

## Case study

### Risks in Case Study



- Old, overly lengthy and unread business plan
- Business plan not updated
- Not planning growth or preparing a business case – acting on a whim
- Lack of succession plan
- Poor accounting system
- Unskilled or poor performing financial controller
- OHS risks heightened – key staff member permanently injured
- Compliance risk – ATO
- Sacking all staff costly and other flow on effects

- Experiencing cash flow difficulties
- Declining margins
- Large amount of debtors outstanding at more than 90 days
- Regular calls from bank manager re: overdrawn account
- Potential unforeseen tax liability for unpaid GST collected.

- Industry is experiencing declining margins and considerable change
- Staff member “owns” customers
- Only one staff member can operate a key item of machinery
- Skimping on maintenance work
- Only a few suppliers
- No suppliers on contract
- Lack of costing/pricing system
- Major customers not on contract
- One customer is worth 80% of DummyCo’s sales