early warning guide
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.

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

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.

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
The Development Trusts Association has a network of regional development managers experienced in giving business advice from a non-judgemental point of view and able to signpost you to other resources.

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.

Useful resources
www.dta.org.uk
www.charity-commission.gov.uk
www.comm-alliance.org
Alternatively email us at earlywarning@dta.org.uk
Do annoyed suppliers ring us chasing unpaid bills?

Nearly every day...

...at least once a week

...not often
Do we use new funds or reserves to pay old debts?

- Frequently
- Occasionally
- Never
Leading up to payday, do we chase every scrap of cash?

- Always
- Sometimes
- Rarely or never
How often do we use our overdraft 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
Do we all understand the financial figures presented to us?
What proportion of our income is at risk in the next 12 months?

- More than 50%
- 10 - 50%
- Less than 10%
How many significant sources of income do we have?

- One
- Two or three
- Four or more

Notes
Have we ever sought an income-generating opportunity even though it was not central to our core mission and values?

Yes, we’re always open to new opportunities.

We considered it but rejected it.

No, we always evaluate every opportunity against our mission.
Has the chief executive ever cancelled a board meeting?

More than once

Once

Never
Do our board members have a full range of business skills?

No or not sure

Mostly, but there are some gaps

Yes
Do the chair and chief executive have a constructive relationship?

- No
- Most of the time
- Yes
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
Are board members able to raise issues and resolve them?

No, issues are always raised by the same one or two individuals.

Issues are raised but not resolved.

Yes.
When did we last review our organisation’s strategic objectives?

- More than three years ago
- One to three years ago
- In the last year
If our chief executive left tomorrow would the organisation grind to a halt?

Within six months

Within three months

We’d carry on confidently
Are visitors greeted by smiling, friendly staff?

- Not often
- Some of the time
- Always
What is the staff turnover?

- More than 25%
- 15 - 25%
- Less than 15%
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