BRAVURA

Best practice self-assessment tool

Benchmark your business's financial, operational and strategic activities against best practice

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Contents

How to use this tool

This tool has been designed to give you valuable insights into best practice across finance, operations and strategy.

At Bravura Advisory, our goal is to equip you with the knowledge and skills to improve profitability and optimise the performance of your business. We want you to be a leader in your field – delivering exceptional customer and employee experiences and standing out among your competitors.

Using this tool will help you to:

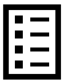
- identify areas of strength and weakness
- set realistic objectives
- develop targeted strategies

The key below explains how to interpret this document; from the gold standard of efficiency and effectiveness to poor practices that ultimately jeopardise your business's future success.

If after using this tool you believe your business could benefit from strategic and financial guidance in any of these areas, please contact us. Our skilled advisers are only ever a phone call away, and will work closely with you to develop a roadmap that takes you from where you are now to exactly where you want to be.

Key

Well done! You have achieved the gold standard of business practice.



You are on your way to best practice, but there is still work to be done.

Your business practices present a risk to your future success.

Control and stewardship

Internal controls

Internal controls are the practices, policies and procedures that exist in your business to safeguard assets, maintain efficiency and ensure compliance. The way your internal controls are developed and shared with employees determines how effective they are.

We have invested significant time to develop accurate and relevant policies and procedures across all aspects of our business. This includes documented responsibilities, approval processes, operational procedures for consistency, and financial reporting controls.

All our internal controls are:

- defined
- documented
- disseminated to the wider team
- regularly reviewed and updated

Whenever we update an internal control, we clearly communicate the change to our staff.

We have taken time to document critical policies and procedures which are shared with staff during the onboarding process. These are not as comprehensive as we would like them to be, and we don't have a policy for how often they are reviewed.

We only document policies and procedures that relate to compliance. We rely on the knowledge of individuals to perform certain tasks and this knowledge is not recorded or made available to the wider team.

When an employee resigns, we wear the loss of the expertise and rely heavily on hand-over periods to keep our business running smoothly.

Banking

Manual errors and financial fraud are still a concern for even the most modern, technology-enabled businesses. The level of rigour around banking controls has a direct impact on the security and stability of your business.

We have detailed yet clear and simple controls to protect against human error and fraud in our financial department. Some of these include:

- segregation of duties
- clear financial policies
- systematic financial reporting
- scheduled audits
- effective cash management practices

We have also invested in cybersecurity measures such as staff training, password protection and encryption.

Our leadership team regularly reviews our vulnerabilities to determine the effectiveness of our current practices, and we are conscious of maintaining a balance between controlled data access and data sharing to enable innovation.

We constantly worry about the increasing number of vulnerabilities our business faces, so have tried to create highly specific controls to address them. Unfortunately, the controls appear to be overly complex as staff find them hard to follow and often find ways to circumvent them.

We're not really sure where to start to protect our financial systems. We know vulnerabilities exist, such as former financial staff and accountants having access to our accounting software even though they no longer need it. We worry about the rising rate of cybersecurity attacks, but don't have the time or money to implement new measures.

Cashflow

Cashflow is the lifeblood of every business, and your level of maturity in cashflow management is a strong predictor of future success. Without sufficient cashflow, you cannot meet financial obligations or invest in growth opportunities. Cashflow management is an important part of your financial strategy so you know you have the financial resources to support your business objectives.

We have robust cashflow management practices in place, with a focus on managing working capital so we can:

- allocate funds when and where they're needed most
- distribute surplus capital at strategic points to manage risk
- maximise opportunity (such as leveraging supplier deals)

We proactively manage the inflow and outflow of cash, engage in cashflow forecasting, and adjust our cashflow strategy in response to threats and opportunities.

We regularly review our inflow and outflow of cash to ensure we have enough funds to meet our financial obligations. We're taking steps to understand our cash velocity (turnover) so we can measure how efficiently cash reserves are being used to generate more revenue.

We don't regularly review our cashflow unless we are struggling or need to purchase an asset. When we are doing well, we invest in growth. When finances are tight, we immediately look to how we can cut costs or scale back.

Reconciliation

Data reconciliation involves comparing and matching financial records to ensure accuracy and consistency between different records. Reconciliation is akin to showering and eating each day and is a fundamental part of ensuring your business is healthy and operating as it should.

All our financial data is efficiently captured by automated systems that feed it to our reconciliation team. The team uses this data to provide high quality reports to management so they can make informed decisions.

We have a bookkeeper who reconciles our data every quarter. They advise us if there are any issues (such as unpaid invoices or improper records) so we can follow them up.

We pay our tax yearly so our accountant does most of our reconciliations at this time. Sometimes we'll do internal reconciliations, but it's a time consuming and manual process that involves switching between our bank screen and accounting software to see what was paid and when.

Reporting

As software capabilities have increased, so too has the quantity and speed of data capture – allowing for timely and accurate reporting to support data-driven decision making.

Our business software automatically captures and integrates data from a wide variety of on-premise and cloud-based sources. This single source of truth gives us access to all the data we need in real time to run reports for decision making.

We only run reports once or twice a year because it's such a complex and time-consuming process. Our data resides in siloed systems (i.e.: financial data in accounting software, HR data in HR software, customer data in a CRM) so it's difficult to see correlations between the various aspects of our business.

Our people often complain that they are required to run reports which take a long time to produce and add little value.

We don't run internal reports. We wait for our accountant to produce an EOFY statement so we can see how our business is performing.

Operation and team

Budgeting

Budgeting allows you to plan financial activities that achieve your business goals. Without budgeting, your business may lack direction and find it difficult to remain profitable.

Budgeting is a key element of our planning. We engage everyone from the executive layer to the frontline when developing budgets, so we can draw on their insights and drive accountability and purpose for all staff.

We maintain open communication between our executive team and management, so any concerns about budgets can be addressed ahead of time.

As part of our governance, we review budgets at a divisional level every month to measure plans against actual performance.

Our leadership and finance teams set our budget and distribute it to management. Managers are always welcome to ask questions or clarify concerns, but they don’t have much input into budget creation.

We only review our budget at the end of a reporting period. Sometimes it’s clear that there’s a lack of alignment between our budgets and organisational goals.

Our leadership team creates and distributes our budget. It’s usually wildly optimistic, and we often find we’ve blown it in the first quarter so the business flies rudderless for the rest of the year. Sometimes we have to create reactive budgets when internal or external events arise.

KPI measurement

Key performance indicators (KPIs) are an essential tool for measuring performance in your business. However, under and over reporting can be equally harmful, and businesses should be careful to use KPIs in a way that helps rather than hinders their success.

We value KPIs for their ability to empower individuals and teams to track performance and be able to make sound decisions using their own judgement.

We rely on several datasets to develop our performance metrics. These are based on internal and external factors that are unique to our business (not generic industry standards), and align with strategic business priorities.

KPIs are used to manage people as well as business operations – such as the performance of our suppliers and logistics division.

We have several business units that are responsible for developing their own KPIs. While some do it well, we often find that others:

- are vague or very simple
- go untracked
- don't link with organisational objectives

KPIs are of relative, rather than absolute, importance to our business.

We have thought about implementing KPIs but we're unsure what metrics we should use and how we would motivate or manage staff to achieve them.

Culture and team

A positive culture has a direct impact on staff retention, engagement and productivity in your business. Without it, employees can become unmotivated which ultimately impacts customer service and costs the business time and money.

Communication and collaboration are the core of our workplace culture. We prioritise attitude above experience when bringing on new staff, which allows us to build diverse teams with shared values where people are respected for the unique skills and experiences they contribute.

We go above and beyond to demonstrate that cohesive working and problem solving is vital to our success, and equip our people with the tools they need to work this way.

Our aim is to cultivate "team intelligence" where the business benefits from the sum total of individual intelligence, and we're always looking for innovative opportunities to build the capability of both individuals and teams through professional development.

We have some teams that work well and others that lack cohesion. We hire for experience, and tend to favour Type A personalities although we can see this often translates into high competition, stress and a preference for working alone.

Our company values are displayed on our website and explained during induction, but we don't promote them much internally.

We do value professional development and have a process for staff to request to attend training or events that would further their knowledge and skills.

We know we have a toxic culture because we are constantly dealing with staff turnover and situations requiring mediation between employees. We want to improve our culture, but aren't sure where to start.

Leadership

Leaders guide your business and the people in it to reach their full potential. Without effective leadership, your business is likely to suffer from a lack of direction and an unmotivated workforce with a lack of accountability.

We have clear lines of reporting and accountability for roles and responsibilities at every level. We empower our leaders to communicate our organisation's vision and strategy, and require them to lead by example in terms of our values and culture.

We tend to promote people who have high emotional intelligence and strong strategic and communication skills into leadership roles, not necessarily because they are stand-out performers.

Every level of leadership in our business is thoughtfully orchestrated to create a positive flow-on effect for those who report to it. Our aim is to cultivate trust, collaboration and resilience across our teams where our leaders serve as inspiration for the people around them.

We have a strong executive team, but our middle management layer is a bit inconsistent. We're fortunate to have some good managers who inspire high performing teams, while others constantly seem to experience issues.

We invest in leadership training for some roles, such as our sales division. Several factors are used to determine if a person is ready for leadership – such as their skills, experience and loyalty to the business.

We generally have a closed door policy, where executive leadership is rarely available to lower levels of management (unless there is an issue). We promote people to leadership roles based on experience, and trust them to do a good job.

Business systems

Digital transformation

Digitisation has become an integral part of modern-day businesses, and those that fail to adopt digital technologies risk losing out on growth opportunities and market share.

We were early digital adopters and already had the IT infrastructure in place to enable remote working during the COVID pandemic. Having all our systems in the cloud has allowed us to leverage the latest updates and integrations to further streamline our operations.

We are now exploring the potential of generative artificial intelligence and machine learning to take our business to the next level.

It took us a while to get on board with digital transformation, but we've since made steady progress. This includes:

- moving to cloud storage and fit-for-purpose platforms
- rolling out centralised communication and collaboration tools
- improving our digital presence for greater customer reach and engagement

We're still struggling with change management, but are on our way to greater efficiency and productivity. We've also found significant recruitment benefits, as we're now able to hire people anywhere in the country for roles that were notoriously hard to fill.

We've taken some steps to become more digital, such as using cloud accounting software and upgrading our website. But every time we evaluate a new digital option, we find it doesn't meet our specific needs. We aren't willing to change our processes to fit the tool – we would prefer to find a tool that does everything the way we've always done it.

Agility and systems

An agile business has embedded practices that enable it to respond rapidly to changing market conditions, opportunities and customer needs. These practices are based on agile principles and include factors such as cross functional teams, open communication, iterative project delivery, and continuous improvement.

We have invested heavily in systemising our business because it frees our people to work on higher value tasks, focus on innovation, and enjoy more autonomy.

Some of the systems we use include:

- Project management system – to streamline task management, resource allocation, and progress tracking
- Financial management system – to automate accounts payable, receivable, and financial analysis
- Collaboration system – to enable efficient document storage and information sharing
- Customer relationship management system – to track customer interactions and sales, and provide insights for sales and marketing

By automating manual tasks, we can do more with less and scale easily to take advantage of opportunities. It also means our services are delivered consistently, regardless of who is delivering them.

We have taken steps to become more agile by implementing some systems and reconsidering the way we work. For example, we have introduced a project management tool and now require all communications about a project to be within the tool (rather than in emails or text messages).

We are also migrating documents and files to cloud storage so we can eliminate duplication, create proper naming conventions, and make it easier for people to find what they need.

While not a fast journey, we are invested in systemising our processes and embracing innovation as we can see the long term benefits to the business.

Our business still relies heavily on manual processes and the knowledge and skills of the people who perform them. We recognise that different people do things differently, which means there is some inconsistency in how tasks are completed and services are delivered. We would like to improve efficiency, but we’re so focussed on immediate priorities that we can never seem to find the time. We’re also worried about how staff will react if we change the way they work.

Data-driven decision making

Data collection does not create a capable business. It's what is done with the data that counts. A tsunami can be detected ahead of time by measuring wave activity, but lives won't be saved unless someone sees that data and acts on it.

Having a single source of truth and an integrated analytics platform has allowed us to democratise real time data and make it available to everyone who needs it. We have also invested in cultivating a data culture, where our people recognise and value the use of data to inform their decision making.

We proactively use data to support scenario forecasting and risk planning, and have automated flagging in place so key people are alerted to problematic trends before they have an impact.

We use quarterly reporting to analyse data and identify trends in the market and across the business. Sometimes it's clear that we've missed a chance to prevent a threat or seize an opportunity, but other times we can spot concerning patterns and take action. We generally rely on the analytical skills of managers to identify trends in their own division and, because some are more technical than others, we don't always get consistent results.

All our data resides in siloed systems so it's near impossible to gain a complete picture of what's happening in our business. We are completely reactive to what happens in the market, and use retrospective data to see where we went wrong. When we're forced to make decisions quickly (such as increasing prices in times of inflation) we generally run with what feels right and then wait to see what happens.

Strategy

Market analysis

Analysing the market (or markets) you operate in gives you in-depth insights into consumer sentiment, competitor activity, and risks and opportunities.

We analyse changing market conditions several times a year in case we need to adapt our business strategies. It allows us to identify new products and services which improves our competitive advantage. It also means we are quick to spot worrying trends – such as interest rate rises or inflation – and can develop response strategies for different outcomes.

We conduct a thorough market analysis every few years when we redevelop our business strategy. We use the analysis to benchmark our performance, evaluate our products and services, and assess the feasibility of new initiatives.

We don’t tend to worry about what the market is doing. We have our loyal customers and prefer to stay laser focussed on delivering for them.

Modelling

Financial modelling is an essential tool for organisations to evaluate their business strategies and make informed decisions. It involves building a mathematical model of the business's financial situation – including factors such as revenue, expenses and investments, to project future financial performance.

Financial modelling is integral to both our short-term budgeting and long term strategic planning activities. We use it to:

- identify potential risks and opportunities
- evaluate different scenarios to determine the best course of action
- uncover areas of improvement
- make informed decisions about finance options, investments, cost-saving measures, and other strategic initiatives

Our financial models give us confidence that we can manage our obligations, mitigate risks, and achieve our goals.

We use financial modelling to support our long term strategic planning. If we need to finance a new asset, we engage a third party to help us develop financial models to present to our lenders. We may also ask our adviser to model various finance options so we can structure capital effectively and reduce unnecessary costs.

We have never developed a financial model because we don't have anyone internally with the skills to do it.

Stakeholder management

Stakeholders provide valuable insights and feedback that drive business improvements. By understanding their needs and preferences, you can enhance customer satisfaction which leads to higher revenue and profitability.

Stakeholder engagement is fundamental to our business. All relevant staff are given training on effective stakeholder engagement (including active listening), as we rely on the insights of people in our network to improve our products and services and support customer attraction and retention.

Open, regular feedback is core to how we operate and stakeholder engagement keeps these lines of communication open so we can stay on our path of continual improvement.

We actively promote stakeholder engagement for all customer-facing roles. We’re working hard to embed it into our culture, as some staff still view it as a box-ticking exercise and aren’t genuinely interested in gaining feedback or using it to drive improvements.

Most of our stakeholder engagement is one-way communication. We disseminate information on a need-to-know basis and have worked hard to hide our phone number and direct lines of communication on our website so we can avoid dealing with customer or stakeholder queries directly.

Business and financial strategy

Business strategy and financial strategy work together to ensure a company's success. Business strategy involves the overall direction and approach your business takes to achieve its goals, while financial strategy focusses on the management of resources to ensure the business has the funds necessary to execute its business strategy. By aligning business and financial strategies, your business can achieve sustainable growth and profitability while mitigating financial risks.

Everything in our business begins with a strategy. We have a business strategy, financial strategy, and departmental strategies that align with our key priorities. Our strategies create purpose and direction for the work we do, and we take great care to communicate them clearly to our people.

All strategies are developed in consultation with relevant stakeholders. We also engage an external adviser to act as a sounding board while we:

- conduct scenario forecasting
- evaluate the profitability of products and services
- verify tax compliance
- assess the feasibility of strategies

When the economy is stable, we review our strategies every 6 months. If the economy or external factors are volatile, we review strategies more frequently.

We create a business strategy every 3 years and only review it under dire circumstances. The strategy provides a roadmap for achieving our long-term objectives, though it’s sometimes forgotten when developing more immediate plans or reacting to external events.

We have a business plan somewhere. It hasn’t been reviewed or updated since it was created.

How did you score?

We hope this tool was useful in helping you benchmark your business's financial, operational and strategic activities against best practice.

No business is perfect, and it's likely that you're doing very well in some areas with room for improvement in others.

Moving forward, you can always come back to this tool as you continue on your path to driving your business forward and ensuring it's the best it can be. Aim for the gold standard, and always remember that best practice is based on a philosophy of continual improvement. Only a business that is stuck in the past, and happy to stay there, is destined to fall prey to the rapidly evolving business climate we find ourselves in now.

If you need support at any stage of your business lifecycle, we are here to help. Bravura Advisory consultants have extensive expertise in:

- business strategy
- financial planning
- modelling and forecasting
- cashflow management
- tax assurance
- and more

We would love the opportunity to work with you to uncover new ways to boost your business's revenue, profitability, efficiency, productivity and culture.