

BUSINESS HEALTH CHECK

BROUGHT TO YOU BY THE TELSTRA BUSINESS AWARDS

Quality Cards

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A GUIDE TO THE RESULTS

The Business Health Check evaluates your business' performance against best business practice. Based on the responses you provided in your Telstra Business Awards submission, it provides an objective snapshot of how your business is currently performing and can also help with plans and adjustments for the future.

The Business Health Check has been developed by Telstra Business in consultation with the NSW Business Chamber, and is based on international benchmarking standards, current legislation, and accepted industry best practice.

We trust it provides meaningful and relevant feedback for you and your business.

The Business Health Check assesses your business through:

1. Your answers to questions in the Telstra Business Awards submission process, which are scored individually.
2. Scores from your answers are then combined into sections, and then a score is given for each section.
3. The scores from each section are combined to produce your **overall score**, as reported in the Executive Summary.

The Report is provided in two sections:

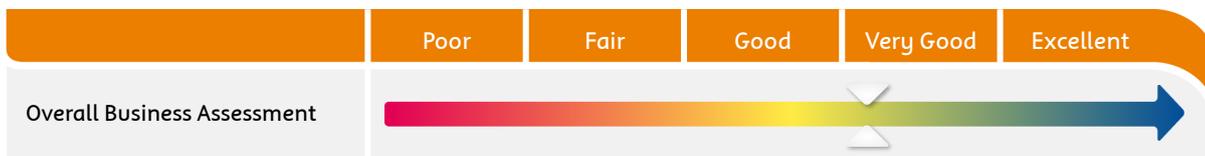
- Executive Summary - overall and section results.
- Section Details - section and relevant question results.

EXECUTIVE SUMMARY

The Business Health Check results provide important feedback that may help you to work on further developing and improving your business.

These results can help you to prioritise issues that need to be addressed and to develop an action plan.

The results are scored according to these broad category ratings.



Your Rating: **Very Good**

It is obvious that your business is performing well in most areas. There may still be one or two aspects that require your attention, but things are generally in good shape.

There is no room for complacency if you want to reach the top, so you need to refine and improve those areas that are holding you back.

By studying this report closely, you will easily identify your problem areas and be able to find the appropriate remedies.

YOUR RESULTS



YOUR BUSINESS - VISION

Do you have written plans or strategies in place to expand and improve your business in the next five to ten years? (You may be asked to provide evidence of these plans should your business be short-listed for an award).

Yes but not documented

In order to grow a business we recommend that you clearly define how this will be achieved. Consider the internal and external environments and identify the resources required to fund and execute the expansion of your business.

By documenting and sharing these plans with your key staff everyone will be accountable for making them happen.

Experts suggest that it is important for you to regularly review these strategies and assess their relevance as the business environment changes.

Which of the following strategies will you utilise to achieve your long-term goals? (Check all that apply)

Streamlining focus

Productivity improvements

Process improvements

Increase customer base

It can be very effective to focus on one business strategy at a time for expansion.

Communication to key staff about the business development strategies is critical to the future growth and potential profitability of your business.

When formulating these strategies experts recommend assessing if the business has the personnel and the financial resources required to capitalise upon your growth opportunities. The plans can consider the potential positive and negative impacts on the business and how you will cope with expansion.

In which of the following areas do you foresee potential growth for your business? (Check all that apply)

Increased market share in my local region

Expansion into other regional areas in my state

Interstate expansion

Expansion nationally

Other (please specify)

A good business plan clearly outlines where potential growth will come from, and what the business will need to do to achieve this growth.

The widespread use of the internet has changed the business landscape dramatically, enabling many agile businesses to tap into national and global channels they would never have had the opportunity to do so before.

When considering where and how to grow your business, start with the basics. Research your new or existing market for current saturation of your intended product, looking for ease of market entry or existing competitors. Consider potential barriers for growth including market, industry or country regulations. Understanding these basic areas will help you build a robust strategy for market entry or expanding into a new market.

When defining your growth strategy, ensure you address the following issues to give your business every opportunity for success:

- Is the expansion aligned with your business objectives?
- Do you have clear goals for the expansion?
- Have you identified your critical success factors?
- Are there any potential partners you can work with to get your product/service to market?
- Do you have a clear marketing strategy?
- Have you covered any regulatory imposts to your growth?
- Are there any legal or insurance requirements to the introduction of your product/service to market?
- Is your pricing competitive and profitable?
- Have you factored logistical considerations including supply chain structure?

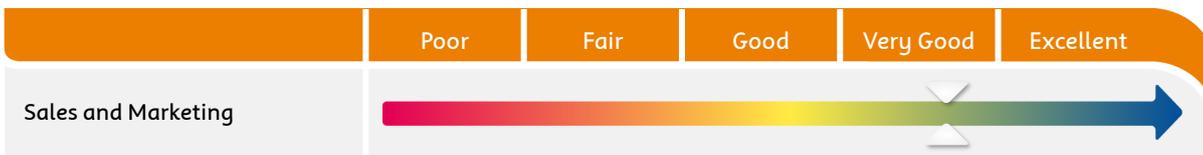
SALES AND MARKETING

Sales and Marketing includes activities you undertake to place your product or service in the hands of potential customers. These activities include sales, public relations, pricing, packaging, promotion and distribution. It can be challenging for a business owner to know where to start when it comes to marketing your business.

There are now more options to marketing your business with the introduction of the web and social media. Many customers today have access to more information than ever before, with recommendations from other consumers increasingly more powerful than traditional advertising channels.

Good marketing includes a formal planning process that builds towards achieving your goals and objectives. An excellent marketing plan will incorporate elements such as strategic and tactical considerations, competitor and environmental analysis, pricing, channels to market, promotion, and an expected return on investment for your activities.

Take some time to review the results drawn from this section and note some of the actions you can start to implement.



Marketing and Planning

Do you have a formal marketing plan? (Please note, you may be asked to provide evidence of this if your business is shortlisted for an Award)

No

Consider developing a formal marketing plan as it is sound business practise. A marketing plan ensures that business objectives are met, budgets are planned and your business makes the most effective use of pricing, distribution, product development and promotion opportunities.

The most effective marketing plans consist of the following:

- your goals and targets for the next 12 months
- your strategies
- an analysis of your business and the market
- competitor analysis
- strengths and weakness of your business relative to your competitors
- plans for pricing
- the types of products and services your business offers
- distribution networks
- measuring the returns from each of your marketing activities is essential and can also be documented in the plan.

Your marketing plan is a living document that should be regularly updated to take account of the changing market.

To ensure that your marketing plans are most effective it is recommended that you share the marketing plan with your key staff.

Which of the following elements have you included in your marketing activities in the last 12 months (check all that apply)

Exhibitions & Trade Shows

Website marketing

Search engine marketing

Social Media

Referrals

Face to face selling

Other (please specify)

You are using a number of elements in your marketing mix, providing good coverage for your products and services in the market. There are a number of sources that customers can utilise to obtain information about their purchasing decisions, so it is important to use all marketing avenues available.

When using numerous marketing channels it is important to ensure your promotions are integrated and demonstrate consistency in message and branding. Emerging trends and innovative technologies may present new opportunities to communicate your message.

It is good business practice is to regularly review each marketing channel you use to determine the return on investment it provides. You may want to consider enlisting the help of a marketing consultant to assist you in developing the right marketing mix that returns the highest possible return on investment for your business.

Which of these elements generate the primary revenue for your business? (check all that apply)

Referrals

Other (please specify)

There is no right or wrong answer to this question. It is recommended that businesses are not too reliant on one single marketing channel to generate sales as this could increase the risk to your business were the market to change suddenly.

It is good business practice to focus on generating sales via a number of sales and marketing channels and to undertake a regular review to determine the return on investment each one provides.

Do you include all stakeholders (including your customers, staff, board, directors or experts) in the development of your marketing activities?

Some but not all

The success of marketing activities is equally dependent on the engagement of your internal and external stakeholders as well as your customers.

Engaging all of your stakeholders in your marketing planning ensures that you have the best possible chance of delivering the most effective marketing campaigns for your business. By consulting with all stakeholders in the development of your plans you are maximising all the knowledge available to you in order to develop and execute your campaigns.

To ensure the ongoing effectiveness of your plans, it is recommended that you establish regular communication channels with all of your stakeholders to provide them with feedback on previous campaigns and to receive information and advice that you can use for future campaigns. Feedback from those that engage regularly with your customers is important for improvements to your activities.

How often do you review your sales and marketing activities?

Monthly or more often

Reviewing your marketing activities regularly demonstrates you are focussed on your customer behaviour, the success of products and services, and performance of any suppliers engaged to help you execute your initiatives.

Depending on how quickly the market changes in your business a quarterly review may not be enough. It may be worth reviewing your marketing activities as a standard agenda item at business meetings where you discuss the progress of your business.

How do you measure the effectiveness of your marketing activities? (check all that apply)

By repeat business

Other (please specify)

While it is good business practice to apply some measurement against your marketing initiatives, it may be worth increasing the number of measures you place against each activity. A well-measured campaign gives you critical information to sustain, grow or change your business. Using only a couple of measures may place you at risk of missing critical information. You may want to consider reviewing your measurements against customer value, increased sales, brand enhancement and customer loyalty.

It is also worth ensuring that you regularly document and communicate your measurements against each initiative to your stakeholders as this will assist in developing more effective campaigns in the future.

Does your business have a website?

Yes

You indicated in your profile that you have a website. This is good news.

87% of Australian businesses are now online. It is another vehicle for your customers to get to know your business, products and services. And as well as bringing more customers to you, it improves the efficiency with which you can conduct business with them.

Do you regularly maintain and update your information on your website?

Have you considered reviewing the way your customers transact with you online?

Do you use your website to create a community through forums, blogs or the ability to make a comment on certain articles?

Do you provide the ability to share content on Facebook, Digg, LinkedIn or other social networking sites?

SOURCE: Australian Bureau of Statistics 2009

How often is your website updated?

Regularly, at least monthly

Regularly updating your website can help maximise the opportunities available from this channel. A website can become dated if information or content remains static. Regular updates will encourage continued use of the site.

It is important to ensure that your clients are actively involved with your site. There are a number of analytical tools available to track how people are using your site. You may also consider completing a competitive analysis - find out what your competitors are including on their sites and how they compare to yours.

Look into possible ways to create a stronger public presence for your business.

On average, where has your website ranked in an online search in the last 12 months (eg through Google)

Constantly in the top 3 results

Consumers are increasingly using web search engines (such as Google and Citysearch) to find information about purchase decisions.

By ensuring that your business constantly comes up in the top results in an online search you are maximising your opportunities for customers to find your business and make a sale.

It is recommended you review your website to identify ways to improve or maintain your search results. The online world is constantly changing and a consistently top search result is not guaranteed unless you continue to work on it. There are a number of organisations that specialise in Search Engine Optimisation (SEO) and you may want to consider using them for your business.

Public Relations

When your industry in general (or your business in particular) is in the news, do you use this as an opportunity to proactively communicate with your clients, prospects, suppliers or partners?

Yes

Transparent communication is often the best approach. Communicating news on a regular basis to your clients, establishes your business as an ethical and trustworthy organisation. Your clients may want to know how your business reacts and operates in relation to challenging and disheartening situations. In many cases it is not the negative news, but your response, that creates the impression that clients have of your business.

It is equally as important to capitalise on positive news stories and use these to develop your business profile.

Products and Services

Now list: (a) the key product/service lines of your business (b) the approximate percentage each contributes to your total revenue (c) the approximate percentage of net profit from each product or service.

There is no right or wrong answer to this question. It is important to understand where your income is coming from and any risks associated with the range of services you offer.

These risks may include:

- Too many product/services if you are stretching yourself too thin over too many offerings you run the risk of failing to excel at any given one. If you have a wide range of products/services, some of which are under-performing, it may be prudent to reconsider the future of these activities. Diversification does work well for some businesses, so be sure you understand the performance and future potential of your offerings.
- Too few products/services concentration on a small number of core services is not necessarily detrimental. Have a look at the rate of growth of your products/services over the past few years, if they are flat or declining, ask yourself why.
- The net profitability of your products or services can be a key indicator of high costs, insufficient sales volume, or inappropriate pricing.

It is always a good habit to identify and track specific products and services that are significant contributors to your income but provide slim profit, or even losses. If these exist it is time to review the product, its cost base, and its pricing. If you cannot make a significant impact on any of these factors then it may be time to retire your product or service.

Do you know who your key competitors are?

Yes

Understanding your competition is a fundamental element of building and running an effective business, and knowing your competitive status is vital to the ongoing success of your business.

Knowing who your competitors are may not be enough, it is important to consider what your position is in comparison to your key competitors. It is also important to consider what your competitors might do in the future to gain market share, and what you might do to counteract those activities. It is also worth considering new technologies, market forces or regulatory changes that might create new competitive entrants into your market.

Once you have completed this analysis it is best practice to ensure that your staff use this information to understand who your competitors are, giving your business a competitive advantage.

For each of your key competitors are you able to identify the following (check all that apply)

Product range

Pricing

Market share

Customers

You appear to understand a great deal about your competitors.

You can get the best results from this information if you document your research, share it with staff and use your competitive intelligence to formulate marketing strategies that either take market share from your competitor or define new markets that they currently don't operate in.

Are you able to clearly differentiate the benefits of your products/ services against those of your competitors?

Yes

The ability to articulate why you are better than your competitors allows your clients to understand the value your business brings to them, and assists you to make sales more effectively.

You can leverage this by ensuring that you have clearly documented your competitive differences and communicated this with your staff.

How many locations does your business operate from?

2 - 3

What channel(s) do you use for selling and distributing your products or services to reach your customers? (Check all that apply)

Own sales force

Agents / brokers

Wholesalers

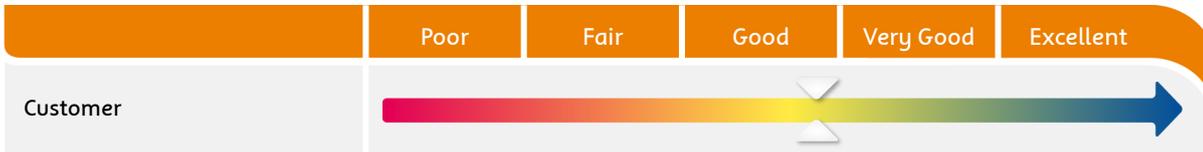
Website

CUSTOMER

Customer satisfaction is one of the keys to a successful business. It can cost your business significantly more to attract a new customer than it will to keep an existing one.

It will be your approach to customer service that determines whether or not a customer becomes a repeat purchaser of your product or service. The essence of good customer service is relationship building.

The results drawn from this section can help you start to implement the appropriate actions for building stronger customer relationships.



Database

How do you manage your customer information?

An Excel spreadsheet (or equivalent)

This may be enough in the short term, however it may be time to consider establishing a database system for your business.

A customer database is an effective marketing tool that will help grow your business, and may help you to do the following:

- Retain existing customers and build loyalty by providing personalised service and communication
- Expand sales with existing customers through cross sell and up sell
- Generate referrals from satisfied customers
- Identify potential customers

There are a number of options you may like to consider when developing a customer database including:

- building your own
- buying a pre-packaged system
- using software as a service over the web
- developing a customised system

Databases offer a standard way of capturing customer information, sorting information and producing reports.

Please ensure you are aware of your legal obligations in relation to communicating with your existing and potential customers.

How often do you update your customer database?

Within 24 hours of every customer contact

The value of any database is proportional to the type and quality of information captured.

Now that your database is up to date it is worth keeping it that way. Consider scheduling regular reviews of your process for updating customer information and using the review to look for ways to check and maintain your data quality.

In addition, keep this database in mind when developing your marketing plans to ensure you are making the most of the valuable marketing opportunities your data holds.

Please ensure you are aware of your legal obligations in relation to communicating with your existing and potential customers.

Do you also use your database to store names and information of leads or potential customers?

Yes

Acquiring and managing leads effectively is critical for any business and can make a big difference to the prediction of your sales situation in the short, medium and long term.

To enable you to manage your business productivity more efficiently, review the way you enter and track your leads and ensure your database covers:

- lead management (the details of the lead)
- lead scoring (tracking the likelihood of converting the sale)
- lead nurturing (managing the customer through the sales process)

Consider segmenting your leads to give you greater visibility of where your business growth is coming from, and use this segmentation to customise your marketing messages.

Do you find it easy to retrieve information from your database and utilise it?

Very easy - we can retrieve data immediately and without fuss

An efficient database is your greatest operational asset. Extracting information from your database easily places you at a competitive advantage by being able to send messages to your customers about your business within a short time frame. The ability to monitor customer behaviour quickly allows you to assess social, economic or environmental impacts to your business. This gives you the ability to change aspects of production, innovation or communication.

As part of your planning process consider whether you are using your database to its full potential.

Does your reporting give you all the information you need to understand your customers and make changes to your business as a result? Are you using your database to segment your customers against usage, frequency, longevity, behaviours? Is your forecasting reflected in your database?

Please ensure you are aware of your legal obligations in relation to communicating with your existing and potential customers.

Indicate all the ways you use your database. (check all that apply)

Manage your day-to-day business activities

Market/promote your services

Whilst this is a good result and all you need at present, you may not be using your database to its full potential.

If you are experiencing problems with parts of your business not supported by the database, it may be worth exploring ways to improve on those elements. Ask yourself whether you are capturing the right information. Also consider whether this information is easily accessible.

Segmentation

Is your client database segmented into separate categories (whether based on revenue generated, sales volume, by industry or market, age or any other measures)?

No

Effective segmentation of your customer base will allow you to identify your most valuable customers, and those with the most potential. This provides a good foundation for maximising your returns on any business activities you perform.

An easy way of starting this process is to classify your customers based on a few easily available and relevant criteria.

How many of your staff and business partners know who your best customers are?

Some

By ensuring that all staff know who your most important clients are, you can be sure they will continue to receive the level of service commensurate with their value to the business, regardless of who in your business they deal with.

New Income

In the last 12 months, what approximate percentage of your new income/new business growth can be attributed to: Reviews of existing customers

40 - 60%

This is a great result. On average, sales to existing customers cost you less than an equivalent sale to a new customer.

However, given the importance of your existing customer base to your sales growth, it is essential you nurture your customer relationships and provide a high degree of customer service, to ensure their satisfaction levels remain high.

Having all your sales coming from the same pool of customers can be risky. It may be worth considering how to diversify and expand your customer base.

Ensure you are aware of the laws and regulations around contacting your customers, and apply where appropriate before contacting them.

In the last 12 months, what approximate percentage of your new income/new business growth can be attributed to: Referrals by existing customers

40 - 60%

This is an impressive result, referrals from your existing customer base are often an indicator of customer satisfaction. It is worth reviewing your referrals to see if there are any noticeable trends in how you receive this business. Are all of your referrals coming from a certain type of customer? Are there any similarities in your referred customers (for example industry type and size)? Do your referred customers have different purchase patterns from your existing customer base? All of these are indicators of where there might be additional growth.

Ultimately your objective should be to have a continual flow of high quality referrals coming from your customers. Ensure referrals are tracked in your database for further business analysis.

In the last 12 months, what approximate percentage of your new income/new business growth can be attributed to: Referrals from your alliances/networks/ centres of influence

< 20%

Sales from third party sales channels are often more cost effective than direct sales channels, and it seems your business is benefiting from the advantages of that sales source or channel.

Ensure you regularly review any risks to your business associated with these channels. Is all your business coming from a single third party? Do you need to develop additional sales channels to complement the ones you already have?

When reviewing your third party sales channels consider the following:

- identifying the target market segments for your third party channel
- Mapping existing sales channels against your market segments
- Developing a third party candidate pool
- Evaluating and selecting your preferred third party suppliers
- Implementing the new channel and monitor performance and return on investment

If you already have multiple third party channels, going through this review process may still be advisable in order to ensure that your sales channels continue to be effective.

In the last 12 months, what approximate percentage of your new income/new business growth can be attributed to: Your specific marketing activities (eg customer seminars, advertising, mailing campaigns, exhibitions etc)

< 20%

Your marketing activities could be a significant contributor to your new income so this result suggests there may be room for improvement in this area. It is worth reviewing your current marketing activities to identify those that are generating the greatest return on investment for you. This will allow you to focus on those that are more effective. If you are unsure which marketing activities are working for you, consider implementing a method for measuring the return on your marketing activities.

In the last 12 months, what approximate percentage of your new income/new business growth can be attributed to: Walk-in or otherwise unsolicited business

< 20%

If your business is one that can benefit from unsolicited business, review:

- your location
- your branding and marketing
- your current levels of customer service

Generating good word of mouth could improve your local custom and overall reputation. Consider introducing a customer referral system or an incentive program for repeat business and to reward your loyal customers. Ask your customers to evaluate your service to identify any current or future needs you may not be servicing.

Market Research

In the last 12 months have you formally asked your customers how they feel about your product or services? If so, how? (check all that apply)

Other (please specify)

It can cost up to 10 times as much to obtain a new customer than it does to retain an existing customer. Ensuring your customers are satisfied with your product and service offering makes good business sense. Introducing ways for your customers to provide feedback is the first step towards understanding what they value and want.

In addition, this feedback is likely to provide you with information on new products and services or emerging market trends. Different customers prefer different modes of communication so using only a single method to obtain feedback may mean that you are getting a biased view on what your customers think about your business.

It may be worth considering introducing new methods of surveying your customers, to compliment your existing approach. For these reasons it is worth introducing a formal market research process into your business.

Consider a phone, electronic or written survey. Consider doing a sample of all three, as spending time on the phone with a customer will give you a greater degree of insight. This could then be developed into a more generic survey to be released en masse.

What percentage of your surveyed customers were satisfied with the current level of service they are receiving?

All customers (100%)

Customer satisfaction is a key factor in not only retaining customers, but also in attracting new ones.

It is worth looking into whether this high degree of customer satisfaction is reflected in the number of referrals you are receiving. With a 100% satisfaction rating, your existing customers should be more than willing to refer you and your business to others they know. A 100% satisfaction rating may be an indicator of a deficiency in your survey methods instead of being a true indication of satisfaction.

With whom do you share your survey results?

All my staff, business partners and customers

Your current activity in this area is a positive element to your business. To get the most value from your customer survey, review what your customers have said and decide what changes could be made to your business.

Staff, business partners and key customers can all provide valuable feedback from differing viewpoints on ways to improve customer satisfaction.

Do you undertake any other forms of market intelligence in your business?

Yes

How have you used this intelligence in your business? (Tick all that apply)

Develop marketing plans

Develop sales plans

Customer service improvements

New Product Development

Branding

Process improvements

Staff/Morale building

Other

It appears you are maximising all resources available to you to develop strategies that can help grow your business.

Ensure you map the insights from your research to tangible improvements in product development, sales and marketing campaigns. This should also be monitored for a return on investment. Consider tracking an increase in customer calls, brand awareness, word of mouth referrals and proposal losses.

Customer Service

In the last 12 months, how frequently have you contacted your best customers, whether by personal, written or electronic means?

3 to 6 times

As a general rule of thumb the more contact your business has with its customers, the better. Your contact should be proactive and can take many different forms, including, for example, email, SMS, newsletters, service reviews, seminars, presentations and events.

It is best practice to also ask your customers how they prefer you to communicate with them:

- how often they would like to be contacted
- by what means they would like you to contact them (face-to-face meeting, phone call, email)
- what other regular information they would like from you (i.e. newsletters, email bulletins, a phone call when vital new information is available)
- the time of day, week, month, year when they prefer you to contact them

Be sure you are aware of the laws and regulations around contacting customers and apply them where appropriate before contacting your customers.

Does your business have a documented complaints handling procedure in place?

No

Research shows that the majority of customers who are dissatisfied do not complain, but will go elsewhere for their goods and services. Those who do complain are giving you the opportunity to deal with their concern and resolve it efficiently. If you follow through on this successfully, you are likely to retain them as a customer.

In addition, complaints give you a rich source of information to improve your products and services in the future, to improve your competitive advantage.

It is worth considering developing and implementing a complaints handling procedure as a priority.

Have you and your customer-facing staff attended training to enhance your customer service skills?

Yes, within last 12 - 24 months

This is a good result and you should be benefiting from the investment made with your people. Successful businesses realise the importance of employees that directly interact with customers on a daily basis. These individuals have a unique opportunity to interact with customers on a personal basis and help promote and represent the company. How effective they are depends on the quality of customer service skills these employees have. A positive approach from these people will help develop and secure long-term relationships with your customers. A negative approach could be detrimental.

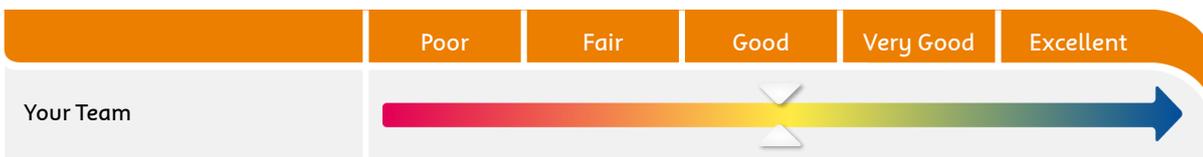
Continue enhancing your customer service skills by sharing business articles on the latest customer service models by reputable business sources. Ensure that you document your customer management process to reduce interruptions to your service should any key staff leave.

YOUR TEAM

One of the most important and most difficult jobs for any business manager is the management of people. It takes skills in leadership and motivation, and requires you to have capabilities in employing, managing, retaining, disciplining and sometimes terminating your staff.

A common understanding amongst your management team on how to recruit, manage and retain staff allows the business to build a productive and honest culture. Communicating regularly with your staff about your goals and progress can further strengthen the culture and can create a more trusting and productive environment.

After reviewing the conclusions from this section, you can start to plan actions needed to optimise your team's performance.



Human Resources

Are you able to handle customer needs and queries efficiently if absent for an extended period of time (i.e. more than two weeks)?

Yes

Good businesses ensure they have appropriate systems in place to manage staff absence, and you appear to have taken steps to ensure the continuity of your business. Extended absences from key staff without appropriate measures in place to manage them can affect productivity and profits. Regularly occurring absences are likely to lower morale and motivation within the business.

Internal Communication

Culture

How many industrial issues, if any, (e.g. a dispute over pay or working conditions or possibly unfair dismissal) have you had over the past 12 months?

0

This is a good sign and an indicator that you have a healthy working relationship with your employees. When industrial disputes do arise they can be disruptive and require a great deal of time and effort to resolve. With industrial laws constantly changing, it is important to keep up to date with your obligations as an employer to minimise the risk of disputes in the future. Ensure that you regularly communicate with your employees any changes to pay schedules, company policies and procedures.

Occupational Health and Safety

Do you have a company-wide Occupational Health and Safety (OHS) Policy

No

Whilst an Occupational Health & Safety (OHS) policy is only one aspect of your OHS management system, it clearly outlines your commitment to the management of OHS in your workplace.

The policy is intended to clearly inform employees, contractors, suppliers, customers, visitors and other interested parties that OHS is an integral part of all your operations.

You may want to develop an OHS policy and ensure it is signed by senior management and accessible to all employees.

Do you have an OHS committee, safety representative (employee) or other form of consultation with employees to discuss OHS issues in your workplace?

No

OHS laws place an obligation on the employer to consult with employees about health and safety issues that may affect them in the workplace, and to provide an opportunity for employees to express their views.

One or a combination of the following consultation options may be appropriate. The arrangement must be agreed by management and employees or their representatives:

- OHS committee
- Health and safety representative
- Other agreed arrangements

Consult with employees on which consultation option to establish and document this in an OHS consultation policy statement.

Do you have clearly formulated, documented and communicated emergency procedures in place?

No

An employer has an obligation under Occupational Health and Safety (OHS) laws for the management of emergencies, and provision of safe access.

The provision of emergency facilities such as extinguishers, hoses, emergency exits, and first aid equipment combined with well known and rehearsed procedures will assist you in fulfilling these obligations.

Employees should be trained in emergency procedures, and the procedures should be documented. Evacuation procedures should be displayed in an appropriate location in the workplace.

Have you implemented risk management requirements in line with OHS legislation?

Some of them

Occupational Health and Safety (OHS) laws require an employer to identify foreseeable hazards in the workplace, assess the risks that these pose to the health and safety of employees, and eliminate or control those risks. Best practice risk management will comply to these laws.

Conduct regular workplace inspections and audits to identify hazards in your workplace.

Consult with your employees on the risks of these hazards and develop safe working procedures to assist in implementing effective control measures. Document other control measures required.

When did you last review your workplace risk assessments?

Within the past 6 months

Risk management is an integral part of good management practice, and regular reviews of workplace risk assessments is a key element.

Occupational Health and Safety (OHS) risk management is assessed on what you have in place and involves a continual review of the process to ensure your control measures are being effective.

You may want to ensure that your risk assessments and any measures adopted to control the risk are reviewed whenever:

- there is evidence the risk assessment is no longer valid
- an injury or illness results from exposure to a hazard to which the risk assessment relates
- a significant change is proposed in the place of work or in work practices or procedures to which the risk assessment relates

PLANNING AND PERFORMANCE

For many business owners, the challenges of running an efficient and excellent operation can be overwhelming. The value of planning can be overlooked in the day to day operation of the business.

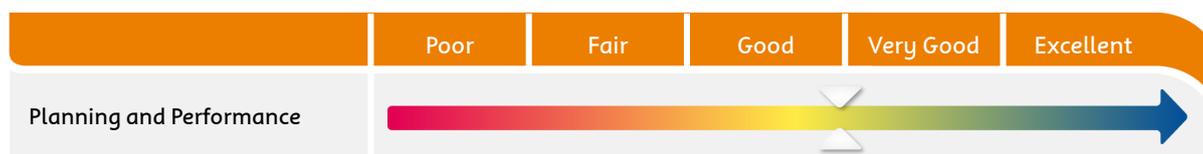
To run a successful business, it is important to focus on your business strategy and planning for the future. This strategy defines the objectives, goals, operations, processes and future direction of a business over the long-term.

Operational excellence depends greatly on having the right mix of productivity, processes and controls. By proactively managing all parts of your operation, you can ensure that your business is maximising efficiencies and responding faster to market conditions.

Clearly documented business processes can provide business continuity in the event of absence, accident or injury to key people, or unmitigated disasters. Over time, processes that are fully comprehended and practised can increase profitability. Whether it is through increased productivity, better quality of product, or reduced time and money, the investment in process development is likely to be a positive one.

Ongoing changes to regulatory compliance, insurance provisions, changing work practices, and the rapid pace of technology can impact your business strategy. Careful planning can alleviate this and enable your business to cope with change.

So spend some time reviewing this section and adjust your processes accordingly.



Business Plan

Do you have a clearly documented business plan for the next 12 months? In other words, a document outlining how you're going to get to where you want to be in a year's time? (Should your business be shortlisted for an awards, you may be asked to provide evidence of this.)

Yes, but it's only partly documented

A business plan is an important document to help you remain focused on your objectives.

Your documented plan should be a working document, reviewed and updated regularly.

Consider an up-to-date plan to use as the road map to drive your business forward. Keep up your planning processes and share outcomes with your employees.

When did you last review your plan?

Within the last 6 months

The review of your plan within the last six months is very positive. To get maximum benefit from the plan, ensure content remains current and relevant.

To continue to gain benefits from your planning process it would be best to schedule time in your calendar for your next review session within the next 6 months.

How frequently do you track your "progress to plan"?

Monthly

Regular reviews of your 'progress to plan' will indicate how your business is tracking.

Consider involving all key operational people in the reviews and ensure these sessions are conducted in an objective and positive environment.

With whom do you review your plan? Tick all that apply.

An independent consultant to my business

All of my business partners

Key Staff

My accountant

If you spend considerable time working in your business, it can be difficult to review your business objectively.

Explore alternative ways to run your business operations by sharing your business plan with a number of trusted people.

There may be new customer service practices, production processes or innovative marketing strategies they have used which may work for your business. Some trusted advisors may be experts in their field and can revise elements of your plan for greater efficiencies or profitability.

External input into your plan will help you to identify any inconsistencies or errors, and provide an alternative perspective. It is important you integrate the feedback you receive into your plan, as you are unlikely to get the same level of co-operation from your advisors next time if you don't.

The plan includes (please tick):

Your vision for the business (the big picture).

Actions to bridge any gap that might exist between your goals+and current position.

Review of the product range/services currently offered.

Your business' Value Proposition and a description of what makes your business different from your competitors'

Management team roles and responsibilities and organisational structure.

Your plan identifies key areas which need to be addressed, however there are additional areas which may be considered.

Consider any additional areas by reviewing those that you did not select in this question, and build them into your next review.

As the owner of a business, you may find business operations will consume the majority of your time, both personal and professional. Ensure you establish a balanced approach that is right for you.

Succession

When do you plan to exit the business?

In more than 5 years

It is always important to plan well ahead.

To ensure a smooth exit in the future, you may choose to gradually integrate new staff members into the business now.

This provides an opportunity to share the values and business operations, and transition client relationships to the "business" rather than the "principal".

Do you have a clearly documented succession plan? (Should your business be shortlisted for an award, you may be asked to provide evidence of this.)

No

This is an important consideration if you are to successfully exit your business at any time.

Your plans should address:

- How you intend to exit.
- Will you sell entirely (and obtain a lump sum)?
- Retain 100% ownership but have someone else manage it? Sell, but retain part ownership?
- Valuation parameters; their bases and justification.
- Funding.
- Potential successors.
- Any ongoing role you might wish to play.
- Entry strategies for the successor (especially including a communication program directed towards your best clients and key centres of influence)

Have you identified a successor?

Yes, who hasn't yet agreed to my plan

Should you not have a formal agreement in place, you may want to develop this as a priority.

Ensure you keep your successor up to date with activity in your business, through regular meetings.

Whenever possible seek their input regarding operational and strategic decisions pertaining to your business.

Risk Management

Do you have a clearly documented risk management system, or Business Continuity Plan, in place? (Should your business be shortlisted for an award, you may be asked to provide evidence.)

Partially

Your business has a better chance of succeeding with a documented business continuity plan.

A risk management plan provides a complete action plan, detailing necessary action in an emergency or disaster.

It needs to cover all business areas, including:

- Customer records and databases
- Operational processes, policies and procedures (including detailed documentation of unique processes, products and other "trade secrets".
- Computer backups (absolutely essential and must be stored offsite)
- Contact details of all staff and other people key to your business, such as third party service providers (suppliers, alliance partners, banks, building owner etc)
- Decision making process - what is the protocol - have roles and responsibilities been allocated and understood?
- An alternative worksite in the case of an unexpected occurrence - is this organised?
- Back up key suppliers and business equipment (they can be difficult to purchase at short notice).

When did you last review your risk management plan?

Less than 12 months ago

Your business is one of very few who do this on a regular basis.

Business continuity planning is an area which can often be overlooked.

Now that you have done the hard work and produced your business continuity plan, it makes sense that you continue to review it on a regular, and timely, basis.

Do you have a plan for ensuring the confidentiality, integrity and availability of your organisations information?

We have a system in place, but I'm not sure how it measures up against the standard

Do you have a plan in the event that something happens to a key person/s within your organisation?

No, but I know what to do

Operating a small or medium business invariably means specialist skills and knowledge are retained in key staff.

There may be serious consequences for your business if that person were unable to work.

For this reason it is important to understand where the greatest levels of exposure are.

Investigate options such as key person insurance policies that may provide financial assistance if something were to happen to key staff. The amount paid out is usually set out according to the potential financial loss to the business.

How confident are you that your business is adequately covered in the following areas?

Question	Answer
Public Liability	Not Applicable
Product Liability	Not confident
Professional Indemnity	Not confident
Life Insurance	Not confident
Key Person Insurance	Not confident
Stock Insurance	Not Applicable
Business Continuity Insurance	Not confident
Motor Vehicles/Fleet	Confident
Workers Compensation	Not Applicable
Staff Superannuation	Not Applicable
Income Protection	Not confident
Intellectual Property Protection	Not confident
Staff Leave Entitlements	Not Applicable

If you are not confident in all of these areas then you may not have adequate risk protection for your business.

It is advised to revisit or obtain advice with regard to any of these areas where you are not confident of your level of risk protection.

How confident are you that your internal processes adequately reflect your regulatory obligations?

Question	Answer
Corporations Law	Not confident
Corporate Governance	Not confident
Customer Protection Legislation (e.g. Privacy Act, Spam Act)	Not confident
Guarantees under any loans/borrowings	Not Applicable
Employment law	Not Applicable
Trade Practices	Confident
Australian Standards Legislation	Not confident
Environmental Laws	Not confident
Industry-Specific Regulation	Not confident

You may want to make time to revisit or obtain advice with regard to any of these areas where you are not confident your processes are up to date and compliant with the latest laws and regulations, as you may run into legal compliance problems in the future.

Business Processes

To what extent are your business systems and processes documented?

Some

Documenting your business systems and processes ensures there is a clear standard process, which is understood by all staff.

This is to ensure the success of your business is not dependent on any one individual and is also particularly helpful when training and inducting new staff.

You may choose to prioritise the key systems and processes that are still to be documented and allocate responsibility to someone in your business to manage their completion.

Ensure you get the most benefit from this exercise through management and staff engagement.

When were they last reviewed to identify opportunities to improve your business systems and processes?

Less than 12 months

Ensuring documentation is in sync with changes in your business enables staff to understand how your business operates and promotes a quality and consistent experience for your customers.

There are always opportunities to improve the overall performance of your business and its operations. When you next review your systems and processes you may want to engage key staff and management to get the best result from your review.

Can you easily identify your best and worst suppliers?

Yes

This is a good result.

Supply chain management ensures your suppliers are helping you add value to your customers and you are getting the best value for money in order to produce your goods/ services.

Suppliers can dramatically impact your bottom line and the ability to deliver to your customers. It is crucial for the sustainability of your business that you align yourself only with suppliers who are going to add value to you by providing your ideal goods and services.

How often do you review your supplier's performance?

Monthly

It is important that you maintain this standard and use the information to your advantage.

Good practice is to develop a scorecard for each of your suppliers, advise them the basis on which they will be assessed and provide them with regular feedback.

Depending on the nature of their business possible areas for tracking include: response time for new orders, delivery reliability and response, price and delivery time on defective goods or services.

Review the scorecards monthly, provide them with a copy and benchmark the results against competitors.

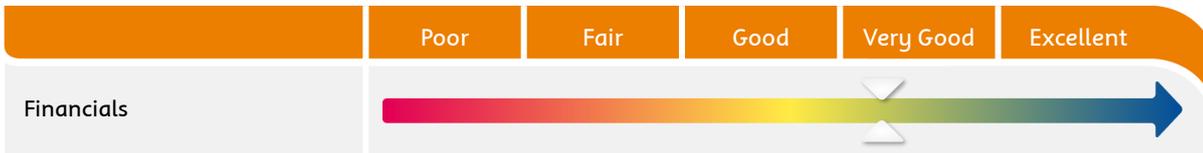
This information will assist in identifying and addressing negative trends quickly, reducing their potential impact on your business as well as providing support for buying decisions.

FINANCIALS

With the entry submission your raw figures of income and expenses have been transformed into financial ratios, which can then be used to provide a financial assessment of your business. Bankers use these ratios everyday to assess credit worthiness and risk profile. These are used by the business to track how it is performing in wealth creation and how it is performing relative to both general and industry specific benchmarks.

An effective business also has measures that provide controls for management. These controls need to be used on a weekly, monthly, quarterly and/or annual basis, to provide management with the information upon which to base sound financial decisions.

You'll find results from this section can assist you in fine tuning your financial processes.



Financial Ratios

Gross Profit Ratio

Your Gross Profit is 38% of your Sales.

Unless you are in an industry which typically has low gross profit margins, this score indicates you may not be generating sufficient gross profit and should investigate further.

Your prices may be too low or your cost of goods sold too high. It is worth investigating both as a healthy gross profit is essential to be able to create sustainable net profits.

You may want to consult with your business adviser to discuss the source of your problems and identify actions to manage the issues through improved purchasing or improved marketing/pricing.

Net Profit Ratio

Your Net Profit is 38% of your Sales.

Unless you are in an industry which typically has high net profit margins, this score indicates you are generating good net profit.

A healthy net profit is upwards of 10%, with 20% or more an excellent result.

If you would like to increase the net profit even further, you might want to investigate ways of improving gross profit and decreasing Operating Expenses.

Operating Expenses to Sales Ratio

Your Operating Expenses are 62% of your Sales.

Unless you are in an industry which typically has VERY high operating expenses, this score indicates that your overheads and operating expenses are probably too high and that you could be at risk.

Your wages, administration, marketing or financing costs may be too high. As well-controlled costs are essential to be able to create sustainable net profits, it is worth Investigating all these and comparing them to industry averages.

It may be useful to consult with your business adviser to discuss the source of your problems and identify actions to manage the issues through cost cutting efforts.

Working Capital

Your Working Capital Ratio is 999,999:1.

You are in a comfortable financial position as you have more than \$1.50 of current (relatively liquid) assets to pay off every dollar of current liabilities.

This is a vital ratio which determines a company's ability to meet its short/medium term financial commitments as and when they fall due.

Your score indicates you are meeting your short-term commitments comfortably and that your business is a viable going concern.

Turnover Growth

Your Turnover Growth is -40%.

The turnover growth is a measure of how your sales have changed from one year to the next. Although a positive growth is definitely better than negative growth, you need to evaluate this in light of:

- How have your expenses changed over the same period? If your expenses have grown at a larger rate than your sales you may be in a worse position than you were before.
- What is the rate of growth in your market? If the market has increased by a greater percentage than your sales have increased you may have lost market share.
- What is the rate of growth in the economy? If the economy has contracted, negative turnover growth may not be an indicator of poor performance.

Financial Management Controls

Do you regularly measure your pricing against your costs to ensure a profitable operating margin?

Yes

This is a good result. Pricing to ensure a profitable operating margin is a keystone of a well run business.

However you should review your pricing model regularly with external parties, experts and/or business stakeholders for continued growth opportunities.

Do you have monthly reporting of financial performance (profit and loss), cash flow and other KPIs such as sales margins, orders in hand (pipeline) and business prospecting?

Quarterly BAS

The BAS requirement is useful as it requires data to be gathered on a monthly or quarterly basis. Accounting software will help with this process and use it to print out a monthly Profit and Loss for you.

Monitoring the monthly profit and loss is a good way of keeping on top of profitability month to month. It will also report the year to date figures and express all costs as a percentage of the total sales figure. These two extra reports indicate your overall performance this year and highlight when particular cost items are getting out of line.

You might also consider putting in place other financial monitors such as cash flow, sales margins, orders in hand (pipeline) and business prospecting. Monitoring cash flow is an important practice to ensure you have the funds to keep your business operating on a month by month basis. Sales margins, by product or service line, are a great way of seeing where the profit or lack of it is coming from in the business. Orders in hand is a good indicator of the amount of work in the pipeline and the need for extra sales activities to fill that pipeline.

Business prospecting measures can be as simple as the number of sales calls or customers through the door (a retail measure created by simply putting an electronic counter on the door) then calculating the percentage who bought by measuring actual sales transactions. Average sale per transaction is another good measure.

Other measures you might consider monitoring include performance of marketing activities, customer complaints and an aging debtor schedule.

A periodical review of what KPIs you are monitoring will ensure you are receiving the relevant information on the performance of your business.

Do you have an expense budget?

Yes - reviewed quarterly against targets

This is good business management.

By conducting regular reviews of your expenditure you keep a realistic handle on how you are tracking, and it allows you to anticipate adjustments in spending behaviour before they get out of hand. Perhaps you could print out expenses against budgets each month to make sure that there aren't any variations creeping in.

Ideally you should also be checking each expense item as a percentage of sales over time, and comparing them to industry benchmarks.

How often do you review your cash flow analysis for planned expenditure?

6 Monthly

It is encouraging that you do have a process in place for monitoring this important aspect of your business but in order to gain maximum benefit you should consider reviewing more frequently.

Best practice is to review your cash flow analysis against planned expenditure on a monthly basis to allow for rolling adjustments or a reallocation of budgets/funds.

Can you interpret your statement of financial position (balance sheet) and determine whether it is in good shape regarding debt, equity and current valuations of assets?

I generally understand the concept but don't really use it as a business tool

Many Australian business people are in this situation. It is important to do more than just understand the general nature of this important document. Understanding the role of the statement of financial position as an indicator of the wealth you are creating and the nature of your debt and equity relationships is very important to a well run business.

Perhaps you could attend a simplified accounting course or purchase a book on the subject to enhance your knowledge level. Ask your accountant to review the statement of financial position with you and explain it further. Request that they review it in relation to your profits to make sure that your return on equity is appropriate.

Do you have contingency monies (3 months sales) put aside to cover any downturn in trading?

Yes

It is personally comforting to have back-up funds and it can be a good source of income if you place the money into an investment that gives a good return but still allows you access.

Many Australian businesses do not have this safety net. You are a minority in this matter and this is indicative of your overall good management and planning skills.

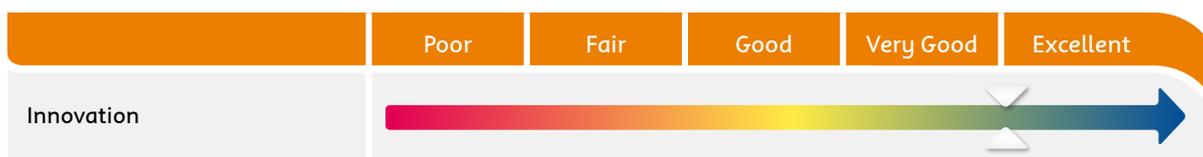
INNOVATION

Innovation drives productivity and profitability improvements in any business, and thus, sustained economic prosperity.

Innovation is often equated simply with new technologies, discoveries or inventions. However, innovation is significantly broader than that.

A truly innovative business is one which expects innovation to occur as a matter of course. All systems, processes and procedures within the business are strongly linked to facilitating innovative practices. In particular, the ability for people within a business to adapt and collaborate are key contributors to an innovative culture.

By studying the results revealed in this section, you can stimulate greater innovation within your business.



Innovation Profile

Have you developed or are you currently developing any type of innovation in your business? Tick whichever boxes best indicate the type of innovation

Organisational/managerial processes innovation

Please tick the boxes that most accurately describe the objectives and effects of your innovation activities.

What sources of ideas or information have helped inspire your innovation activities? Please tick the appropriate fields.

Within the business or related company

Clients, customers or buyers

Competitors and other businesses from the same industry

Websites, journals, research papers, publications

The best innovations are developed when multiple sources of information are used to provide insights. Multiple sources of information tend to provide a more thorough understanding of your business and the world in which it operates. In Australia the major sources of inspiration for business innovations are:

- Internal sources (55.5%)
- Clients (44.1%)
- Websites & publications (31.8%)
- Suppliers (31.7%)
- Competitors (29.4%)
- Professional conferences, seminars and trade shows (23.8%)
- Industry associations (19.0%)
- Consultants (16.7%)
- Government agencies (4.1%)
- Universities & other higher education institutions (2.6%)
- Commercial laboratories (2.0%)
- Private research institutions (1.4%)

(SOURCE: Reference: Australian Bureau of Statistics, 2008, "Innovation in Australian Business 2006-07", Canberra: August 22nd.)

Best practice is to look beyond the primary sources of information to ensure that you have a complete understanding of your environment. You will know when you have sufficient insight for an effective innovation when you have a balanced view of your options and you have clearly defined where your opportunities for innovation are.

Innovation Description

What is the current status of your innovation activities?

Introduced or implemented and in progress

A textbook description of an innovative firm is one which not only has innovative ideas, but puts these innovations into practice. Using this definition, your business is definitely an innovative one. Commercial success is a by-product of a successful implementation of innovative ideas.

Innovation Outcomes

What is the total value (as a percentage of total revenue) of your innovation activity

11-20%

The proportion of turnover due to new or significantly improved products provides important information on the impact of product innovations on the overall makeup of turnover (i.e. the share of turnover from new products) and on the degree of innovation within the enterprise.

Continuous Improvement

Do you have a dedicated research and development team?

No

Many organisations do not need Research and Development teams, depending on the nature of their business and innovation activities. Some organisations also tend to internalise Research and Development through partnerships with external organisations, or through the acquisition of the outcomes of Research and Development. Nevertheless, it is important to evaluate the need for Research and Development and the specific strategy that will be used to approach it.

Do you have a research and development budget?

No

Do you currently partner with or engage any external organisations and/or individuals for your innovation activities?

No

Partnerships enable quick and effective resource acquisition that may even be impossible to attain through proprietary means.

To what extent do you agree with the following statement: "We have the necessary systems, resources, practices and organisational culture in place to continuously improve our innovation."

Agree

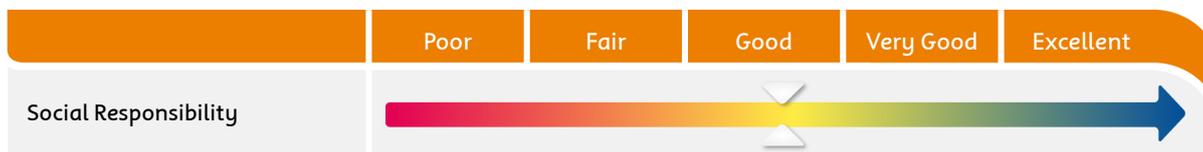
Having the right organisational characteristics are crucial to ensuring the continuity of innovation activities and extracting maximum results from previous innovation activities.

SOCIAL RESPONSIBILITY

A socially responsible business will consider what impact its activities can have on the community it operates in from an economic, environmental and social perspective. To be a successful socially-responsible business, all plans, processes, budgets and people will be geared towards what the business considers to be ethically correct for the broader community.

Transparency in the form of non-financial reporting will further assist a business to be accountable for and achieve its social responsibility goals.

You can learn more about social responsibility by reviewing the results from this section and comparing them to your current approach.



General Social Responsibility

Social Responsibility is the leadership and contribution demonstrated by a business to social causes. Please tick the areas in which your business contributes to Social Responsibility from the list below.

Environment

People

Education

Community

When did you commence this activity?

Greater than 24 months

The time that your business has spent demonstrates a commitment to social responsibility. Socially responsible practices take time to entrench into your business culture. If you commenced more than two years ago it is likely that these activities are still becoming integrated into your business practice.

You may have seen improvements in how you implement your socially responsible business practices. It is now worth reviewing these to ask yourself whether your social responsibility practices are still meeting the objectives you originally set.

Strategic Alignment

Has your business received government funding to engage in your social responsibility practices?

No

Obtaining government support can assist your business in developing an organisational framework that incorporates social responsibility. State and Federal governmental bodies have both financial and non-financial incentives in place to encourage social responsibility. Furthermore, non-governmental organisations may also have various programs in place to encourage such behaviour among organisations.

They may come in the form of cooperative initiatives or voluntary schemes and mechanisms. It may be worth investigating if there are some funding opportunities available to assist you in executing your social responsibility activity.

Do you have a documented or published plan for your social responsibility practices? (Should your business be shortlisted for an award, you may need to provide evidence.)

No

The lack of documented plans and procedures for your social responsibility activities will make it more difficult to realise such objectives. Having an organised plan in place will enable the necessary commitment within the organisation and demonstrate a clear path forward.

Do you have a budget to fund your activities in the area of social responsibility?

No

Not having a dedicated budget for social responsibility activities creates difficulties in maintaining organisational discipline and commitment towards your social responsibility goals. Setting budget plans for social responsibility activities also enables your business to make informed and strategic decisions on various reorganisation issues.

It also shows certainty within the organisation and to any other external stakeholders of the exact nature of your social responsibility commitment.

Transparency

Have you received any fines and/or non-monetary sanctions for non-compliance with any laws and regulations in the last 12 months?

No

Impact

Are your employees involved in the delivery of this initiative?

Yes

Employee engagement in your social responsibility activities is an important measure to take, both for efficiency purposes of the activities concerned as well as for your business' health.

It is also an indication of a 'whole of organisation' commitment towards social responsibility.

Do you anticipate any opportunities to expand your social responsibility practice or improve it in the future?

Yes

