

BUSINESS NEEDS ASSESSMENT

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 Competitive
 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? <input type="checkbox"/> Yes <input type="checkbox"/> No	How has the firm positioned its products or services in relation to the competition? <input type="checkbox"/> Low quality, low price <input type="checkbox"/> Low quality, high price <input type="checkbox"/> Medium quality, medium price <input type="checkbox"/> High quality, low price <input type="checkbox"/> High quality, high price
What market segments are being targeted?	

SALES DEVELOPMENT

Does the firm generate enough sales volume to maintain their 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	Does 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 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"/> Newspaper <input type="checkbox"/> Newsletter <input type="checkbox"/> Trade shows <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
--	---

Are the advertising, sales and marketing expenses tied to sales volume? <input type="checkbox"/> Yes <input type="checkbox"/> No	
---	--

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
--	---

Are loss leaders used? <input type="checkbox"/> Yes <input type="checkbox"/> No	Does the company conduct a break-even on its products? <input type="checkbox"/> Yes <input type="checkbox"/> No
--	--

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

Fair trade laws Competitor pricing

Nationally advertised prices Other:

Franchise agreements

ADEQUACY OF ACCOUNTING RECORDS

Which accounting method does the firm use? <input type="checkbox"/> Cash based <input type="checkbox"/> Accrual based <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:
--	---

Is there an accounting system in place? If so, what does it contain? <input type="checkbox"/> Accounts receivable <input type="checkbox"/> Accounts payable <input type="checkbox"/> Inventory/order entry	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"/> General ledger	<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 so, what software is being used? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are the financial statements regularly reviewed and analyzed? <input type="checkbox"/> Yes <input type="checkbox"/> No
Can sales, cost of sales, expenses and profit be shown by department or product line? <input type="checkbox"/> Yes <input type="checkbox"/> No	Are monthly adjusting entries (i.e. Depreciation, amortization, interest) being made timely and in the proper amounts and in the proper places? <input type="checkbox"/> Yes <input type="checkbox"/> No
FINANCIAL CONDITION	
Is monthly or 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"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor	What is the trend of the firm's credit history? <input type="checkbox"/> Improving <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

<p>Is the owner's compensation comparable to other firms in the industry?</p> <p><input type="checkbox"/> Excessive <input type="checkbox"/> Average <input type="checkbox"/> Less than average</p>	<p><input type="checkbox"/> Some leverage exists but still below comfort level</p> <p><input type="checkbox"/> No: the firm is highly leveraged</p>
---	---

<p>Do any of the following apply?</p> <p><input type="checkbox"/> All available purchase discounts taken</p> <p><input type="checkbox"/> Creditors withholding credit due to slow paying</p> <p><input type="checkbox"/> Long-term assets being financed with long-term sources of capital</p> <p><input type="checkbox"/> Operating expenses in line with other firms in the industry as compared to RMA ratios</p>	<p>Would additional asset acquisitions help this firm increase any of the following? (Check those that apply_. If so, list them and the cost.</p> <p><input type="checkbox"/> Sales</p> <p><input type="checkbox"/> Profits</p> <p><input type="checkbox"/> Image</p> <p><input type="checkbox"/> Customer service</p>
--	--

RISK MANAGEMENT

<p>Has the firm's owner addressed any of the following security issues? (Check those that apply)</p> <p><input type="checkbox"/> Shoplifting <input type="checkbox"/> Employee theft</p> <p><input type="checkbox"/> Employee embezzlement <input type="checkbox"/> Burglary</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Which of the following types of insurance does the firm have?</p> <p><input type="checkbox"/> Fire <input type="checkbox"/> Automobile <input type="checkbox"/> Business interruption</p> <p><input type="checkbox"/> Glass</p> <p><input type="checkbox"/> Group life <input type="checkbox"/> Disability <input type="checkbox"/> Key-person</p> <p><input type="checkbox"/> Credit life</p> <p><input type="checkbox"/> Liability <input type="checkbox"/> Worker's Compensation <input type="checkbox"/> Crime</p> <p><input type="checkbox"/> Rent <input type="checkbox"/> Group health <input type="checkbox"/> Retirement income</p> <p><input type="checkbox"/> Product & completed operations</p>
--	--

CREDIT POLICIES

<p>Does the firm have the capital to carry all of their receivables?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Has the firm compared the cost of alternative credit card programs?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
--	--

<p>Are the accounts receivable aged on a regular basis?</p>	<p>Is a formal collection policy in place?</p>
---	--

<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
What types of credit accounts & terms are available to customers now?	Check which of the following describes the write off of bad debt.
<input type="checkbox"/> Credit cards <input type="checkbox"/> _____ day terms	<input type="checkbox"/> Realistic <input type="checkbox"/> Too low <input type="checkbox"/> Too high
<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?	Is there a system for determining any of the following?
<input type="checkbox"/> Shortages <input type="checkbox"/> Back orders	<input type="checkbox"/> Minimum inventories <input type="checkbox"/> Order points <input type="checkbox"/> Order quantities
<input type="checkbox"/> Changing prices	
Are policies in place dictating who is authorized to purchase goods or services?	Is inventory computerized?
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have potential vendors been meet with and investigated to verify that they can meet price, quality, quantity and service requirements?	Does the firm purchase at a volume that would allow buying direct from manufacturers rather than middleman?
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

COMPLIANCE

Check any of the following with which the firm is out of compliance.	Is the firm current with existing lenders?
<input type="checkbox"/> IRS: federal income tax	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> FICA	If no, list lenders and past due amounts:
<input type="checkbox"/> Federal Workers Compensation	Are accounts payables current?
<input type="checkbox"/> Federal payroll withholding tax	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Any federal fines or levies	
<input type="checkbox"/> State income tax	

<input type="checkbox"/> SUTA <input type="checkbox"/> State Workers Compensation <input type="checkbox"/> State payroll withholding <input type="checkbox"/> State sales tax	
--	--

PERSONNEL MANAGEMENT

Has there been turnover of desirable 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	If not, 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 larger firms in the area? <input type="checkbox"/> Yes <input type="checkbox"/> No	
--	--

IMPACT ANALYSIS

Start with most recent year	20 ____	20 ____	19 ____
Gross Sales	\$ _____	\$ _____	\$ _____
Gross Profit %	_____%	_____%	_____%

Operating Expense %	_____ %	_____ %	_____ %
Net Profit %	_____ %	_____ %	_____ %
Full Time Employees			
Part Time Employees			
Loan Requested	\$ _____	\$ _____	\$ _____
Loan Approved	\$ _____	\$ _____	\$ _____
Market: In State	_____ %	_____ %	_____ %
Out of State	_____ %	_____ %	_____ %
International	_____ %	_____ %	_____ %

NOTES