="checkbox"/> Long-term assets being financed properly <input type="checkbox"/> Operating expenses in line with other firms in the industry as compared to industry ratios	What is the Average Days Accounts Payable? Trend: Increasing, decreasing or the same. Are accounts payables current? <input type="checkbox"/> Yes <input type="checkbox"/> No
RISK MANAGEMENT	
Has the firm's owner addressed any of the following security issues? <input type="checkbox"/> Yes <input type="checkbox"/> No Check those that apply. <input type="checkbox"/> Shoplifting <input type="checkbox"/> Employee theft <input type="checkbox"/> Employee embezzlement <input type="checkbox"/> Burglary	Which of the following types of insurance does the firm have? <input type="checkbox"/> Fire <input type="checkbox"/> Automobile <input type="checkbox"/> Business interruption <input type="checkbox"/> Glass <input type="checkbox"/> Group life <input type="checkbox"/> Disability <input type="checkbox"/> Key-person <input type="checkbox"/> Credit life <input type="checkbox"/> Liability <input type="checkbox"/> Crime <input type="checkbox"/> Worker's Compensation <input type="checkbox"/> Rent <input type="checkbox"/> Group health <input type="checkbox"/> Retirement income <input type="checkbox"/> Natural Disaster <input type="checkbox"/> Other (explain) <input type="checkbox"/> Product & completed operations
CREDIT POLICIES	
Does the firm have the capital to carry all of its receivables? <input type="checkbox"/> Yes <input type="checkbox"/> No	Has the firm compared the cost of alternative credit card programs? <input type="checkbox"/> Yes <input type="checkbox"/> No Factoring? <input type="checkbox"/> Yes <input type="checkbox"/> No
Are the accounts receivable aged on a regular basis? <input type="checkbox"/> Yes <input type="checkbox"/> No	What is the Average Days Accounts Receivable? Trend: Increasing, decreasing or the same.

Is a formal collection policy in place? <input type="checkbox"/> Yes <input type="checkbox"/> No	Describe the write-off of bad debt. <input type="checkbox"/> Realistic <input type="checkbox"/> Too high <input type="checkbox"/> Too low
Describe your credit application procedures.	What types of credit accounts & terms are available to customers? <input type="checkbox"/> Credit cards <input type="checkbox"/> _____day terms <input type="checkbox"/> Early payment discounts <input type="checkbox"/> Revolving accounts
PURCHASING AND INVENTORY CONTROL	
Does the firm have problems with any of the following? <input type="checkbox"/> Shortages <input type="checkbox"/> Back orders <input type="checkbox"/> Changing prices	Is there a system for determining any of the following? <input type="checkbox"/> Minimum inventories <input type="checkbox"/> Order points <input type="checkbox"/> Order quantities
Are policies in place dictating who is authorized to purchase goods or services? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is inventory computerized? <input type="checkbox"/> Yes <input type="checkbox"/> No What is the Average Days Inventory? Trend: Increasing, decreasing or the same.
Have potential vendors been checked to verify that they can meet price, quality, quantity, and service requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the firm purchase at a volume that would allow buying direct from manufacturers rather than middlemen? <input type="checkbox"/> Yes <input type="checkbox"/> No
Describe your approach to negotiating with vendors.	
Do you conduct an ABC analysis by product?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are your inventory levels based on this concept?	<input type="checkbox"/> Yes <input type="checkbox"/> No
COMPLIANCE	
Check “√” any of the following with which the firm is out of compliance or a “D” if you don’t know. <input type="checkbox"/> IRS: federal income tax <input type="checkbox"/> FICA <input type="checkbox"/> State income tax <input type="checkbox"/> SUTA <input type="checkbox"/> State Workers Comp. <input type="checkbox"/> State payroll withholding <input type="checkbox"/> State sales tax <input type="checkbox"/> EPA <input type="checkbox"/> Any federal fines or levies <input type="checkbox"/> Federal Workers Comp. <input type="checkbox"/> Federal payroll withholding tax	Is the firm current with existing lenders? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, list lenders and past due amounts:
PERSONNEL MANAGEMENT	
Describe how you acquire and retain talented personnel.	Describe how you use financial incentives with employees.
Has there been turnover of key employees? <input type="checkbox"/> Yes If so, why? _____ <input type="checkbox"/> No	Is there an observable pattern or recurring reason given for resignations? <input type="checkbox"/> Yes <input type="checkbox"/> No
Is there a written personnel manual? <input type="checkbox"/> Yes <input type="checkbox"/> No	Do employees know company policies? <input type="checkbox"/> Yes <input type="checkbox"/> No

Are there incentives for employees to seek advancement? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the firm provide training or orientation for new employees? <input type="checkbox"/> Yes <input type="checkbox"/> No
Do opportunities exist for employees to cross-train or work at other positions in the firm? <input type="checkbox"/> Yes <input type="checkbox"/> No	Do the employees consider this firm a good place to work? <input type="checkbox"/> Yes <input type="checkbox"/> No
Are pay scales and/or benefits consistent with firms in the area? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are employees provided performance evaluations on a regular basis? <input type="checkbox"/> Yes <input type="checkbox"/> No

MANAGEMENT

Describe your leadership style.	What are your sources of innovation? (product, service, customer, employee, etc.)
Describe your team of experts (paid and unpaid).	Are you concerned about being sued by employees, customers or vendors?

IMPACT ANALYSIS

Start with the oldest year (left to right)	200__	200__	200__
Gross Sales	\$ _____	\$ _____	\$ _____
Sales Growth	_____ %	_____ %	_____ %
Gross Profit %	_____ %	_____ %	_____ %
Operating Expense %	_____ %	_____ %	_____ %
Net Profit %	_____ %	_____ %	_____ %
Full Time Employees			
Part Time Employees			
Jobs Saved Full Time			
Jobs Saved Part Time			
Loan Requested	\$ _____	\$ _____	\$ _____
Loan Approved	\$ _____	\$ _____	\$ _____
Equity Injected	\$ _____	\$ _____	\$ _____

NOTES