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LEADERSHIP REFLECTION TOOL

Financial Health and Direction Leadership Checklist

A practical reflection tool for SME owners and leadership decision-makers.

Use this checklist to reflect on:

- What leadership currently understands about the financial state and direction of the business.
- Where different financial measures may be giving mixed signals.
- Whether growth is creating financial strength or strain.
- How stagnation or decline may be affecting the business.
- Which financial questions or uncertainties may require closer management attention.

For leadership reflection only. This checklist does not provide a financial-health diagnosis.

HOW TO USE THE CHECKLIST

Pause. Reflect. Identify what is unclear.

Review each question from the perspective of the leadership team. Select the response that best reflects the clarity of leadership's current understanding - not what the team hopes or assumes to be true.

1 **Answer honestly**

Use the financial evidence currently available to leadership. Do not estimate a score or calculate a result.

2 **Use one response per question**

Select Yes, Partly or unclear, No, or Not currently known.

3 **Note uncertainty and mixed signals**

Record the questions that leadership cannot answer confidently or where measures appear to tell different stories.

4 **Discuss what requires attention**

Use the reflection prompts to identify matters that may require closer management attention or structured analysis.

Important

This is not a test and there is no score, rating or pass mark. A Partly or unclear, No, or Not currently known response does not by itself mean that the business is financially unhealthy. It identifies an area where leadership may not yet have a clear, integrated understanding.

SECTION 1 OF 5

Financial state and direction

Consider how clearly leadership understands the business's current financial position and direction.

Leadership reflection question	Yes	Partly / unclear	No	Not currently known
1.1 Can leadership clearly describe the business's current financial state using more than revenue or reported profit alone?	☐	☐	☐	☐
1.2 Can leadership explain whether the overall financial position of the business is strengthening, remaining broadly stable or weakening?	☐	☐	☐	☐
1.3 Can leadership explain what the available financial evidence indicates about profitability, efficiency, liquidity, financing and investment?	☐	☐	☐	☐
1.4 Can leadership explain the difference between reported profit and the cash generated by the business?	☐	☐	☐	☐
1.5 Can leadership connect significant financial movements to relevant business events, operating changes and management decisions?	☐	☐	☐	☐

Reflection prompt

Which aspects of the business's financial state or direction are currently unclear?

Notes: ____

SECTION 2 OF 5

Growth, stagnation or decline

Consider what the financial evidence says about movement across the business rather than assuming that one measure tells the whole story.

Leadership reflection question	Yes	Partly / unclear	No	Not currently known
2.1 Can leadership determine whether revenue, profitability, cash generation and the financial position are each growing, stagnating or declining?	☐	☐	☐	☐
2.2 Can leadership distinguish sustained financial movement from temporary fluctuations or once-off events?	☐	☐	☐	☐
2.3 Can leadership identify where different financial measures are moving in different directions or telling different stories?	☐	☐	☐	☐
2.4 Can leadership determine whether recent financial performance is consistent with, improving on or weakening relative to the longer-term direction?	☐	☐	☐	☐
2.5 Can leadership explain whether the current financial direction appears capable of supporting the business's sustainable-growth objectives?	☐	☐	☐	☐

Reflection prompt

Which financial measures appear to be moving in different directions?

Notes: ____

SECTION 3 OF 5

Financial strength or strain

Consider whether the direction of the business is building financial resilience or creating pressure beneath the reported results.

Leadership reflection question	Yes	Partly / unclear	No	Not currently known
3.1 Can leadership determine whether revenue growth is translating into stronger profitability and margins?	☐	☐	☐	☐
3.2 Can leadership determine whether reported profit is translating into sustainable operating cash generation?	☐	☐	☐	☐
3.3 Can leadership explain whether growth is being supported by internally generated cash or is increasing dependence on borrowing and other financing?	☐	☐	☐	☐
3.4 Can leadership determine whether growth, stagnation or decline is improving or weakening working-capital efficiency and liquidity?	☐	☐	☐	☐
3.5 Can leadership explain whether the use of assets, capital expenditure and financing is strengthening or weakening the business's financial resilience?	☐	☐	☐	☐

Reflection prompt

Where might the direction of the business be creating financial strength or strain?

Notes: ____

SECTION 4 OF 5

Financial pressures and warning signals

Consider whether financial pressures are isolated, persistent or emerging together across the business.

Leadership reflection question	Yes	Partly / unclear	No	Not currently known
4.1 Can leadership determine whether the business has sufficient liquidity to meet its short-term obligations as they become due?	☐	☐	☐	☐
4.2 Can leadership identify whether receivables, inventory or supplier-payment patterns are absorbing cash or increasing financial pressure?	☐	☐	☐	☐
4.3 Can leadership determine whether rising costs or changes in cost behaviour are placing pressure on profitability and margins?	☐	☐	☐	☐
4.4 Can leadership explain whether debt levels, finance costs or repayment commitments are increasing financial strain?	☐	☐	☐	☐
4.5 Can leadership identify whether investment in assets is supporting the business appropriately or reducing financial flexibility?	☐	☐	☐	☐
4.6 Can leadership identify whether several financial pressures or warning signals are emerging at the same time?	☐	☐	☐	☐

Reflection prompt

Which financial pressures or warning signals require clarification?

Notes: ____

SECTION 5 OF 5

Management priorities

Consider whether leadership can move from individual financial signals to an evidence-based view of what requires attention first.

Leadership reflection question	Yes	Partly / unclear	No	Not currently known
5.1 Can leadership identify the financial issues that are most material to the business's current position and direction?	☐	☐	☐	☐
5.2 Can leadership distinguish the underlying financial drivers from the symptoms appearing in the reported figures?	☐	☐	☐	☐
5.3 Can leadership explain which financial issues require attention first and why they should take priority?	☐	☐	☐	☐
5.4 Can leadership distinguish matters that can be addressed through existing management action from matters that require further specialist assessment or support?	☐	☐	☐	☐
5.5 Does leadership have a sufficiently clear, evidence-based view to make informed decisions about the next financial priorities?	☐	☐	☐	☐

LEADERSHIP REFLECTION SUMMARY

1. Which questions could leadership not answer confidently?
2. Where do different financial measures appear to provide conflicting signals?
3. Which financial pressures or warning signals require further clarification?
4. What does leadership currently believe requires management attention first?
5. What additional financial evidence or business context may be needed?

What the responses mean

There is no score or category. Responses that reveal uncertainty, mixed signals or unanswered questions may indicate that structured analysis could help clarify the business's financial state and direction, financial strengths or pressures, underlying drivers and management priorities.

Boundary: This checklist is a general leadership-reflection tool. It does not provide a Financial Health and Priority Diagnostic, financial-health score or professional conclusion. It does not constitute an audit, assurance engagement, accounting review, business valuation, or accounting, tax, legal or investment advice. A reliable diagnosis requires structured analysis of the business's actual financial evidence and relevant context.

BOOK A FREE 30-MINUTE DISCOVERY CALL

Discuss whether the Financial Health and Priority Diagnostic may be relevant.

LEARN MORE ABOUT THE DIAGNOSTIC

Review the service, scope, process and commercial terms.