

END OF YEAR CHECKLIST

Use our checklist for small businesses to help you end the year strong and plan for the new year ahead.

Assess performance

Managing your records is critical throughout the entire year, but even more so in December. By maintaining accurate, clean records, you can more accurately predict the new year ahead.

☐ Run financial reports

The end of the year is a great time to assess where you stand financially and how your current financial situation compares to previous years.

- Review your income statement and your outlook for the new year. If profits are down, you may want to make some changes and if profits are high, plan what you'll do with any spare cash.
- Analyze your cash flow statement to identify how cash flowed throughout the year and if you can predict any future issues next year that need to be solved.

☐ Acknowledge accomplishments

Celebrate accomplishments with your employees. They will appreciate ending the year on a high note, and feel motivated to hit the ground running come January.

☐ Conduct an inventory audit

Make sure your inventory procedures are clearly documented to avoid unnecessary inventory mistakes. If you're still counting inventory manually, consider making the switch to an accounting system to automate recordkeeping.

☐ Update your business goals

Set goals for the coming year and create a high-level action plan for each goal to help you achieve them.

☐ Audit website performance

Review your websites performance and assess the customer journey and their experience. Identify what could be changed to make it more effective.

☐ Improve how you collect payments

Key factors to keep in mind are:

- Debt age. The longer you leave it, the tougher it'll be.
- Avoid large debts. Have customers pre-pay in installments and pay deposits.
- Make sure you have a credit agreement with clients and check their credit history.
- Customers won't pay until they've been invoiced, so the sooner you invoice, the sooner you can get paid.
- Change your payment terms to 'payment within x days' to improve cash flow.
- Identify signs of a risky customer. Be wary of large orders from new customers who haven't proven their reliability.
- Getting payment at the point of sale improves your cash flow. Accepting credit cards can help you to get paid fast.
- Offer multiple payment options such as pay online, payment in advance, or early payment discounts.

☐ Build your capability

Look at your current business, and double check that you can handle any increase in sales.

- Conduct a human resource audit to identify if you need additional employees with different skills.
- Retrain current employees if your business's growth requires new skills.
- Determine if you need to upgrade or streamline systems and software so they can handle expected growth.
- Plot how inventory comes into your business, how it goes out, and how you can make it faster and more efficient.
- Identify if you need additional equipment or space. Capacity building is about improving your processes to improve your business's ability to do more internally.



Schedule and prepare to meet with a financial advisor

It can be useful to check-in with outside expertise to discuss the past year, and then identify any changes you need to make next year.

☐ Run reports in accounting software

Save progress to date and look for any adverse trends.

☐ Review, buy, and sell assets

Buying fixed assets before the end of the financial year is better than just after the start, as you can claim depreciation for part of the previous. See what assets can be revalued and remove any assets you never use or are obsolete. Update your asset register so it's a more accurate reflection of the business year.

☐ Review income in advance

Declare income in advance the following tax year if you've been paid for work that you won't complete until next tax year.

☐ Write off bad debts

If you've ever had a non-paying customer, experienced a capital loss or your business was targeted for theft, you can include those losses as legitimate tax deductions.

☐ Manage vendors

At the end of the year, verify the contact information (phone, email, contact name) is correct for your vendors. Delete any inactive vendors or inaccurate information. If time permits, evaluate your vendor relationships, and look for opportunities to negotiate better deals in the new year.

☐ Claim all expenses

It's important that you keep detailed records of all expenses so you can claim them against your income (and therefore lower your possible tax obligation). Review and improve your filing system and check:

- Any business travel you can claim (conferences, meetings) deduct transport, accommodation, meals and entertainment.
- Health insurance.
- Donated goods or services to charities.
- Employee expenses on credit cards.
- Legitimate home office expenses.

Build next year's strategy

☐ Staff

Whether you work with a large team or you're just getting started, there are a few employee-related tasks you should take care of before the end of the year.

- The end of the year is an opportunity to improve morale and build worker satisfaction by rewarding your team for the work they've done. It could be paid time off, flexible schedules, product, services, or cash.
- Take inventory of your team and determine whether or not you'll need to hire more employees in the new year. You'll want to be sure you've budgeted for any additional personnel you plan to hire within the first or second quarter.
- If you're overstaffed, think about creating new roles to reallocate your team's talent. You might also consider reducing hours or rearranging schedules to better suit your business needs.

☐ Future planning

- Identify areas or industries that are growing or see if you can collaborate with other businesses. Business alliances are a great way to get new work.
- Fine tune how you manage and lead your employees and help them perform. Empathy and trust are among your most important skills.
- Fine-tune your communication skills. Check the way you give staff feedback.
- Some employees may feel motivated when you regularly check in to see how they're doing, while others may feel it's micro-managing. Try to manage the expectations of each employee and demonstrate fairness, set achievable goals, give people ownership, promote learning, offer rewards, and be available.

☐ Gaining inspiration

- Follow or subscribe to thought leaders or people that resonate with you who are commenting about your industry or technology you may be using.
- Review and analyze similar businesses to gain inspiration and ideas to help you improve.
- Learn how to communicate your expertise and industry knowledge. Leveraging your own unique intellectual property (IP) is one of the keys to being viewed as a thought leader.
- Think about what your business does best. Channel your business knowledge through blogs or e-newsletters, social media, an eBook, or by running webinars and workshops.
- Join business networking groups such as your trade or professional association to increase your business's credibility.

☐ Review customer satisfaction

Always collect customer feedback and use its feedback to find new opportunities. Is there anything new you could provide that customers have requested?



Look for growth opportunities

☐ Find new customers in your current market

It's easier if you find similar customer segments that you already sell to, as they'll be more likely to buy if they have similar characteristics.

- Use direct marketing then consider investing more of your marketing budget into approaching people direct. Measure the response rate of each tactic and focus on what generates the most leads.
- Build up positive word of mouth referrals by getting testimonials, encouraging regulars to refer their friends, family or business colleagues to your business, speak at events, and network inside chambers or business associations.
- Create an introductory offer for new customers only, to gain future customers that will buy again on a regular basis.
- Increase your profile through online directories.
- Increase web traffic by improving your search engine optimization (SEO). Spend some time determining your site's keywords and keyword phrases so it attracts the right traffic for your business.
- Consider paying for search engine marketing (like Google Ads). Find out how keywords work from Google.
- Use Instagram to display your business in images. When potential customers like your product or service images you could get an avalanche of views.
- Keep your content fresh and updated by writing regular blogs about your business, your people, and successful case studies. Regular blog content can be important for increasing your search traffic.
- Run demonstrations or workshops. These are a great way to showcase your business to existing or new customers. They offer value, improve customer understanding of your product or service, and work as a lead generation tactic.
- Create a targeted marketing plan. Outline a specific marketing strategy that's aimed at new customer segments. Then develop a precise advertising plan to build awareness and encourage purchases.
- Use Facebook and LinkedIn to grow your connections. Once you've connected with your customers on Facebook or LinkedIn, find people in their networks who are interested in your offerings.
- To get your goods or services out there in front of a worldwide audience, think about creating a YouTube channel for your business. This is a great way to demonstrate products or share tips with your customers.

☐ Find new markets

Look into different ways that you could expand your audience and market.

- Use Google Global Market Finder to identify customers in similar markets.
- Exhibit at trade events or conferences. Build connections, demonstrate new products and develop stronger relationships with new markets by presenting your business at trade shows.
- Make your product available for purchase online. If you're not already selling your goods or services online, think about changing your business model to offer online purchasing which widens your customer base worldwide.
- Research the feasibility of successfully opening a new store, office or branch.
- Consider if your product or service could be licensed and delivered by another business, where you're paid a license fee or royalty. It could be an effective method to enter a new market and reduce the risk.
- Look for new markets that you've previously ignored. You might be able to find a totally new market such as government agencies, health, the military or larger corporates that release tenders for work.
- Seek to move up or down the supply chain. If you're a wholesaler, consider opening a retail outlet. Or if you are a retailer investigate selling wholesale.
- Identify if you can enter a new segment by buying a business that already exists in a new region. You will inherit their customers and market position.
- Hire sales reps in other regions to help your business branch out into different markets. If they're only on commission, it's a results-driven tactic.
- Develop an export plan to identify the feasibility of exporting your products or services.

□ Build new business models

It's always a good time to think about changing, updating or adding a new business model; it's how you generate more profit. If you can identify new ways to sell your products or services alongside your original model, you'll increase your profits and your customer base.

Below are examples of different business models you could consider for your business.

The reseller

Buy beans from a wholesaler, open a cafe, then re-sell to the public. Import beans in bulk, then re-sell to wholesalers. Find products people want, add a margin to what you pay, and then re-sell to customers or other businesses.

The subscriber

Sell a subscription service to receive a coffee cocktail recipe and ingredients each month. Develop a product or service, customers pay a monthly subscription fee to access.

The license/royalty model

Develop a unique coffee flavor and license other roasting companies to make and sell. Allow others to make or deliver what you've designed, and take a percentage of sales.

The manufacturing model

Set up a coffee bean roasting part of the business and supply other cafés. Make products and on-sell to either wholesalers or retailers (sometimes direct to customers).

The advertising model

Develop a Facebook coffee community page and sell advertising. Develop a business website that attracts traffic, and sell advertising space.

The contracting model

Find government contracts for coffee supplies and pitch to deliver. Seek contracts with larger businesses or organizations, sometimes with other contractors.

The online model

Set up an online store so customers can order beans direct. Find products and services you can sell online to a wider audience.

The market place model

Set-up a website where cafés can buy coffee from suppliers, with you taking a fee on transactions. Identify a demand and be a hub for buyers and sellers.

Direct hours model

Start a barista training course. Charge customers for every hour you spend with them.

Freemium model

Start a free barista training course, then promote a master class you charge for. Offer something for free, then charge users once they want to upgrade.

Product + consumable model

Give away/offer subsidised coffee machines to local businesses and sign up them up to buy beans off you. Sell a low priced (or free) product that needs consumables replaced on a regular basis.

Multi- level marketing model

Set up friends and family to on-sell coffee beans, paying them a commission. Sell products through networks and take a revenue stream from introducing other sellers.

Online auction model

Sell surplus beans on Amazon. Sell products through existing auction sites.

The un-used capacity model

Roast the beans from other coffee companies. Work for other businesses, hire out equipment or facilities.

The go-to market model

Set up mobile coffee carts at events. Move from waiting for customers to come to you, to going direct. Don't wait for customers to come to you, get out there and find them

The franchise model

If you can justify demand, shifting to a franchise business model can generate serious growth. If your business runs like a well-oiled machine with great systems and streamlined processes, including well-trained employees, then there's a good chance it could become a franchise.

□ **Develop new products or services**

See if you can create new products and services to grow.

- Conduct customer research to identify new ideas. Ask your customers about what new products or services they would like to see added to your range. Brainstorm ideas with your staff, along with which new markets to target.
- Consult thought leaders for specialized advice and expertise. Look to your (or a similar) industry for thought leaders who are excelling and can provide sound advice for the direction of your product or service development. Join industry blogs, e-newsletter lists, and any specialist industry discussions that may spark a new product or idea.
- Attend trade shows and exhibitions. Many new ideas get demonstrated at industry events, both locally and outside the US. At times just taking time out can help focus your thinking on what you want to do next.
- Attend conferences to learn more about the business. Even better, see if you can get to speak at an industry event, it's great way to build credibility.
- License other products. Consider licensing another business's products or services to extend your product or service range. It's especially effective if they're complementary to your own offerings, and it saves you the expensive of development and deployment.
- Look to joint venture with other businesses offering different products. Keep an eye on other successful businesses within your industry, or those targeting markets that you're interested in, and look at how to develop a strategic alliance.

Technology

No matter how much or how little you work with technology, it's still a good idea to make sure your systems are up to date by the end of the year. This means backing up your data, organizing your paperwork, and making sure your systems are up to scratch.

Here are a few IT-related tasks to think about as December 31 draws near.

□ **Backup**

- Make sure that your important files, including accounting documents, client information, creative briefs, and emails are backed up and secure. If your employees deal with important documents, be sure to provide them with external hard drives or access to a secure cloud-based storage system like Google Drive or Dropbox.
- If you do use a cloud-based storage system, it's a good idea to back up files to an external hard drive as well. The golden rule is 2:1. That is, create two separate digital copies, stored in two locations, plus one offline copy.
- Backup your contacts. Whether you do most of your business over the phone or via email, make sure to back up all of your contacts and that you have the most up-to-date information.
- Evaluate your file-naming conventions so that your files stay organized and are easily accessible by everyone.

□ **Processes**

- Document your work flow and sales processes. A clear system will help ensure your business is efficient. From documenting new jobs, rostering staff, making sure equipment is available, liaising with sub-contractors, and after-sales support — the work flow will keep things working. If it's complicated then documenting the flow will help you pinpoint roadblocks.
- Use accounting software to keep everything up to date and compliant. The last thing you want is to be worrying about invoicing, tax payments and payroll. A good accounting system will reduce the stress and hassle around administrative tasks.
- Take advantage of technology that improves productivity. There are many options available for small businesses ranging from free apps to software that you can purchase.

□ Cyber fraud check

Part of protecting your business online is putting in place mandatory processes and procedures for employees.

Reduce the chance of financial loss by:

- If you need to pay a new supplier, or to change bank details, double check it manually by phone or text before you approve any payments. Do this for any unusual or unexpected requests.
- Check bank statements regularly as that could be the first tip-off that someone has accessed your accounts. Contact your bank immediately if you see something suspicious.
- Get a regular credit check to alert you if someone else is using your details to get loans or credit.
- Keep an eye on your networks and install software updates to stop attackers getting access through known vulnerabilities. Software updates often contain security fixes.
- Enable security software, like antivirus, to prevent malicious software being downloaded to any device that accesses your business data or systems. Purchase antivirus software from a reputable company.
- Configure network devices like firewalls and web proxies to secure and control connections in and out of your business network. Use a VPN that uses two-factor authentication if you need to remotely access systems on your network.
- Be careful using free Wifi and hot spots - they are untrusted networks so others could see what you are doing.

Like most things in business, prevention is better than a cure; a little planning now could save you a significant financial cost in the future.

Consider asking staff to:

- Change default passwords and change default passwords on any new hardware or software.
- Use creative recovery answers as security answers like your pets name or your school can be easy for an attacker to find out. Choose novel answers that aren't necessarily real.
- Create unique passwords for each account so if an attacker gets hold of one of your passwords, they can't get access to all of your other accounts.
- Don't give out personal information. Phishing emails can trick you into giving away personal or financial information. Stop and check if you don't know the sender.
- Be smart with social media. What you and employees post on social media can give cyber criminals information that they can use against you. Check your privacy settings.