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**\$ Profit Builders Inc.**

**B** BUSINESS  
**CONSULTANT**

*Good solutions for your business!*

Helping You Out-Think, Out-Perform and  
Out-Earn the Competition-Risk Free & Guaranteed!

## **Top Business Challenges Evaluation!**

**What top business challenges are you currently facing?**

### **TOP BUSINESS CHALLENGE FOCUS**

1. When did the company start?
2. Why did the company start?
3. Tell me about its background.
4. Was the business incorporated?
5. When?
6. Where?
7. Who are the equity holders in the business and what percentage do they own?
8. Do you employ family members?
9. If so, whom and what are their responsibilities?
10. Do you have any affiliated or subsidiary companies?
11. Who manages the day-to-day operations of the business?
12. Do you have a Board of Directors?
13. How many members constitute the board of directors?
14. Is the size appropriate?
15. List internal/external executives who are members of the board.
16. Is the board membership adequate in experience, broadness or background and affiliation to render effectiveness to the company? How often do you hold a board of directors meeting?
17. Who would run the business if you were incapacitated?
18. How effectively would it be run?
19. Would the business stagnate or diminish?

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20. When is your fiscal year end?
  21. What is your current annual sales volume?
  22. What should it be?
  23. What was your sales volume last year?
  24. What should it be?
  25. What was your operating profit last year?
  26. What should the profit have been?
  27. Where do you stand this year?
  28. What is your current gross profit?
  29. What should it be?
  30. What was your gross profit last year?
  31. What should it have been?
  32. What sales volume is required to break even?
  33. What is your current working capital?
  34. What are your current daily working capital requirements?
  35. Tell us a little about your business:
  36. The Operations?
  37. Products you handle?
  38. Your trading area?
  39. Market penetration?
  40. Who do you purchase from?
  41. Who do you sell to?
  42. Who are you key customers or clients?
  43. Are you automated in your financial and operating reporting processes?
  44. Why or why not?
  45. Do you utilize the system you have?
  46. Of the reports you receive, which do you consider the most important?
  47. What information do you want to get that you do not get?
  48. What prevents you from getting all the information you need?
  49. Where would you like the business to be 1 year from now? 3 years? 5 years?
  50. What about yourself personally 1 year from now? 3 years? 5 years?
  51. Have you ever used a business consultant before?
  52. When?
  53. What did they do?

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54. How is your financial strength currently?
  55. Where do you see this industry going in the next few years?
  56. What is the current breakdown of your employees by number?
  57. Administrative?
  58. Sales/Marketing?
  59. Mfg/Plant/Warehouse?
  60. Others?
  61. Do you measure the productivity of your people based on specific standards?
  62. What is your employee turnover rate?
  63. What does it cost to replace an employee?
  64. Who do you consider to be your key men?
  65. What are their daily responsibilities?
  66. What is their compensation?
  67. Do you consider any one employee to be key in the business?
  68. Who is it and why?
  69. If you had a choice, would you replace any of your key people?
  70. Who and why?
  71. How often do you have formal meetings with your key people?
  72. Who attends these meetings?
  73. Do you now have or have you ever had a union?
  74. If so, when is the contract up for renegotiation?
  75. Who negotiated the last one?
  76. Are wages and salary levels reviewed on a periodic basis to provide for adjustments required by inflationary or competitive influences?
  77. Are compensation rates competitive with industry and prevailing local rates?
  78. were appropriate, are there incentive compensation programs?
  79. What types do you use?
  80. Which classification of employees is on an incentive program?
  81. Do incentives appear to achieve their desired purpose?
  82. If not, why not?
  83. How many salespeople do you currently employ?
  84. How are they compensated?
  85. Do you feel that sales personnel are properly trained or experienced in:
  86. Company products or services?

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87. Competitive offerings?
  88. Policies, prices and procedures?
  89. Sales techniques?
  90. Are sales quotas established for regions, territories, and sales personnel?
  91. Are efforts directed toward products offerings high profitability?
  92. How do you analyze your sales margin mix on an ongoing basis?
  93. Are there unique market segments that your company has developed?
  94. Has it gained a favorable reputation in this segment?
  95. How many sales orders do you receive each month?
  96. How many active accounts do you currently have?
  97. Are sales performance records, showing actual sales against budget and actual sales this year versus last year, prepared?
  98. Salesperson?
  99. Region?
  100. Product or product grouping?
  101. Customer or client?
  102. Are adequate reports and data provided to appropriate areas of the Company for purposes of information and control?
  103. Many reports may actually be generated by data processing?
  104. How many do you generate?
  105. To all departments?
  106. To sales and marketing? (Analysis of sales by product, client, market, region, salesperson, product profitability, etc.)
  107. To Manufacturing? (Reports of labor distribution, direct versus indirect costs, labor efficiency, labor and material variances).
  108. To senior management? (Balance sheets, profit and loss statements with comparisons to prior periods, prior years and budgets.)
  109. To Purchasing? (Reports on cost variances, make or buy analysis).
  110. On what periodic basis do you receive Operating Statements?
  111. How soon after the close of your accounting period, do you receive them?
  112. When you get your statements, what is the first thing you look at?
  113. Do financial reports and statements represent a clear picture of financial results and condition?
  114. Do you get a break even analysis by product group?

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115. Are financial and performance ratios provided on a regular basis to highlight an overall awareness of total performance?
116. Explain.
117. Do you have a bank line of credit?
118. If so, what is your limit?
119. How much do you currently owe?
120. Adding all your debts together, how much do you currently owe?
121. How do you project your daily cash requirements?
122. Have you ever factored your receivables?
123. Is inventory or A/R currently pledged to secure debt?
124. Are checks deposited promptly each day to enable investment and the best return of the funds?
125. Does the organization take advantage of cash discounts?
126. How often do you invoice your customers or clients?
127. How much of your current A/R are over 60 days?
128. Over 90 Days?
129. Do you consider any uncollectible?
130. What are your terms?

### **PURCHASING PRACTICES**

131. Are purchase order forms pre-numbered and controlled to prevent unauthorized usage?
132. Are invoices matched to purchase orders and/or receiving reports to verify correctness of prices and quantities?
133. Are competitive quotations and actual purchases analyzed?
134. By whom?
135. Does criteria exist for analyzing major vendors?
136. Is an evaluation of major vendors performed at least once a year?
137. How many items do you have in inventory?
138. What percentage of your inventory is obsolete?
139. What is the current dollar amount of inventory?
140. Is the level of inventory or turnaround from suppliers adequate to support production needs?
141. Do you have parts or material shortages that affect production or delivery schedules?
142. Is there a system for identifying reorder points and quantities on regular purchased items?
143. What is it?
144. Do you get an inventory reorder report?
145. What kind of inventory control system do you utilize?

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146. How do you control theft and pilferage?
  147. Do you take physical inventory?
  148. How often?
  149. Are perpetual inventory records maintained for raw material, supplies, work in progress and finished goods?
  150. Are the perpetual records checked against physical stock counts?
  151. Are perpetual records updated as a result of such physical counts?
  152. Do reports exist on the status of the following critical elements that concern the business?
  153. Financial Results?
  154. Sales?
  155. Manufacturing Performance?
  156. Quality Control?
  157. Research and Development?
  158. Material and Suppliers?
  159. Capital Improvement?
  160. Personal and Public Relations?
  161. Profit Improvement or Cost Reduction?
  162. Are reports issued on a timely basis?
  163. Does the company have a short-term plan encompassing a one-year period?
  164. Is it in writing?
  165. Are the following subject included in the short term plan?
  166. Profitability?
  167. Sales?
  168. Budgets?
  169. Capital Expenditures?
  170. Manufacturing and Production?
  171. Research and Development?
  172. Do written policies and procedures exist that are clearly and readily understood?
  173. Does a published organizational chart exist in the company?
  174. Does the company have written operating goals?
  175. Does the company have periodic performance reports of actual results versus these goals?

## **PART II: What are your top business goals – short term and long term?**

Increase Profit Decrease Debt Reduce Taxes

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Increase Assets Decrease Cycle Time  
Reduce employee turnover Other

### **PART III: What specific areas of your business are causing you problems?**

#### **Operations:**

How often do you receive operating statements?

What key information is tracked and utilized to measure productivity?

#### **Administration:**

Is there a developed percentage based budget? If so, how are the results tracked?

Do administrative systems and procedures meet current requirements?

If not, what are the ramifications of non-compliance?

#### **Material Costs:**

What effects do waste and rejects have on material costs and how do these affect margin contribution?

Who is responsible for negotiating material contracts, managing costs and overrun controls?

How are these employees measured and held accountable in their performance of their jobs?

When I first started, where did my clients or promotions progress come from (what process, method, or action did I use)?

#### **Labor Costs:**

How does labor cost fluctuation affect production scheduling?

How do you compensate for work center loading?

What effect does overtime have on profitability?

How does this factor in the decision to add or maintain personnel?

#### **Overhead:**

How is overhead application accounted for in the pricing matrix?

What methodology is used to tack and measure the implications of adding overhead costs to cash flow requirements?

#### **Incentives:**

Is there a productivity-based excess profit incentive plan?

If not, how are employees rewarded?

How is the effectiveness of those rewards measured in profit and productivity?

#### **Productivity:**

Are there established quantifiable productivity standards?

How are productivity based performance standards measured?

#### **Cost Controls:**

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Are costs measured and compared to predetermined standards?

What systems or procedures are in place to control costs and quantify results?

**Material Flow:**

How is material analyzed and what effect does it have on productivity and waste?

Does a perpetual inventory record for all materials, supplies, work-in-progress and finished goods exist and how it is maintained?

**Break-Even Utilization:**

Is there a break-even analysis by product group, sales personnel or services offered?

How are break-even calculations used?

How is it utilized for bidding, pricing and market strategies?

**Cash Flow Management:**

Is there a system in place to forecast and manage payables, and receivables to maximize current assets and increase vendor leverage?

**Tax Planning:**

Is after tax income maximized with proper planning?

Is your estate plan structured to minimize estate taxes?

**Organizational Re-engineering:**

Is the company set up on a functional basis?

Do all employees have a clear understanding of their role in the success of the business?

Do you as a business owner have a clear understanding of your responsibilities? [i.e. to create positive cash flow, generate a substantial profit and create a good quality of life for you and our employees?

**Sales and Marketing:**

Are you able to determine margin contribution and operating profit by sales person? product, product line and territory?

Are you getting a reasonable return on your advertising and promotion investment?

How do you quantify your return?

**Web Site:**

How does your Web presence enhance marketing objectives?

What type of search engine optimization (SEO) are you utilizing?

How is the success of those efforts measured?

**Solvency:**

Have you used the solvency ratios to measure the financial soundness of your business?

And how well your company can satisfy its obligations?

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**Efficiency:**

Have you used the efficiency ratios to measure your firm's receivables and how efficiently it utilizes its other assets?

**Profitability:**

Have you used the profitability ratios to measure how well your company performs?

**FINANCIAL DOCUMENT ANALYSIS**

1. Copies of your Last Four Years Tax Returns.
2. Copies of Profit and Loss Statements for Last Four Years.
3. Copies of Any Break Even Analysis Done over the Past Four Years.
4. Copies of the Last Four Years Balance Sheets.
5. Copies of the Income Statements for the Past Four Years
6. Copies of the Financial Up Date Reports for Last Four Years
7. Copies of Any Cost of Doing Business Reports for the Last Four Years
8. Copies of Any Cost Reduction Reports for the Past Four Years