

# MANAGEMENT AUDIT

<b>BY:</b>	
<b>TITLE:</b>	
<b>DATE:</b>	

		YES	NO
<b>1. PRODUCTION/OPERATIONS</b>			
<b>A.</b>	<b>Purchasing</b>		
	Does the organization have reliable and reasonably priced suppliers?		
	Does the organization have a purchasing program in place?		
<b>B.</b>	<b>Inventory Control</b>		
	Does the organization have effective inventory control policies and procedures?		
	Does the organization know our inventory turn?		
	Is slow-moving stock managed?		
	Have the organization established rational reordering policies?		
<b>C.</b>	<b>Scheduling</b>		
	Do goods and materials move through the business without tie-ups and problems?		
	Does the organization 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?		
<b>D.</b>	<b>Quality Control</b>		
	Does the organization do well on quality assessments?		
	Are inferior incoming materials returned to vendors?		
	Are reject rates minimized?		
	Does the production/operations process work smoothly and with little disruptions?		
	Does the organization have a "do it right the first time" policy?		
	Has the organization developed any particular competencies in the area of production/operations?		
<b>E.</b>	<b>Facilities</b>		
	Are facilities strategically located close to resources and markets?		
	Are facilities, offices, machinery, and equipment in good working condition?		
	Does the organization have an appropriate amount of capacity?		
	What is the organization safety record?		
<b>F.</b>	<b>Insurance</b>		
	Does the organization have an annual insurance review?		
	Are the proper risks covered?		
	Does the organization put your insurance package out to bid every year?		

		YES	NO
<b>2. MARKETING</b>			
<b>A.</b>	<b>Pricing</b>		
	Has the organization priced its products and services appropriately?		
	Is the pricing policy based on cost structure?		
	Have the organization conducted price sensitivity studies?		
<b>B.</b>	<b>Market Research</b>		
	Is market research used in making marketing decisions?		
	Have the organization identified target markets?		
	Does the organization segment markets effectively?		
	Have the organization identified customer wants/needs?		
	Does the organization know how the markets perceive our products?		
	What is the organization's market share, and has it been increasing or decreasing?		
	Has the competition been analyzed?		
	How is product quality, and how does it compare to competitors?		
	Does the organization position itself well against its competitors?		
	Has the organization taken advantage of market potential?		
<b>C.</b>	<b>Customer Service</b>		
	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 priority?		
	Does the organization solicit customer feedback on a regular basis?		
	Is there a rational balance between serving customer's needs and good business practice?		
<b>D.</b>	<b>Advertising and Public Relations</b>		
	Is the advertising strategy effective?		
	Are promotion and publicity strategy effective?		
	Does the organization 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?		
<b>E.</b>	<b>Sales Management</b>		
	Does the organization have an effective sales force?		
	Are salespersons and outside agents properly directed in their duties?		
	Does the organization establish individual sales goals?		
	Does the organization provide adequate sales support?		
	Are salespersons well trained?		
<b>F.</b>	<b>Market Planning</b>		
	Does the organization have a marketing budget?		
	Does the organization have a marketing plan?		
	Do marketing employees use appropriate marketing planning and controlling tools and techniques?		
	Has the organization developed any particular competencies in any of the marketing areas?		
	Has the organization taken advantage of all market opportunities?		
	Are present channels of distribution reliable and cost effective?		

		YES	NO
<b>3. RESEARCH AND DEVELOPMENT</b>			
	Does the organization have adequate R&D facilities?		
	Are the R&D employees well qualified?		
	Does the organization culture encourage creativity and innovation?		
	Is communication between R&D and other organizational units effective?		
	Are the organization'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 organization commit more, the same, or less to R&D than competitors?		
	Do R&D employees use appropriate R&D tools and techniques?		
	Has the organization developed any particular competencies in the R&D area?		

<b>4. FINANCIAL/ACCOUNTING</b>			
<b>A.</b>	<b>Financial Analysis and Procedures</b>		
	Is the organization financially strong or weak according to the financial ratio analyses?		
	What are the trends in the organization's financial ratios, and how do these compare to industry trends?		
	What is the organization's working capital position? Is it sufficient?		
	Are dividend payout policies reasonable?		
	Does the organization have good relationships with its creditors and stockholders?		
	Do financial/accounting employees use appropriate financial/accounting tools and techniques?		
	Has the organization developed any particular competencies in the financial/accounting area?		
<b>B.</b>	<b>Bookkeeping and Accounting</b>		
	Are the books adequate?		
	Are records easy to access?		
	Can the organization get information when the organization need it?		
	Does the organization have monthly P&Ls?		
	Does the organization have annual financial statements?		
<b>C.</b>	<b>Budgeting</b>		
	Has the organization established financial goals? Are they appropriate?		
	Does the organization use a cash flow budget?		
	Does the organization use deviation analysis monthly?		
	Are the organization's capital budgeting procedures effective?		
	Are capital equipment purchases budgeted?		
	Is there a match between the organization's sources and use of funds?		
<b>D.</b>	<b>Cost Control</b>		
	Are cost items managed?		
	Are high cost items treated separately?		
	Is the budget used as the primary cost control tool?		

		YES	NO
<b>E.</b>	<b>Credit Collection</b>		
	Does the organization use credit to judiciously increase revenues?		
	Does the organization know the credit and collection costs?		
	Is the current policy successful?		
	Does the organization review credit and collection policies regularly?		
	Does the organization have a receivables management policy?		
<b>F.</b>	<b>Raising Money</b>		
	Have the organization been successful in raising capital when it was needed?		
	Is the organization able to raise short-term capital?		
	Is the organization able to raise long-term capital?		
<b>G.</b>	<b>Dealing with Banks and Other Financial Institutions</b>		
	Is the relationship with lead banker open and friendly?		
	Does the organization use more than one bank?		
<b>H.</b>	<b>Cost of Money</b>		
	Does the organization compare the cost of money (interest, points) with profit ratios?		
	Are interest rates and loan conditions appropriate?		
<b>I.</b>	<b>Use of Specific Tools</b>		
	Does the organization know and use break-even analysis?		
	Does the organization know and use cash flow projections and analysis?		
	Does the organization know and use monthly P&Ls (income statements)?		
	Does the organization know and use balance sheets?		
	Does the organization know and use ratio analysis?		
	Does the organization know and use industry operating ratios?		

<b>5. MANAGEMENT</b>			
<b>A.</b>	<b>Strategic Management</b>		
	Do organization employees manage strategically?		
	Are organizational goals clear and measurable? Are they communicated to organizational members?		
	Is the organization's structure appropriate?		
	Is the organization's culture well understood by employees? Does it support organizational goals and mission?		
	Has the organization developed its vision? What about mission(s)?		
	Has the organization developed any competencies in the management area?		
<b>B.</b>	<b>Record Keeping</b>		
	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?		
<b>C.</b>	<b>Decision Making Process</b>		
	Are the organization leaders decisive?		
	Is there a decision process (chain of command)?		
	Is brainstorming used to generate ideas?		

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

<b>6. HUMAN RESOURCES</b>			
<b>A.</b>	<b>Hiring</b>		
	Has the right mix of people been hired?		
	Does the organization attract appropriate job applicants?		
	Are employee selection procedures effective?		
	Does the organization maintain a file of qualified applicants?		
	Has the organization developed any competencies in human resources management activities?		
<b>B.</b>	<b>Training</b>		
	Does the organization provide employees with appropriate training?		
	Are job descriptions and job specifications clear?		
	Are jobs effectively designed?		
<b>C.</b>	<b>Motivating People</b>		
	Does employees appear to enjoy what they are doing?		
	What is the level of employee morale?		
	What is the level of employee turnover?		
	Are organizational compensation and reward programs appropriate?		
<b>D.</b>	<b>Communicating</b>		
	Are people informed and brought in on decisions?		
	Does the organization create opportunities for employees to set their own goals?		
	Does the organization effectively use work groups?		
	What kind of relationship does the organization have with its employee groups?		

		YES	NO
<b>E.</b>	<b>Enforcing Policies</b>		
	Are reviews and evaluations performed on schedule?		
	How does the organization treat its employees?		
	Are organizational employee discipline and control mechanisms appropriate?		
	Are legal guidelines followed in human resources management activities?		

<b>7. INFORMATION SYSTEMS/INFORMATION TECHNOLOGY</b>			
	How does the organization 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 organization?		
	Do employees have access to contribute input into the information system?		
	Has the organization made an investment in information technology that is greater than, equal to, or less than competitors?		
	Is the organization's information system secure?		
	Is the organization 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 organization developed any competencies in the information systems/information technology area?		