

Would your Company pass its Warrant of Fitness?

I took my car in for its WoF last week believing it would pass with flying colours: great condition, low mileage, regular servicing and careful owner. Sure, I got ticks in all the boxes but the friendly guy in the blue overalls advised me that the sooner I changed the left rear tire and brake pads the better.

Business governance warrants similar attention. Once a year it's worth having someone give your organisation an objective diagnosis. To continue the vehicular analogy, you're not expecting to find the wheels falling off but you will be more aware of where it needs a tune up, possible safety concerns and how to maximise a future trade-in price.

You can start by grabbing a pen and giving your business a nine point check up:

1. Do you receive objective challenge through a non executive director or other external advisor?
2. Is there a documented strategic plan?
3. Is there an annual budget and business plan?
4. Is there a financially literate non-exec who can objectively review the accounts and your controls?
5. Are big picture risks identified and a plan in place to mitigate them?
6. Have company values been identified and are they being actively lived by employees?
7. Is there a succession and or key employee development plan in place?
8. Is key management information on the health of the business relevant and produced regularly?
9. Do the directors understand their legal obligations and actively monitor compliance?

How did your company score? If you were unable to tick some of the boxes I suggest you place them at the top of the list when you're next working on your business.

Remember, good governance promotes best practice for directing and controlling your business. Some experts describe it as a "state of mind"¹. Like your car's WoF I also think of it as "peace of mind".

Sources: 1. *The Effective Director*, Neville Bain, IOD Publication 2008. This article draws much of its content from *The Effective Director*.



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