

FREE RESOURCE

Small Business Financial Health Checklist

A free resource from NAJA Capital

How to use

This checklist is a self-assessment for owners and operators of U.S. small and medium-sized businesses. It runs across thirteen areas that together form the financial backbone of any operating business. Answer each item honestly. The goal is not a perfect score — it is a clear-eyed view of where to focus next quarter.

Score each item: 0 = not in place; 1 = partially in place; 2 = fully in place.

1. Cash Flow

- I prepare and update a 13-week rolling cash flow forecast
- I review the cash flow forecast at least every two weeks
- I know the date of my next likely cash pressure point
- I track collections discipline (DSO) and payable timing (DPO)
- I have a clear plan for handling any cash shortfall in the next 90 days

2. Budgeting

- I have an annual budget tied to specific revenue and expense assumptions
- I re-forecast quarterly, not just at year-end
- I compare actuals to budget every month and write a brief variance note
- I have a documented set of operating assumptions behind the budget

3. Profitability

- I know my gross margin by product, service line, or major segment
- I know my operating margin and EBITDA for the trailing twelve months
- I review profitability monthly, not annually
- I have a written hypothesis for what would move my margins by 200 basis points

4. Pricing

- I have reviewed pricing in the last 12 months
- I know my break-even point in revenue and units
- I know my price elasticity assumptions
- I have a documented pricing approach (cost-plus, value, competitive)

5. Debt Capacity

- I know my Debt Service Coverage Ratio for the trailing twelve months
- I know my Fixed Charge Coverage Ratio
- I know how much additional debt my business could responsibly carry
- I have an up-to-date debt schedule (lender, balance, rate, covenants)

6. Working Capital

- I track inventory turns, AR aging, and AP aging at least monthly
- I have a written working-capital target for AR days, inventory days, and AP days
- I know my cash conversion cycle

7. Financial Statements

- My income statement, balance sheet, and cash flow statement are produced monthly
- I (or my CFO/controller) review them within 15 days of month-end
- I can explain every material change line by line

8. Tax Organization

- Bookkeeping is current to within 30 days
- 1099s, W-9s, sales tax, and payroll tax filings are current
- I have a designated CPA / tax preparer

9. Internal Controls

- There is segregation of duties between cash receipt, recording, and reconciliation
- Approval thresholds for spending are documented
- Bank and credit card accounts are reconciled monthly
- Access to financial systems is reviewed at least annually

10. Business Planning

- I have a written business plan reviewed at least annually
- I track 3–5 KPIs that drive the business
- I have a written 12-month operating plan

11. Access to Capital Readiness

- I have a current investor readiness checklist completed
- I have a basic data room (corporate docs, financials, KPIs, customer info, tax records)
- I have a written use-of-funds for the capital I would seek

12. Governance

- I have at least one external advisor or advisory board member
- I produce a basic monthly management report
- I have written delegation thresholds and a basic conflict-of-interest policy

13. Warning Signs

- I do not have any vendor on payment hold for cash reasons

- I have not missed a payroll in the trailing twelve months
- I am not relying on personal credit cards or owner loans for working capital
- I have not violated any debt covenant in the trailing twelve months
- Revenue growth is not outpacing my cash collection cadence (working-capital trap)

Action plan

Add up your scores. Note the three lowest-scoring areas. For each of the three, write one specific action you will take in the next 30 days, the date you will complete it, and who will help.

Priority 1

Area: _____

Action: _____

Owner: _____ Due date: _____

Priority 2

Area: _____

Action: _____

Owner: _____ Due date: _____

Priority 3

Area: _____

Action: _____

Owner: _____ Due date: _____

Next step

NAJA Capital offers a free Business Diagnostic — a 45-minute working session and written summary at no cost. Visit najacapital.com/diagnostic.

Important

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