

13 Point Year-End Planning Checklist for Your Business

As 2019 comes to a close, it's the time of year when your business really needs your attention, especially with regard to finances. Year-end finances are often overlooked. But with proactive preparation, you can save money at tax time and be better prepared for any unexpected financial urgency in 2020.

What information do you need to assess your year-end finances?

You'll need to gather all of the relevant data that will allow you to look at your company's finances holistically.

First, you need to prepare a few financial documents and assessment of some of your major expenses that will be the basis of your decisions:

☐ **Income statements:** The income statement lets you see at a glance whether or not your business is profitable at a particular point in time by itemizing your revenue and expenses, resulting in a profit or loss.

☐ **Cash flow statements:** The cash flow statement reconciles your opening cash with your closing cash for a particular period, showing you where the money has gone. To prepare a simple cash flow statement, for a particular time (such as the year just past), list and summarize your business's cash flow inflows and outflows for each of these three areas:

- Cash flow from operating activities—such as revenues and expenses.
- Cash flow from investing activities—such as assets purchased and assets sold.
- Cash flow from financial activities—such as loans or loan repayments.

This will show you the net increase or decrease in your business's cash flow over the period of time you're looking at and show you at a glance where the money went.

Once you've examined your balance sheet, income statement and cash flow statement, dig a little deeper by checking your business's current ratio, total debt ratio, and profit margin. It won't take long with your balance sheet in front of you. Remember to forecast and monitor cash flow closely during the few months around year end. Typically, there are some seasonal spikes and dips at this time for many companies. And often new expenses are incurred during the beginning of the year. Plan for and monitor this extra closely via a detailed 13-week cash flow forecast.



☐ **Determine your revenue goal:** Your top-line revenue goal should be high-level and where you see the business going for the year. For example, consider the market, the current state of the business and your personal goals. Do you believe that you should grow your revenue by 5%, 15% or even 50%? Or do you believe that revenues will be flat given the current market conditions and/or your desire to focus on profitability over growth. All are reasonable decisions, but each one will dictate different planning decisions. For instance, how many people do you need to hire, what infrastructure investments need to be made, and how scalable are your support systems? Now it's time to start to think through if the ideal business model is attainable next year or if next year should be an interim step towards this future goal.



- ☐ **Create departmental key performance indicators:** It's time to figure out what you're going to hold each department in your business accountable for. KPIs start at the top with the executives and then are established for each department. If it makes sense for your business, your department heads can establish KPIs with those who report to them as well. Generally, there should be three to five KPIs per department. These KPIs are not necessarily financial, either. But they should be SMART (Specific, Measurable, Attainable, Realistic and Timely). For example, your Human Resources KPI might be your employee retention is greater than 75%. Your KPIs are the key things that you think will allow the business to succeed in the coming year.
- ☐ **Review your pricing strategies for the new year:** Most customers aren't price-sensitive as much as they are value-conscious. Pricing products and services is not an exact science and the only way you can discover the right price for your business is to try to find it. Spend time at year-end revisiting your current rates and pricing strategy. Review how you price clients, and check if you are overpricing or underpricing compared to your competition. Make sure that your pricing compensates the time, money, and effort you've provided. What's your company's basic pricing approach? Does it reflect and reinforce your unique business model and capabilities? Who's accountable for price "attainment?" Do you have a way of detecting unintended price "erosion" or "leakage" due to poor habits or overreaction to competitive pressures? Take the time to answer these questions and create new pricing methodologies. An annual visit of how you price products and services is an area of great potential for improving both business performance and your reputation with customers.

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- ❑ **Plan for the Coming Year:** Using your financial statements, customer feedback and input from your team, assess your goals for the previous year and determine how well you did. Did you achieve what you set out to do? Or did you find yourself taking an unexpected path to a different kind of success?



With the experience from the previous year in mind, and goals for 2020, put action plans in place for goal-setting and attainment. Financial goals should be a given, but make room to evaluate professional and client goals too. Don't let last year's challenges hinder you from reaching your 2020 goals. Consider the following:

- Set new goals for your business following the direction you want to achieve.
- Create an action plan or set of strategies to support your objectives.
- Start working and utilize every minute to turn your goals into a tangible reality.

The best way to celebrate your successes is to take a look at your future. Set clear goals that will stretch your employees, but are also attainable if they work hard to achieve them. Make sure employees feel included in the process and listen to their thoughts or ideas because they may have thought of something you didn't.

This checklist is just the start of getting your financial house in order. Having a trusted business advisor like B2B CFO® by your side early on to help you through the process is key. B2B CFO® Partners are experts at strategic financial management. Each Partner is committed to helping owners remove the obstacles that derail business growth. Together, let's devise a plan to make your business even stronger in 2020.

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