

early warning guide



locality

so you'll never
have to say...
"I wish I'd said
something
sooner"

This guide is intended for use by board members and senior managers of third sector organisations - from the very small to the very large.

The guide is only meant to help you start to ask questions; it is not intended to be an exhaustive list. Not all the questions have obvious answers but they should stimulate discussions between staff and board that either reassure or warn you. Relate your answers to the last 12 months.

If you cannot answer some of the questions make sure that you find out the answer from someone who does know.

Use the guide on a regular basis to see if progress is being made. If you get any red lights talk to...

A critical friend

For community groups Locality has a nationwide team experienced in giving business advice from a non-judgemental point of view and able to signpost you to other resources. Other third sector organisations can try their local CVS or specialist sector organisations.

www.locality.org.uk
info@locality.org.uk
0845 458 8336

Funders

Don't keep your funders in the dark – they can't help if they don't know until the last minute.

Suppliers

If you are having cash flow difficulties talk to your major suppliers and HM Revenue and Customs; it can buy you time.

Professionals

There will be professional help available (at a cost!) from auditors, bankers and solicitors.

Regulators

The Charity Commission website has a lot of useful good practice guidance.

www.charity-commission.gov.uk

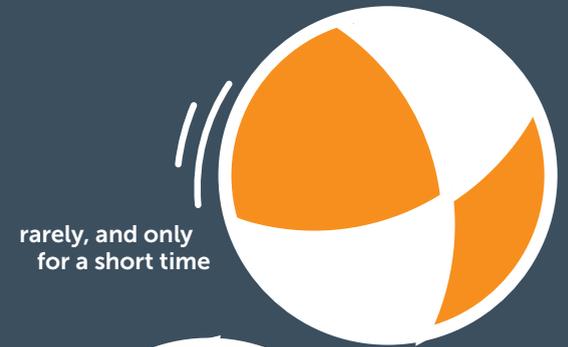
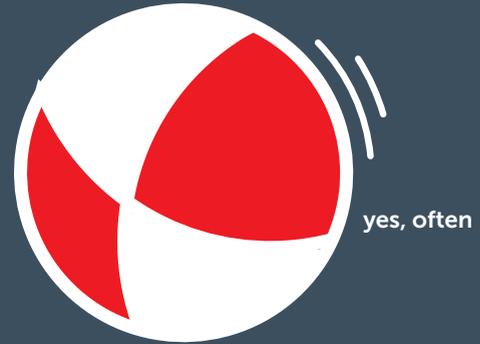
Notes

Do angry suppliers ring us chasing unpaid bills?



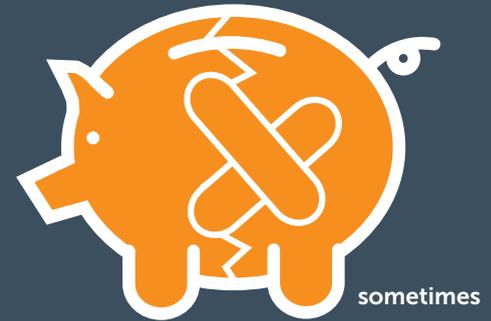
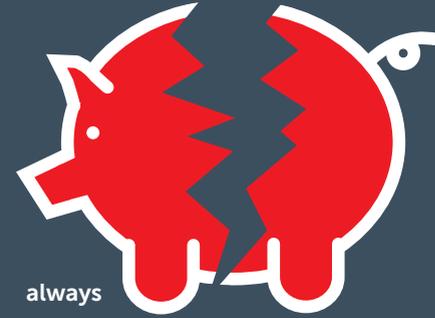
Notes

Have we ever paid salaries from funds received for other purposes?



Notes

Leading up to payday, do we chase every scrap of cash?



Notes

Are we up to date with our PAYE and VAT payments?

no, we are in arrears by more than 2 months



no, we are 1 or 2 months in arrears



yes



Notes

How often do we use our overdraft or loan facility?



more than
once a month



between
once a month
and once a year



less than
once a year

Notes

When are financial reports presented to us?

late or not at all



tabled



in advance



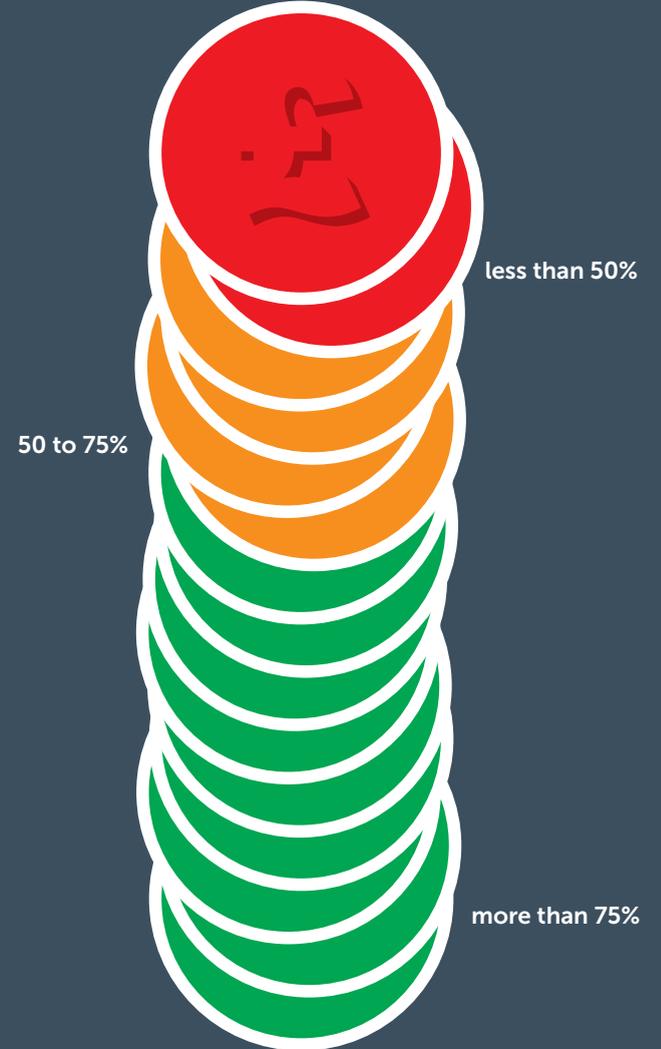
Notes

Do we all understand the financial figures presented to us?



Notes

What proportion of our income are we confident about next year?



Notes

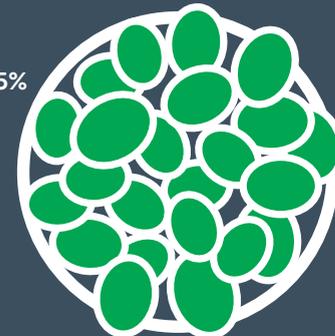
What proportion of our total income comes from our two biggest funders or customers?



more than 50%



25 to 50%



less than 25%

Notes

Do our board members have and contribute a full range of business skills?



no or not sure



mostly,
but there are
some gaps



yes

Notes

Is there a healthy mix of trust and challenge in the CEO/chair relationship?



Notes

Are board vacancies filled quickly?



no, almost impossible



yes, but have to work hard to get the right people



yes, good people are always keen to join

Notes

Do board members raise questions and resolve them?

questions are always raised by the same one or two individuals



questions are raised but not resolved

yes



Notes

When did we last review our organisation's strategic objectives?



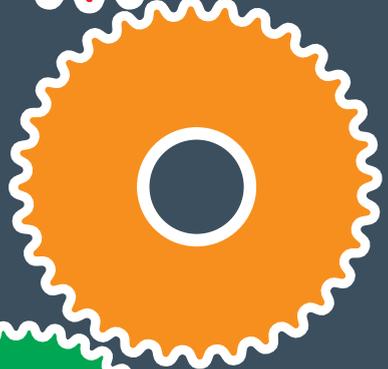
Notes

If our chief executive left tomorrow would the organisation grind to a halt?

we'd really struggle
from day one



we'd manage on a
day to day basis but
quickly lose strategic
direction



we'd carry on
confidently



Notes

Are visitors greeted by smiling, friendly staff?

not often



some of the time



always



Notes

What is the staff turnover?



more than 25%



15 to 25%



less than 15%

Notes

Is the CEO on our payroll?

no, the CEO is self employed or contracted from another organisation



no, but this is intended to be temporary



yes, the CEO is a member of staff



Notes

If you have a capital project do you feel in control?



Notes

Do we have local support?

no, most don't know what we do



service users value us, but hardly anybody else



yes, lots of people love us



how does your organisation score?

10 or more reds

Means High risk of failure in the next 3-6 months
Action Urgent trustees' meeting
Professional/external advice
Clear action plan on the most pressing issues

3-9 reds

Means Medium risk of failure in all or part in next 6 to 12 months
Action Reviewed at next board meeting
Action plan for most pressing issues
Schedule another EWG review in 3 to 6 months time

1-3 reds or 11+ ambers

Means Generally positive, although some important areas to address
Action Reviewed at next board meeting
Action plan for to address reds and any significant ambers
Schedule another EWG review in 6 months

0 reds 6-10 amber

Means Generally positive, some minor concerns
Action Action plan for the more important ambers
Schedule another EWG review in 6 months

0 red 5 or less

Means Great! This is a positive score and an indicator of an organisation in good shape
Action Action plan for important ambers
Schedule another EWG review in 12 months

Summary / actions

Date

Number of reds

Number of ambers

Number of greens

Summary / actions

Date

Number of reds

Number of ambers

Number of greens

Summary / actions

Date

Number of reds

Number of ambers

Number of greens

Summary / actions

Date

Number of reds

Number of ambers

Number of greens



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£2 or free to members

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