Capacity Building Solutions

FINANCIAL MANAGEMENT ASSESSMENT TOOL

INTRODUCTION

Strong financial management is the foundation of a healthy business. Without it, even companies with great products, strong sales, and loyal customers can find themselves struggling to survive. Cash flow issues, weak budgeting, or poor risk management are among the most common reasons businesses fail—not because leaders don't work hard, but because they lack visibility and discipline in their financial practices.

This Financial Management Assessment Tool is designed to help you take an honest look at the financial health of your business. It evaluates critical areas such as financial metrics and decision-making, budgeting and forecasting, revenue and profit management, cash flow, debt, and risk management. It also considers operational efficiency, technology use, financial literacy across your team, and long-term strategic planning

The purpose of this tool isn't to grade you—it's to highlight where your financial practices are strong and where you need to tighten up. By rating yourself and your business across 50 focused questions, you'll surface both strengths to build on and blind spots that require immediate attention.

Ultimately, financial management is about more than numbers—it's about creating confidence. When you know exactly where your business stands financially, you can make better decisions, seize opportunities, and weather inevitable challenges. This assessment is here to help you build that clarity and discipline, so your business is positioned for stability and long-term success.

© Capacity Building Solutions, Inc.
www.capacity-building.com

		RATING				
		STRONGLY DISGAREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
CATEGORY	**QUESTION**	1	2	3	4	5
Financial Metrics and Decision Making	We regularly review key financial metrics (e.g., revenue, profit margins, cash flow).	☐	☐	☐	☐	☐
	We use data-driven approaches to make financial decisions.	☐	☐	☐	☐	☐
	We have timely and accurate financial statements.	☐	☐	☐	☐	☐
	We regularly compare our business's financial performance to industry benchmarks.	☐	☐	☐	☐	☐
	We calculate and track key financial ratios (e.g., ROI, ROA, ROE) for our business.	☐	☐	☐	☐	☐
	We use financial statements to set priorities and make strategic decisions.	☐	☐	☐	☐	☐
Budgeting and Forecasting	We have a detailed budget for our business that we regularly review and update.	☐	☐	☐	☐	☐
	We create and maintain cash flow forecasts for our business.	☐	☐	☐	☐	☐
	We have a clear financial strategy aligned with our business goals.	☐	☐	☐	☐	☐
	We use scenario planning to prepare for different financial outcomes.	☐	☐	☐	☐	☐
Revenue and Profit Management	We have successful strategies in place to grow our business's revenue.	☐	☐	☐	☐	☐
	We have an accurate graspe of our sales pipeline at all times and manage business development activites accordingly.	☐	☐	☐	☐	☐
	We regularly review and optimize our pricing strategies.	☐	☐	☐	☐	☐
	We focus on maximizing profitability, not just revenue growth	☐	☐	☐	☐	☐

© Capacity Building Solutions, Inc.
www.capacity-building.com

		RATING				
		STRONGLY DISGAREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
CATEGORY	**QUESTION**	1	2	3	4	5
	We regularly evaluate the profitability of different products, services, or customer segments.	☐	☐	☐	☐	☐
	We have effective strategies for customer retention and increasing customer lifetime value.	☐	☐	☐	☐	☐
Cash Flow Management	We have effective strategies for managing our business's cash flow.	☐	☐	☐	☐	☐
	We maintain adequate cash reserves for our business.	☐	☐	☐	☐	☐
	We have systems in place to manage accounts receivable effectively.	☐	☐	☐	☐	☐
	We regularly review and optimize our business's working capital.	☐	☐	☐	☐	☐
	We have strategies to accelerate cash inflows and decelerate cash outflows when necessary.	☐	☐	☐	☐	☐
Debt Management	We have a clear strategy for managing and repaying business debt.	☐	☐	☐	☐	☐
	We adequately understand the pros and cons of different types of business financing.	☐	☐	☐	☐	☐
	We regularly review our business's debtto-equity ratio.	☐	☐	☐	☐	☐
	We have a good understanding of when it's appropriate to take on business debt.	☐	☐	☐	☐	☐
Financial Risk Management	We regularly assess and manage financial risks in our business.	☐	☐	☐	☐	☐
	We value and use financial contingency planning for our business.	☐	☐	☐	☐	☐
	We have strategies in place to mitigate the impact of economic downturns or industryspecific challenges.	☐	☐	☐	☐	☐
	We regularly review and update our business insurance coverage.	☐	☐	☐	☐	☐

© Capacity Building Solutions, Inc.
www.capacity-building.com

		RATING				
		STRONGLY DISGAREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
CATEGORY	**QUESTION**	1	2	3	4	5
Operational Efficiency	We regularly review and optimize our core business processes for cost efficiency.	☐	☐	☐	☐	☐
	We effectively manage our business's inventory levels.	☐	☐	☐	☐	☐
	We have effective strategies in place to improve employee productivity.	☐	☐	☐	☐	☐
	We regularly negotiate with suppliers to get the best terms and prices.	☐	☐	☐	☐	☐
Technology and Automation	We use financial management software to automate financial tasks and reporting.	☐	☐	☐	☐	☐
	We leverage data analytics for financial decision-making.	☐	☐	☐	☐	☐
	We regularly invest in technology to improve financial management and operational efficiency.	☐	☐	☐	☐	☐
	We use cloud-based solutions for financial management and collaboration.	☐	☐	☐	☐	☐
Financial Literacy and Team Development	We continually invest in improving the financial management function of our company.	☐	☐	☐	☐	☐
	We prioritize increasing the financial literacy of our leadership team.	☐	☐	☐	☐	☐
	We ensure that all employees understand the basics of our economic model and how they contribute to the end result.	☐	☐	☐	☐	☐
	We foster a culture of financial responsibility throughout the organization.	☐	☐	☐	☐	☐
Strategic Financial Management	We regularly assess the economic value of our business.	☐	☐	☐	☐	☐
	We consider long-term financial implications when making business decisions.	☐	☐	☐	☐	☐
	We have a clear understanding of our business's growth rate and how it compares to industry norms.	☐	☐	☐	☐	☐

© Capacity Building Solutions, Inc.
www.capacity-building.com

		RATING				
		STRONGLY DISGAREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
CATEGORY	**QUESTION**	1	2	3	4	5
	We regularly explore new revenue streams or business models to enhance financial performance.	☐	☐	☐	☐	☐
	We use cloud-based solutions for financial management and collaboration.	☐	☐	☐	☐	☐
	We have a good understanding of how to use financial arbitrage to our business's advantage.	☐	☐	☐	☐	☐
	We regularly review and optimize our business's tax strategy.	☐	☐	☐	☐	☐
	We have a clear exit strategy or long-term financial plan for the business.	☐	☐	☐	☐	☐
	We regularly seek professional financial advice or mentorship.	☐	☐	☐	☐	☐
	We stay informed about financial trends and best practices in our industry.	☐	☐	☐	☐	☐
	TOTAL	0				

Total your scores for all 50 questions:

Scoring	0
200-250:	Excellent. You have strong financial management practices.
150-199:	Good. You're on the right track but there's room for improvement.
100-149:	Fair. Consider focusing on areas where you scored lower.
50-99:	Needs Improvement. Prioritize enhancing your financial management practices.
< 50:	Major Financial Changes Needed

Remember, this assessment is a starting point. Use your results to identify areas for improvement and consider seeking professional advice for a more comprehensive evaluation of your business's financial management.

© Capacity Building Solutions, Inc.
www.capacity-building.com