



KEWEENAW BAY

AND BEYOND

**BARAGA COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

Year-end Small Business Toolkit

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Set the Stage for Success

Year-end activities can be overwhelming, particularly for small businesses with minimal staff. However, closing the year and preparing for the next remain critical functions of a successful business.

But there is no need to be stressed out or feel like you are alone in completing these tasks. And while there certainly is no need to recreate the wheel, there is an opportunity to take the lead from already established best practices being used in small businesses across the country.

As detailed in the Table of Contents, you will find information, checklists, and templates on a variety of topics, including: financial, marketing, IT, human resources, regulatory/licensing, and strategic planning.

There is no time like the present to consider ways to make year-end less burdensome. If you keep up on your “business housekeeping” throughout the year, you may be pleasantly surprised how smoothly entering the new year can be.

Take on these activities one at a time, or delegate them to your team to engage staff in the process. Know that your Baraga County Economic Development Corporation staff is also on standby to assist if needed.



SECTION ONE

Financial Tasks

Financial Tasks

This section deals with items associated with your financials. While we will walk you through the various activities required, how your business approaches each will depend on the balance between internal work and outsourcing. Many small businesses utilize accounting firms, financial planners, and tax experts to assist with closing their year-end books, while others rely on their in-house staff to do so. Regardless of your process, please make sure that all these tasks are completed.

When you have completed this section, you will have accomplished the following tasks:

- Run standard financial reports
- Analyze cash flow statements
- Verify vendor information
- Reconcile accounts receivable and reach out to those overdue
- Review payroll and benefit information
- Gather tax documents/know what forms to file



Run Standard Financial Reports

Whether you outsource your monthly financials or employ staff who prepare them, you will need to run or request year-end financial reports for a variety of purposes.

At a minimum, you should run the three main financial reports. These are your balance sheet, income statement, and cash flow statement. They will help you assess if you are on target with your business goals, tax purposes, and budgeting.

Your accounting software can generate these reports, and typically can reconcile your bank accounts and credit card statements.

Balance Sheet

The balance sheet presents the assets, liabilities, and equity of the entity as of the reporting date. It is basically a snapshot of a specific point in time. The report format is structured so that the total of all assets equals the total of all liabilities and equity. This is typically considered the second most important financial statement, since it provides information about the liquidity and capitalization of an organization. A sample balance sheet:

ASSETS	
Current assets	
Cash	\$45,000
Investments	80,000
Accounts receivable	425,000
Inventory	415,000
Prepaid expenses	15,000
Total current assets	\$980,000
Non-current assets	
Fixed assets	800,000
Goodwill	200,000
Other assets	20,000
Total non-current assets	\$1,020,000
Total assets	<u>\$2,000,000</u>
LIABILITIES AND EQUITY	
Current liabilities	
Accounts payable	\$215,000
Other payables	30,000
Accrued liabilities	28,000
Unearned revenues	12,000
Total current liabilities	\$285,000
Noncurrent liabilities	
Long-term debt	200,000
Bonds payable	350,000
Total noncurrent liabilities	550,000
Total liabilities	\$835,000
Shareholders' equity	
Common stock	10,000
Preferred stock	50,000
Additional paid-in capital	320,000
Retained earnings	825,000
Treasury stock	-40,000
Total shareholders' equity	\$1,165,000
Total liabilities and shareholders' equity	<u>\$2,000,000</u>

Income Statement

The income statement presents the revenues, expenses, and profits/losses generated during the period selected. This is usually considered the most important of the financial statements, since it presents the operating results of an entity. A sample income statement:

Net sales	\$1,000,000
Cost of goods sold	480,000
Gross margin	\$520,000
Operating expenses	
Advertising	10,000
Depreciation	8,000
Rent	32,000
Payroll taxes	25,000
Salaries and wages	359,000
Supplies	5,000
Travel and entertainment	11,000
Total operating expenses	\$450,000
Other income	10,000
Total income before taxes	\$80,000
Income taxes	30,000
Net income	<u>\$50,000</u>

Cash Flow Statement

A cash flow statement shows how money comes in and out of your company during the reporting period. This can provide a useful comparison to the income statement, especially when the amount of profit or loss reported does not reflect the cash flows experienced by the business. A sample cash flow statement:

Cash flows from operating activities		
Net income		\$100,000
Adjustments for:		
Depreciation and amortization	12,000	
Provision for losses on accounts receivable	18,000	
Gain on sale of assets	-10,000	
		20,000
Increase in accounts receivables	-80,000	
Decrease in inventories	30,000	
Decrease in trade payables	-16,000	
		-66,000
Cash generated from operations		54,000
Cash flows from investing activities		
Purchase of fixed assets	-80,000	
Proceeds from sale of equipment	24,000	
Net cash used in investing activities		-56,000
Cash flows from financing activities		
Proceeds from issuance of common stock	120,000	
Proceeds from issuance of long-term debt	57,000	
Dividends paid	-32,000	
Cash generated from financing activities		145,000
Net increase in cash and cash equivalents		143,000
Cash and cash equivalents at beginning of period		230,000
Cash and cash equivalents at end of period		<u>\$373,000</u>

Analyze Cash Flow Statement

Whenever you review any financial statement, you should consider it from a business perspective. Financial documents are designed to provide insight into the financial health and status of an organization. You may have staff accountants or outsource to an accounting firm that assists with reporting and interpreting those statements.

Your cash flow statements speaks to what phase your business is in. Are you a rapidly growing startup or a mature and profitable company? It can also reveal whether a company is going through transition or in a state of decline.

Using this information, you or a department head might look at a cash flow statement to understand how their particular department is contributing to the health and well-being of the company and use that insight to adjust their department's activities. Cash flow might also impact internal decisions, such as budgeting or the decision to increase or decrease staff.

Cash flow is typically depicted as being positive (the business is taking in more cash than it's expending) or negative (the business is spending more cash than it's receiving).

Positive Cash Flow

Positive cash flow indicates that a company has more money flowing into the business than out of it over a specified period. This is an ideal situation to be in because having an excess of cash allows the company to reinvest in itself and its shareholders, settle debt payments, and find new ways to grow the business.

Positive cash flow does not necessarily translate to profit, however. Your business can be profitable without being cash flow-positive, and you can have positive cash flow without actually making a profit.

Negative Cash Flow

Having negative cash flow means your cash outflow is higher than your cash inflow during a period, but it doesn't necessarily mean profit is lost. Instead, negative cash flow may be caused by an expenditure and income mismatch, which should be addressed as soon as possible.

Negative cash flow may also be caused by a company's decision to expand the business and invest in future growth, so it's important to analyze changes in cash flow from one period to another, which can indicate how a company is performing overall.

Verify Vendor Information

Vendor verification is the process of checking the identity and legitimacy of your vendors' company data, which helps prevent mistakes, fraud, and compliance errors.

Oftentimes, companies get these details from their vendors at the beginning of the business relationship and rarely go back and verify that the data is still correct. This leaves businesses at risk of:

- Sending money to the wrong account
- Working with vendors who are blacklisted
- Processing invoices with outdated payment information
- Paying for products or services you never received

Depending on the type and size of your business, the information required could be basic, complex, or somewhere in between. You may even rely on a software program to manage your vendor information. Below is an example of a simple spreadsheet that you can create and modify to fit your needs. Add additional information if needed, such as account numbers, discounts, contract end date, etc.

Vendor Support Contacts							
	Vendor	Phone	Contact Name	Manager Name	Mgr. Phone	Services Provided	Contract Terms
Ex	ABC Co.	111-111-1111	Bob Smith	Bill Jones	111-111-2222	A/C units	Month by month
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

Accounts Receivable Review

Accounts receivable is defined as “the money owed to a company, for the products or services it has provided, that have not yet been paid”.

An accounts receivable review provides qualitative data that answers questions like:

- How quickly do my clients pay their invoices?
- How efficient is my business at collecting on the credit we extend to our customers?
- Where does my company stand financially daily, monthly, and yearly?
- How frequently do accounts and invoices become delinquent?
- Are we offering too much or too little credit to particular clients?
- Is our collection process working once an account is deemed delinquent?

This information allows you to look at the bigger financial picture across all of your clients, their payments, and their outstanding debts, and helps identify areas that can be improved internally, within your accounts receivable department.

The accounting software you use may be able to run the reports you need to answer the above questions. To begin, run an aging report that gives you an overview of the amount of time that has elapsed since your customer was invoiced. These reports typically combine accounts into different ranges, with the standard ranges being 0-30 days, 31-60 days, 61-90 days, and 90+ days.

These three widely accepted formulas can be used to establish indicators for accounts receivable review. They will measure and track liquidity, efficiency, profitability, and more to provide you with a user-friendly view of performance.

Average Collection Period

The average collection period measures the time it takes for a business to receive payments. It is usually used to track the amount of cash available on hand and is best used by companies that require a healthy cash flow.

Average Collection Period Formula:

$A/R \text{ Balance} / \text{Total Net Sales} (x 365)$

Average Collection Period Example:

If a company records a yearly accounts receivable balance of \$100,000 and logs \$300,000 in net sales. You would calculate the average collection period as: $100,000 / 300,000 (x 365) = 121.67$

Accounts Receivable Turnover

Accounts receivable turnover reflects how often a business collects its average accounts receivable per year. It is a measure of how efficiently you collect on the credit provided to customers.

Accounts Receivable Turnover Formula:

Net Credit Sales/Average Accounts Receivable

Accounts Receivable Turnover Example:

If a company has net credit sales of \$150,000, and the average accounts receivable for a year is \$25,000.

$$150,000/25,000 = 6$$

Days Sales Outstanding (DSO)

Days sales outstanding (DSO) shows the average number of days it takes to collect payment on an account. It shows if a company is extending too much or too little credit to customers.

DSO Formula:

(Total A/R / Total Credit Sales) x Number of Days

DSO Example:

For 30 days, a company has a total A/R of \$500,000 and extends credit on sales worth \$250,000.

$$(500,000 / 250,000) \times 30 = 60$$

The data and formulas listed in this section can be put into an Excel spreadsheet that will automate your review. This, of course, is only necessary if you are not using software that will prepare reports automatically.

Here is an example of a simple Excel spreadsheet you can set up to track receivables. Simply add in the formulas above for your monthly and year-end reviews.

Make sure to follow up on any overdue invoices and try to clear them out prior to year-end if possible.

Accounts Receivable						(Enter Company Name Here)						
Customer	Invoice Date	Invoice Number	Amount	Terms	Due Date	Days overdue	Current	1-30 Days	31-60 Days	61-90 Days	Older	Comments
							0	75	275	100	234.75	
ABC Computers	14/03/2017	14523	59.75	7	21/03/2017	155					59.75	7 day letter sent 08/08/17
P Smith	30/03/2017	14527	125.00	14	13/04/2017	132					125.00	7 day letter sent 08/08/17
ABC Computers	15/04/2017	14547	50.00	7	22/04/2017	123					50.00	7 day letter sent 08/08/17
A Abbotsbury	02/04/2017	14535	75.00	Net Monthly	31/05/2017	84				75.00		Payment promised 12/08/17
A Ledger	30/05/2017	14569	25.00	14	13/06/2017	71				25.00		Phone back 10/08/17
S Taylor	15/06/2017	14579	125.00	14	29/06/2017	55			125.00			Bank transfer promised 09/08/17
C Reynolds	01/07/2017	14612	25.00	14	15/07/2017	39			25.00			Not happy with work complete, chase engineer for update 08/08/17
P Jackson	23/06/2017	14585	75.00	30	23/07/2017	31			75.00			Phone back 10/08/17
M Bennett	09/07/2017	14625	50.00	14	23/07/2017	31			50.00			Phone back 10/08/17
A Ledger	17/07/2017	14633	65.25	7	24/07/2017	30						They are on holiday until 15/08/17 - phone back
F Shaw	15/07/2017	14629	75.00	30	14/08/2017	9		75.00				Current phone 10/08/17 to confirm when payment will be made
				Terms								
				Terms								
				Terms								

Payroll and Benefit Information

Paystub.org does a great job of outlining the importance of reviewing your payroll/benefit information, as well as, the steps required to do so.

Here are the key reasons to complete this task:

Catching and preventing common errors during a payroll audit can help companies avoid significant financial losses. Payroll errors occur due to clerical mistakes, system glitches, or a simple misunderstanding of employee contracts and can lead to incorrect payments and tax deductions.

Audits also ensure your company's payroll **compliance with laws and regulations**, helping you avoid costly penalties. For instance, if a payroll audit reveals that you are not deducting the right income tax from employees, you can immediately rectify the mistake before the IRS is notified of the problem and penalizes the company. Failing to make timely and accurate tax deductions can result in a penalty of up to 15% of the unpaid amount, so it's best to prevent this issue in the first place.

Catching salary errors is one of the benefits of a payroll audit, meaning you'll be able to **prevent overpaying or underpaying** employees on any pay period. Routine audits allow you to stay on top of all employee bonuses, tax adjustments, or overtime hours so you can ensure that they are paid appropriately.

Regular payroll audits can also help improve payroll security and **prevent fraudulent activities**, like ghosting employees or unauthorized time adjustments. If you notice any irregularities or patterns in a certain employee's time logs that don't correspond to their work output, you may need to investigate the issue further.

One of the main payroll audit objectives is to determine whether an employee is being paid and taxed properly and implement measures to **ensure complete legal compliance**.

Aside from the mandatory deductions, you can also use a payroll audit to confirm whether an employee's fringe benefits, such as health insurance or retirement plan packages, are properly compensated. An audit can ensure that employees who opt out of these deductions are not being charged for them, too.

Here are detailed steps to conducting your review:

Step 1: Decide on Payroll Audit Frequency

Before actually auditing your payroll, you first need to decide how often you'll be conducting an audit. This helps maintain accuracy in payroll records and avoid any discrepancies with employee wages.

Depending on your company size, you may decide to conduct a payroll audit quarterly or annually. Regardless of the frequency, it's crucial to stick to the schedule you choose and be consistent with it. We also recommend conducting additional audits at the end of every fiscal year to help with tax preparation.

Step 2: Review All Employees Listed on the Payroll

In this step, you will review all the employees on the company payroll. This is done to ensure that you are only paying active employees, such as full-time, part-time, and contractual workers. If there are any names you don't recognize or employees that have recently been separated, be sure to remove them from the list. Then, you can cross-reference the latest employee records with the remaining employees to confirm that they are currently employed in the company. Doing so will help you avoid unnecessary payments to terminated workers.

Step 3: Analyze Payments and Hours Worked

Check each employee's timesheets and salaries to confirm that they are properly paid. You can do this by reviewing their paycheck or pay stub and comparing the amount stated there with their pay rate and total hours worked.

You should also check attendance logs and overtime hours to confirm the accuracy of their timesheet and monitor for any payroll discrepancies, such as unapproved overtime or missed entries. If you have an automated time entry system, please carefully review any manual entries to ensure the employee worked during those hours.

Step 4: Check Variable Payments

After confirming standard salaries, review any variable payments made for commissions, shift differentials, or bonuses, as these are often prone to fraud and overpayment.

To avoid significant financial losses, we advise double-checking that these payments are distributed to the correct employees and that each variable payment made aligns with company policies.

Step 5: Review Tax Withholdings

Proper tax compliance is a critical part of payroll audits, so it's important to thoroughly review each employee's tax withholdings to ensure that you are deducting the appropriate amount. Remember, the amount of taxes due can change depending on work locations or employee tax brackets, so it's best to verify them individually.

Step 6: Reconcile Payroll Records

Once you've finished verifying all the necessary employee information, the next step is payroll reconciliation or comparing this data with the company's financial records. Do your bank statements match the amounts stated on the payroll ledger? Are all variable payments properly documented and accounted for?

While double-checking all these numbers can be time-consuming, this is a crucial step in ensuring that there are no salary discrepancies, such as mismatched totals or unrecorded transactions, that can indicate underpayment, overpayment, or fraud.

Step 7: Document Findings and Develop an Improvement Strategy

Finally, you need to document all your findings, including any errors and unusual employee patterns, into a comprehensive report and use this to develop a strategy to improve your payroll process.

There are several payroll audit templates you can use to help you draft this document, but essentially, the report should include information about the discrepancies you found, how you resolved them, and what your plans are to prevent them from occurring in the future.

The next page includes a checklist you can use to document your steps in this section.

Audit Payroll Checklist

Task	Done	Notes
Employee information		
Review employee data	<input type="checkbox"/>	
Remove terminated employees	<input type="checkbox"/>	
Payroll information		
Verify payroll data	<input type="checkbox"/>	
Check each employee's hours worked	<input type="checkbox"/>	
Identify any discrepancies	<input type="checkbox"/>	
Add overtime pay and/or subtract paid time off	<input type="checkbox"/>	
Double-check pay rates	<input type="checkbox"/>	
Tax information		
Review benefits	<input type="checkbox"/>	
Review reimbursements	<input type="checkbox"/>	
Review tax deductions	<input type="checkbox"/>	
Final check		
Ensure employee pay rates match sent salaries	<input type="checkbox"/>	
Check tax payments made	<input type="checkbox"/>	
Confirm details with the payroll department if necessary	<input type="checkbox"/>	

Tax Documents/Forms

This next section shares tax documents/forms that your company MAY need to prepare and file. While many of these forms are required by all businesses, some will be dependent on the type, size, and set-up of your specific company.

File Form W-2 (Wage and Tax Statement)

Employers must file a Form W-2 for each employee who they:

- have paid \$600 or more in wages
- have withheld income, social security, or Medicare taxes
- have withheld income tax from the employee if they claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4.

Employers must furnish a copy of Form W-2 to employees not later than January 31, to avoid penalties.

File Form 940 (Federal Unemployment Tax Return)

Employers must file Form 940 to report annual Federal Unemployment Tax (FUTA). FUTA is the funding source for state unemployment agencies that provide unemployment compensation to workers who have lost their jobs.

File Form 941 (Quarterly Federal Tax Return)

Employers must file Form 941 to report income taxes, Social Security tax, or Medicare tax withheld from employees' paychecks. It's also used to pay the employer's portion of Social Security or Medicare tax. As such, the fourth quarter's Form 941 is due on January 31.

File Form 1096

Employers must file Form 1096 if they have filed Forms 1099. Form 1096 is the transmittal form used to summarize information on Forms 1099-MISC and 1099-NEC and must be filed by January 31.

File Forms 1099-MISC and 1099-NEC


Employers must file Forms 1099-MISC and 1099-NEC to report any payments made to contractors or vendors by check or other means.

Form 1099-MISC is the tax form issued to report miscellaneous payments such as royalties and rents.

Form 1099-NEC is the tax form issued to report nonemployee compensation. Employers must furnish copies of these forms to their contractors or vendors by January 31.

File State and Local Payroll Tax Returns

Employers must file state and local payroll taxes for income tax withholdings. It's important to research ahead of time and consult legal counsel or a tax professional to confirm the appropriate taxes are reported.



SECTION TWO

Licenses, Contracts, and Inventory

Licenses and Contracts

Take time to review your business licenses and permits, making sure that you have all the required ones to operate your business appropriately.

Ask yourself the following questions:

- Are there any business licenses or permits that need to be renewed?
- Am I required to file an annual report or pay a franchise tax/annual fee to the Secretary of State for my business entity?
- Are any of my vendor, supplier, customer, or employee contracts set to expire?
- Do I have any software/website licenses or subscriptions that need to be renewed?
- Have any laws changed regarding wages or employment requirements?

You can easily create a spreadsheet or checklist with any renewals and associated due dates to use annually and save time. This will help you stay on top of these annual tasks while preventing any late fees or penalties from being levied. For more complex licensing or zoning issues, you can consult with a local business attorney for advice.

Examine Upcoming Staffing Needs

A staffing plan is a tool professionals can use to analyze their organization's current and future staffing needs. When businesses grow, they may decide to scale their labor to match the demand. A staffing plan helps businesses analyze what skills they need so they can determine which roles to create and who to recruit to fill them. They also help companies address skills gaps, or the difference between the skills the company desires and the skills employees actually have. Using this tool can help companies plan to expand their operations and retain a competitive advantage in their industries.

Here are four steps to developing your staffing plan:

- Step 1- Assess current staffing levels
- Step 2- Forecast future staffing needs
- Step 3- Conduct a skills gap analysis
- Step 4- Develop and implement an action plan

To assess your current staffing level, document the following information:

- Current number of employees
- Roles and departments
- Skills inventory of existing employees
- Employee engagement and satisfaction levels (this can be accomplished via an employee survey)
- Flight risks (employees likely to leave)

Next, forecast as best you can your future staffing needs. Your strategic plan can be an asset in this step.

- Projected increase or decrease to your business
- New technology or process changes
- Anticipated staffing demand (how many positions and what skills)
- External factors (examples: labor statistics, market trends). THE BCEDC CAN ASSIST YOU WITH RESEARCH AND DATA FOR YOUR WORKFORCE SECTOR.
- Expanding or decreasing hours of operation

Now let's look at the current staffing levels and compare them to the projections you made. This is called a Gap Analysis.

- Look at the skills gaps between your current staff and future needs
- Ratio analysis (staff-to-workload ratios)
- Identify positions you need to fill or eliminate

Lastly, it is time to put your plan into place.

- Define how you will recruit new employees.
- Create the necessary training programs for new employees if not already established.
- Plan for the succession of key roles.
- Make sure to budget dollars for hiring and development of new and current employees.

Here is a simple spreadsheet that can be used for your staffing plan. Customize it to fit your company's needs.

Comprehensive Staffing Plan Template

Position Title	Current Staffing	Q1			Q2			Q3			Q4			Total
		Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	
Position 1	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 2	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 3	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 4	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 5	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 6	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 7	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 8	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 9	3	2	2	0	2	2	0	2	2	0	2	2	0	8
Position 10	3	2	2	0	2	2	0	2	2	0	2	2	0	8

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Inventory

For your business, an inventory valuation will be a key ingredient in your long-term success. An inventory value not only helps your company maximize its profitability and create attainable revenue goals, but it can also improve the accuracy of your forecasting.

To start, you will need to decide which method to use to evaluate the current value of your inventory. There are four commonly used methods. They are:

- Last In First Out (LIFO)
- First In First Out (FIFO)
- Weighted Average Cost (WAC), and
- Specific Identification Method.

Let's take a look at each of these methods in more detail. Your business may also use inventory software to automate the process.

The **LIFO** method is used when the last items to enter the inventory are the first ones to be used. This implies that the oldest items are kept in stock, which is not likely. However, it is frequently used because it charges the most recent costs to the cost of goods sold. In a period of price inflation, this tends to reduce profits and therefore the amount of income taxes to be paid.

The **FIFO** method is used when the first items to enter the inventory are the first ones to be used. This means that the costs of the oldest items in the inventory records are charged to the cost of goods sold first. In a period of price inflation, this means that the cost of goods sold tends to be somewhat low, resulting in higher reporting profits and more income taxes.

The **WAC** applies an average of the costs in inventory to the cost of goods sold. This means that the cost of goods sold will be neither excessively high nor low in a period of price inflation, making this method representative of the actual cost of the items stored in inventory.

The **Specific Identification Method** is used when you want to track the specific cost of individual items of inventory. It is most commonly used when each inventory item is unique, such as in an art gallery.

Here is an example of a spreadsheet that may be used and adapted to fit your company's needs.

Inventory List

	Inventory ID	Name	Description	Unit Price	Quantity in Stock	Inventory Value	Reorder Level
🚩	IN0001	Item 1	Desc 1	\$51.00	25	\$1,275.00	29
🚩	IN0002	Item 2	Desc 2	\$93.00	132	\$12,276.00	231
	IN0003	Item 3	Desc 3	\$57.00	151	\$8,607.00	114
	IN0004	Item 4	Desc 4	\$19.00	186	\$3,534.00	158
	IN0005	Item 5	Desc 5	\$75.00	62	\$4,650.00	39
🚩	IN0006	Item 6	Desc 6	\$11.00	5	\$55.00	9
🚩	IN0007	Item 7	Desc 7	\$56.00	58	\$3,248.00	109
🚩	IN0008	Item 8	Desc 8	\$38.00	101	\$3,838.00	162
	IN0009	Item 9	Desc 9	\$59.00	122	\$7,198.00	82
🚩	IN0010	Item 10	Desc 10	\$50.00	175	\$8,750.00	283
🚩	IN0011	Item 11	Desc 11	\$59.00	176	\$10,384.00	229
🚩	IN0012	Item 12	Desc 12	\$18.00	22	\$396.00	36
🚩	IN0013	Item 13	Desc 13	\$26.00	72	\$1,872.00	102
🚩	IN0014	Item 14	Desc 14	\$42.00	62	\$2,604.00	83
	IN0015	Item 15	Desc 15	\$32.00	46	\$1,472.00	23
🚩	IN0016	Item 16	Desc 16	\$90.00	96	\$8,640.00	180
	IN0017	Item 17	Desc 17	\$87.00	57	\$5,529.00	98
🚩	IN0018	Item 18	Desc 18	\$12.00	6	\$72.00	7
🚩	IN0019	Item 19	Desc 19	\$82.00	143	\$11,726.00	164
	IN0020	Item 20	Desc 20	\$16.00	124	\$1,984.00	113



SECTION THREE

Business Goals and Human Resources

Updating Your Business Goals

They say looking back is the best way to predict the future. Now is the time to take a moment to look back on your business performance over the last year. You can compare your goals to actual to see where you met, exceeded, or missed the mark. Obviously, goals that were met or exceeded should be considered favorable strategies for the future. However, if your business didn't quite reach any goals, take time to re-evaluate them. Is there a better process or hurdles that can be overcome to turn them around? If not, perhaps the activities may be something to consider putting on the back burner.

Reviewing goals is always a great way to engage your team. Those working directly on said goals will have the best information and ideas on how to improve. Plus, giving them the authority AND accountability for the implementation will only enhance and grow your team's confidence.

Once you have reviewed your current goals, it is time to set new goals for the upcoming year. Set a higher bar to encourage growth and help your business increase its potential. A proven method of creating your business goals is to use a system called SMART: specific, measurable, achievable, relevant, and timely.

Below is a simple form that you can create to develop your new goals.

SMART GOALS TEMPLATE

S	Specific	<ul style="list-style-type: none">• What do I want to accomplish?• Why do I want to accomplish this?• What are the requirements?• What are the constraints?	
M	Measurable	<ul style="list-style-type: none">• How will I measure my progress?• How will I know when the goal is accomplished?	
A	Achievable	<ul style="list-style-type: none">• How can the goal be accomplished?• What are the logical steps I should take?	
R	Relevant	<ul style="list-style-type: none">• Is this a worthwhile goal?• Is this the right time?• Do I have the necessary resources to accomplish this goal?• Is this goal in line with my long term objectives?	
T	Time-Bound	<ul style="list-style-type: none">• How long will it take to accomplish this goal?• When is the completion of this goal due?• When am I going to work on this goal?	

Once you've defined your goals, break them into smaller steps that are more manageable. Next, create a plan with the smaller goals for each month of the next year. It is easier to stay consistent with those smaller steps that add up to big changes over time. Knowing these "micro" goals in advance also helps to plan the tools needed to achieve them.

Backup computers/check security settings

No matter how much you do or don't rely on technology, it's imperative that you get your IT in order by year-end. While you may already have your company's devices set to automatically back up their information, adding a year-end backup step to your checklist can give you a bit more peace of mind when you're closing out the year. You want to fully secure the information that keeps your small business running.

You will want to back up essential files such as accounting documents, payroll records, client information, and emails. If you have an IT department or position in your company, they should be responsible for these tasks. If not, provide employees with external drives or cloud storage to ensure all data is securely stored for the new year.

A new year is also a good time to update/change passwords for any online accounts you use, employee computer log-ins, email passwords, mobile phone access, entry security, and any other tasks that require identification to access.

Lastly, you'll want to consider "cleaning out" your electronics if year-end is a slow time for your business. Reorganize virtual folders, properly recycle equipment that's no longer useful, and remember to account for and/or renew virtual software and licenses, too.

No matter what data and records you consider critical, you want to make sure you don't lose or corrupt your data. Backing up your computers can be time-consuming; however, setting aside time at the end of the year can be a good way to ensure that backing up your technology doesn't get overlooked.

Don't want to deal with this important task in-house? Consider hiring a local IT firm to help you achieve your goals.

Employee Year-End Reviews

A year-end review is an opportunity to assess employee performance over the past year and provide meaningful feedback. It is typically conducted by a supervisor or a member of the human resources team. Most reviews take place in person, but for remote employees, you will need to take advantage of online tools to accomplish them.

Away year-end evaluation is a way to formally document an employee's progress by engaging in a dialogue about expectations, challenges, and successes.

A framework for this discussion can include:

- Setting goals for the upcoming year
- Discussing career development opportunities
- Reviewing previously documented objectives
- Gauging employees' job and workplace satisfaction

Oftentimes, reviews are tied to compensation decisions such as salary raises or bonuses. Don't allow your managers to breeze through this process, particularly for employees who have excelled in their work over the past year. These one-on-one sessions offer opportunities for both celebration and growth. And most of the time, employees genuinely want this type of feedback.

Onpay.com further details how an evaluation should be conducted:

- **A check-in and check-up:** Take time to check in with the person you are reviewing and ask how they are doing
- **An employee self-evaluation:** This should include space for strengths, weaknesses, goals, and opportunities. Workers should complete this ahead of time so you can review their responses together
- **Your performance evaluation:** Your company can use a numerical scale or open-ended qualitative feedback to review each employee
- **Offer of support:** Make sure that you are asking each employee how you can better support them
- **Key takeaway:** Try to end on a positive note and ensure that all of the employee's questions are answered. Offer to circle back in a specific amount of time

Following is a simple template you can adjust to meet your needs:

EMPLOYEE PERFORMANCE REVIEW

Employee Information

Employee Name:

Department:

Reviewer:

Date:

Period of Review:

Reviewers Title:

Performance Evaluation	Excellent	Good	Fair	Poor	
Job Knowledge	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Productivity	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Work Quality	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Technical Skills	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Work Consistency	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Enthusiasm	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cooperation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Attitude	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Initiative	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Work Relations	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Creativity	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Punctuality	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Attendance	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Dependability	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Communication Skills	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Overall Rating	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Review/Update HR and Marketing Materials

Audit your website

Once your website is up and running, it is easy to forget about. However, this is a key element in your branding and marketing. You want to drive customers and potential customers to your site. You should periodically review your site to identify areas for improvement to enhance the customer experience. Here are some tips for doing that effectively:

- Take a look at your site from a customer's point of view. Is your site easy to navigate?
- Is everything up to date on your site? Quarterly, take the time to review every page and make necessary updates and adjustments to keep the site relevant and accurate. Check all links and confirm all contact information.
- Review text as it might be wordy or out of date.
- Maybe it's time to freshen your site's look with new photos.
- Review the website processes for customers to place orders and get support. Is it easy to navigate or does it need to be streamlined?

A great way to get feedback is to ask someone not familiar with your business to review your site. Ask them to place an order, find information, and seek support. Is it user-friendly or frustrating? What suggestions would they have to improve their experience?

In today's e-commerce-driven world, your website is often the first impression customers have of your business. Take time to make it and keep it in top shape.

Evaluate Your Marketing Plan

Now that the year is coming to an end, closely review your marketing plan to see how well it's been serving your business. Then make the appropriate adjustments for the new year.

- Which sales campaigns had the best results?
- Which social media content received the most interactions?
- Which pages on your website were most viewed?
- Review feedback received from customers and potential customers.

Is your marketing plan helping to achieve your company's goals? What changes need to be made to meet next year's goals? Are there new products or services that need to be added to the upcoming plan?

This is also an area where the staff can provide input. What are they hearing from customers and others they come into contact with? Their day-to-day experiences can help shape your upcoming changes.

Celebrate Your Business Accomplishments

The end of the year isn't just about ticking off tasks and analyzing data; it's also a time to celebrate everything you and your team have achieved during the year. It is just as important to reflect on the goals accomplished and recognize the team members who contributed to that success.

Recognizing success and those who played a role in it can help build a positive company culture and motivate employees. Everyone works hard all year, and celebrating can help energize your team and prepare them to tackle the challenges and opportunities ahead.

Here are some ideas to consider:

- Monetary bonuses
- Staff recognition event
- Awards for top sales, best marketing campaign, top customer service ranking, etc.
- Personal notes to each staff member
- Department contests

Year-end is also a great opportunity to thank your customers and vendors, who are also critical components of your business.

For customers, consider hosting an appreciation event, providing them a discount, or delivering a holiday gift.

For vendors, you may want to send a holiday gift for staff, provide them with strong reviews, and acknowledge that you're pleased with their service, or host a vendor event that allows you to thank them for their service.

Closing the Year with Confidence

While year-end activities may seem daunting, if you break them down into bite size pieces, they become manageable. We hope that this guide will assist you in doing just that.

Of course, the staff at the Baraga County EDC stands ready to help you with all your business development needs, including closing your year-end. Contact us at 906-226-6591 x 104 or mary@baragacounty.org to set up an appointment.

Lastly, for other professional supports that you may need to complete these tasks, consider local service providers first. Business-to-business support is critical in a successful community, and the Baraga Chamber of Commerce members are a great place to source from.

Year-End Business Resource List

Checklists & Year-End Planning

- [2024 Year-End Small Business Owners Checklist – FindLaw](#)
- [End-of-Year Checklist for Small Businesses – OnDeck](#)
- [Year-End Checklist – Thrive Metrics](#)
- [Complete Year-End Checklist – Shopventory on LinkedIn](#)
- [10 Tasks for Entrepreneurs – Experian](#)
- [Year-End Activities – LYFE Accounting](#)
- [Year-End Tasks for Businesses – CRI](#)

Financials & Reporting

- [The Four Basic Financial Statements – AccountingTools](#)
- [How to Read a Cash Flow Statement – Harvard Business School Online](#)

Operations & Internal Controls

- [Vendor Verification Best Practices – Trustpair](#)
- [How to Perform an Accounts Receivable Analysis – Invoiced](#)
- [Payroll Audit Guide – Paystub.org](#)
- [How to Create a Staffing Plan – Indeed](#)
- [What Is Inventory Valuation? – AccountingTools](#)

Links of Value

- [Financial/Regulatory Checklist – Template.net](#)
- [Tax Documents & Forms Checklist – 2024 End-of-Year Prospect PDF](#)

Organizations:

- Baraga County Chamber of Commerce: (906) 353-8808
baragachamberoperations@gmail.com
- Baraga County EDC: Mary Myers (906) 226-6591 Ext: 104 mary@baragacounty.org
- Small Business Development Center: Upper Peninsula Region – Michigan Technological University (906) 487-2469
- UP Michigan Works!: (906) 228-3075
- Innovate Smartzone (906) 227-6261

Financial Assistance

- Rukkila | Negro and Associates, Certified Public Accountants, PC: (906) 482-6601
- Ameriprise Financial: (906) 482-1747
- Northern Initiatives: (906) 226-1671 info@northerninitiatives.org
- Edward Jones: (906) 524-4190
- Midwest Tax & Accounting: (906) 201-0669
- Tailored CPA: (906) 273-1423 info@tailoredcpas.com

Law Office:

- Steward Sheridan: (906) 485-1929
- Graybill & Mead: (906) 273-1293
- Andrew M. Luoma Attorney at Law: (906) 875-4543



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DEVELOPMENT CORPORATION**