**MANAGEMENT AUDIT**

|  |  |
| --- | --- |
| BY: |  |
| TITLE: |  |
| DATE: |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **YES** | **NO** |
| **1. PRODUCTION/OPERATIONS** | | | |
| **A.** | **Purchasing** |  |  |
|  | Does the organisation have reliable and reasonably priced suppliers? |  |  |
|  | Does the organisation have a purchasing programme in place? |  |  |
|  | | | |
| **B.** | **Inventory Control** |  |  |
|  | Does the organisation have effective inventory control policies and procedures? |  |  |
|  | Does the organisation know our inventory turn? |  |  |
|  | Is slow-moving stock managed? |  |  |
|  | Have the organisation established rational reordering policies? |  |  |
|  | | | |
| **C.** | **Scheduling** |  |  |
|  | Do goods and materials move through the business without tie-ups and problems? |  |  |
|  | Does the organisation know how long each job should take? |  |  |
|  | Have production/operations goals been established, and are work activities aimed at achieving these goals? |  |  |
|  | Do production/operations employees use appropriate operations planning and controlling tools and techniques? |  |  |
|  | | | |
| **D.** | **Quality Control** |  |  |
|  | Does the organisation do well on quality assessments? |  |  |
|  | Are inferior incoming materials returned to vendors? |  |  |
|  | Are reject rates minimised? |  |  |
|  | Does the production/operations process work smoothly and with little disruptions? |  |  |
|  | Does the organisation have a “do it right the first time” policy? |  |  |
|  | Has the organisation developed any particular competencies in the area of production/operations? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
| **E.** | **Facilities** |  |  |
|  | Are facilities strategically located close to resources and markets? |  |  |
|  | Are facilities, offices, machinery, and equipment in good working condition? |  |  |
|  | Does the organisation have an appropriate amount of capacity? |  |  |
|  | What is the organisation safety record? |  |  |
|  | | | |
| **F.** | **Insurance** |  |  |
|  | Does the organisation have an annual insurance review? |  |  |
|  | Are the proper risks covered? |  |  |
|  | Does the organisation put your insurance package out to bid every year? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **YES** | **NO** |
| **2. MARKETING** | | | |
| **A.** | **Pricing** |  |  |
|  | Has the organisation priced its products and services appropriately? |  |  |
|  | Is the pricing policy based on cost structure? |  |  |
|  | Have the organisation conducted price sensitivity studies? |  |  |
|  | | | |
| **B.** | **Market Research** |  |  |
|  | Is market research used in making marketing decisions? |  |  |
|  | Have the organisation identified target markets? |  |  |
|  | Does the organisation segment markets effectively? |  |  |
|  | Have the organisation identified customer wants/needs? |  |  |
|  | Does the organisation know how the markets perceive our products? |  |  |
|  | What is the organisation’s market share, and has it been increasing or decreasing? |  |  |
|  | Has the competition been analysed? |  |  |
|  | How is product quality, and how does it compare to competitors? |  |  |
|  | Does the organisation position itself well against its competitors? |  |  |
|  | Has the organisation taken advantage of market potential? |  |  |
|  | | | |
| **C.** | **Customer Service** |  |  |
|  | Is customer service effective compare to competitors? |  |  |
|  | Are customer complaints increasing, decreasing, or stable? |  |  |
|  | Are customer complaint handled effectively and efficiently? |  |  |
|  | Is customer service *a priori*ty? |  |  |
|  | Does the organisation solicit customer feedback on a regular basis? |  |  |
|  | Is there a rational balance between serving customer’s needs and good business practice? |  |  |
|  | | | |
| **D.** | **Advertising and Public Relations** |  |  |
|  | Is the advertising strategy effective? |  |  |
|  | Are promotion and publicity strategy effective? |  |  |
|  | Does the organisation select media for measurable results? |  |  |
|  | Is advertising consistent? |  |  |
|  | Does the advertising budget make sense in terms of the level of business and its anticipated, planned growth? |  |  |
|  | | | |
| **E.** | **Sales Management** |  |  |
|  | Does the organisation have an effective sales force? |  |  |
|  | Are salespersons and outside agents properly directed in their duties? |  |  |
|  | Does the organisation establish individual sales goals? |  |  |
|  | Does the organisation provide adequate sales support? |  |  |
|  | Are salespersons well trained? |  |  |
|  | | | |
| **F.** | **Market Planning** |  |  |
|  | Does the organisation have a marketing budget? |  |  |
|  | Does the organisation have a marketing plan? |  |  |
|  | Do marketing employees use appropriate marketing planning and controlling tools and techniques? |  |  |
|  | Has the organisation developed any particular competencies in any of the marketing areas? |  |  |
|  | Has the organisation taken advantage of all market opportunities? |  |  |
|  | Are present channels of distribution reliable and cost effective? |  |  |
|  | | **YES** | **NO** |
| **3. RESEARCH AND DEVELOPMENT** | | | |
|  | Does the organisation have adequate R&D facilities? |  |  |
|  | Are the R&D employees well qualified? |  |  |
|  | Does the organisation culture encourage creativity and innovation? |  |  |
|  | Is communication between R&D and other organisational units effective? |  |  |
|  | Are the organisation’s products technologically competitive? |  |  |
|  | If patents are appropriate, are patent applications increasing, decreasing, or stable? |  |  |
|  | Is development time from concept to actual product appropriate? |  |  |
|  | How many new products have been developed during the last year (or whatever time period is most appropriate)? |  |  |
|  | Does the organisation commit more, the same, or less to R&D than competitors? |  |  |
|  | Do R&D employees use appropriate R&D tools and techniques? |  |  |
|  | Has the organisation developed any particular competencies in the R&D area? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
| **4. FINANCIAL/ACCOUNTING** | | | |
| **A.** | **Financial Analysis and Procedures** |  |  |
|  | Is the organisation financially strong or weak according to the financial ratio analyses? |  |  |
|  | What are the trends in the organisation’s financial ratios, and how do these compare to industry trends? |  |  |
|  | What is the organisation’s working capital position? Is it sufficient? |  |  |
|  | Are dividend pay-out policies reasonable? |  |  |
|  | Does the organisation have good relationships with its creditors and stockholders? |  |  |
|  | Do financial/accounting employees use appropriate financial/accounting tools and techniques? |  |  |
|  | Has the organisation developed any particular competencies in the financial/accounting area? |  |  |
|  | | | |
| **B.** | **Bookkeeping and Accounting** |  |  |
|  | Are the books adequate? |  |  |
|  | Are records easy to access? |  |  |
|  | Can the organisation get information when the organisation need it? |  |  |
|  | Does the organisation have monthly P&Ls? |  |  |
|  | Does the organisation have annual financial statements? |  |  |
|  | | | |
| **C.** | **Budgeting** |  |  |
|  | Has the organisation established financial goals? Are they appropriate? |  |  |
|  | Does the organisation use a cash flow budget? |  |  |
|  | Does the organisation use deviation analysis monthly? |  |  |
|  | Are the organisation’s capital budgeting procedures effective? |  |  |
|  | Are capital equipment purchases budgeted? |  |  |
|  | Is there a match between the organisation’s sources and use of funds? |  |  |
|  | | | |
| **D.** | **Cost Control** |  |  |
|  | Are cost items managed? |  |  |
|  | Are high cost items treated separately? |  |  |
|  | Is the budget used as the primary cost control tool? |  |  |
|  | | **YES** | **NO** |
| **E.** | **Credit Collection** |  |  |
|  | Does the organisation use credit to judiciously increase revenues? |  |  |
|  | Does the organisation know the credit and collection costs? |  |  |
|  | Is the current policy successful? |  |  |
|  | Does the organisation review credit and collection policies regularly? |  |  |
|  | Does the organisation have a receivables management policy? |  |  |
|  | | | |
| **F.** | **Raising Money** |  |  |
|  | Have the organisation been successful in raising capital when it was needed? |  |  |
|  | Is the organisation able to raise short-term capital? |  |  |
|  | Is the organisation able to raise long-term capital? |  |  |
|  | | | |
| **G.** | **Dealing with Banks and Other Financial Institutions** |  |  |
|  | Is the relationship with lead banker open and friendly? |  |  |
|  | Does the organisation use more than one bank? |  |  |
|  | | | |
| **H.** | **Cost of Money** |  |  |
|  | Does the organisation compare the cost of money (interest, points) with profit ratios? |  |  |
|  | Are interest rates and loan conditions appropriate? |  |  |
|  | | | |
| **I.** | **Use of Specific Tools** |  |  |
|  | Does the organisation know and use break-even analysis? |  |  |
|  | Does the organisation know and use cash flow projections and analysis? |  |  |
|  | Does the organisation know and use monthly P&Ls (income statements)? |  |  |
|  | Does the organisation know and use balance sheets? |  |  |
|  | Does the organisation know and use ratio analysis? |  |  |
|  | Does the organisation know and use industry operating ratios? |  |  |
|  | | | |
| **5. MANAGEMENT** | | | |
| **A.** | **Strategic Management** |  |  |
|  | Do organisation employees manage strategically? |  |  |
|  | Are organisational goals clear and measurable? Are they communicated to organisational members? |  |  |
|  | Is the organisation’s structure appropriate? |  |  |
|  | Is the organisation’s culture well understood by employees? Does it support organisational goals and mission? |  |  |
|  | Has the organisation developed its vision? What about mission(s)? |  |  |
|  | Has the organisation developed any competencies in the management area? |  |  |
|  | | | |
| **B.** | **Record Keeping** |  |  |
|  | Are records of past transactions and events easy to find? |  |  |
|  | Are records retained for at least the minimum legal time period? |  |  |
|  | Is access to personnel files limited? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
| **C.** | **Decision Making Process** |  |  |
|  | Are the organisation leaders decisive? |  |  |
|  | Is there a decision process (chain of command)? |  |  |
|  | Is brainstorming used to generate ideas? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | **YES** | **NO** |
| **D.** | **Problem Solving Process** |  |  |
|  | Are there few unresolved problems? |  |  |
|  | Is there a problem solving process? |  |  |
|  | | | |
| **E.** | **Government Regulations** |  |  |
|  | Are the organisation aware of local, state, and national regulations that affect your business? |  |  |
|  | Is organisation complies to all regulations? |  |  |
|  | | | |
| **F.** | **Leadership and Subordinates** |  |  |
|  | Does the organisation actually take charge of the business and its employees? |  |  |
|  | If the organisation leaders were to die or be suddenly disabled, is there a ready successor? |  |  |
|  | | | |
| **G.** | **Business Law** |  |  |
|  | Does the organisation have a working knowledge of applicable business law: contracts, agency, etc.? |  |  |
|  | Does the organisation know how current contracts and other legal obligations affect your business? |  |  |
|  | | | |
| **H.** | **Dealing with Professionals** |  |  |
|  | Does the organisation have and use an accountant, attorney, business consultant? |  |  |
|  | Does the organisation use outside advisors? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **6. HUMAN RESOURCES** | | | |
| **A.** | **Hiring** |  |  |
|  | Has the right mix of people been hired? |  |  |
|  | Does the organisation attract appropriate job applicants? |  |  |
|  | Are employee selection procedures effective? |  |  |
|  | Does the organisation maintain a file of qualified applicants? |  |  |
|  | Has the organisation developed any competencies in human resources management activities? |  |  |
|  | | | |
| **B.** | **Training** |  |  |
|  | Does the organisation provide employees with appropriate training? |  |  |
|  | Are job descriptions and job specifications clear? |  |  |
|  | Are jobs effectively designed? |  |  |
|  | | | |
| **C.** | **Motivating People** |  |  |
|  | Does employees appear to enjoy what they are doing? |  |  |
|  | What is the level of employee morale? |  |  |
|  | What is the level of employee turnover? |  |  |
|  | Are organisational compensation and reward programmes appropriate? |  |  |
|  | | | |
| **D.** | **Communicating** |  |  |
|  | Are people informed and brought in on decisions? |  |  |
|  | Does the organisation create opportunities for employees to set their own goals? |  |  |
|  | Does the organisation effectively use work groups? |  |  |
|  | What kind of relationship does the organisation have with its employee groups? |  |  |
|  | | **YES** | **NO** |
| **E.** | **Enforcing Policies** |  |  |
|  | Are reviews and evaluations performed on schedule? |  |  |
|  | How does the organisation treat its employees? |  |  |
|  | Are organisational employee discipline and control mechanisms appropriate? |  |  |
|  | Are legal guidelines followed in human resources management activities? |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | | | |
| **7. INFORMATION SYSTEMS/INFORMATION TECHNOLOGY** | | | |
|  | How does the organisation gather and disseminate information? Is it effective and efficient? |  |  |
|  | Is the information system used by employees in making decisions? |  |  |
|  | Is information updated regularly? |  |  |
|  | Is information distributed effectively and efficiently? |  |  |
|  | Is information technology used effectively and efficiently in all areas of the organisation? |  |  |
|  | Do employees have access to contribute input into the information system? |  |  |
|  | Has the organisation made an investment in information technology that is greater than, equal to, or less than competitors? |  |  |
|  | Is the organisation’s information system secure? |  |  |
|  | Is the organisation information system user friendly? |  |  |
|  | Are training workshops or seminars provided for users of the information system? |  |  |
|  | Are employees in the information systems/information technology area well qualified? |  |  |
|  | Has the organisation developed any competencies in the information systems/information technology area? |  |  |