

Measure the Health of Your Business

Cholesterol is often described as the silent killer. High cholesterol is bad for us and yet there are no symptoms. There is no pain; there is no nausea; there is no shortness of breath. That is why doctors regularly check our cholesterol.

Businesses have the Cholesterol Factor. Sales may be strong; profits may be good; customers may be happy. But lurking underneath, hidden from view with no adverse symptoms, may be indications that everything is not working as it should. And if we don't do anything about it over the long term it will affect the health of our business. Like cholesterol we need to do regular check ups and when necessary take remedial action

So how healthy is your business? Starting on page 3 is the Strategic Focus Business Health Scorecard™. It contains 10 statements called Business Health Indicators (BHI for short) that describe the attributes of a successful, healthy business.

To determine the overall health of your business you score each of the 10 BHI's as follows.

1. If the statement perfectly describes you and your business check the **Yes!** column. This is worth 3 points!
2. If your reaction to the statement is "you've gotta be kiddin" then check the **No!** column. This is worth 1 point!
3. If neither of these fit then check the middle **Sort of** column, giving yourself a score of 2!

Now turn to page 3 and start the health check!

So what does your result mean?

So you've done the health check on your business; now what? As you do with your doctor first look at the overall results.

- If your total score is 26 to 30 then you have a pretty healthy business. Continue the good work and book an appointment in 6 months times to repeat the checkup.
- If you scored 20 to 25 your business health is okay but borderline and so initiate some preventative actions to avoid further deterioration. Repeat the checkup every three months until you are over 25.
- If you scored below 20 then immediate action is required and you should repeat the exercise every month until you have the score above 20.

What can you do with the result?

Work on the low score statements. You evaluated each Business Health Indicator carefully and honestly and found some that are so far removed from your reality you gave them a score of 1. For each of them develop a plan that will over time move them to a 2.

Statements scoring a 2 are okay but not great. In some cases you may decide that right now it would be impossible or unrealistic to expect a perfect score for a particular health indicator and you are prepared to live with a 2 for now. In other cases you will know that it is essential for you to be achieving a 3 and so you will develop a plan to increase the score.

You now have the tool to do regular checkups on the health of your business. While providing you with the overall health it also gives you the focus to work on those areas that need improvement.

Strategic Focus Tools™

Did you find this tool useful? Good or bad we'd love to hear your comments! We are always looking to improve. Share your thoughts with nick@yourplanningpartners.com

There are plenty more tools. You can sign up for our newsletter, download more tools and resources and register for the 'Conquering the Seven Barriers' email program. It's all available at www.yourplanningpartners.com

Your Planning Partners Ltd works with small business owners who are ready to grow their business. How ready are you for your business growth? Complete your Strategic Focus Scorecard™ at www.yourplanningpartners.com



Strategic Focus Business Health Scorecard™

Name _____ Date _____

Business Health Indicators	Yes! 3	Sort of 2	No! 1
<p>1. We have a very clear, well-defined vision of our future. <i>If you don't have a clear vision of the future it is like trying to achieve a big dream without having a big dream.</i></p>			
<p>2. We have a powerful, clearly documented strategic plan. It includes our three year objectives, one year goals and action plans to achieve the goals. We regularly review the plans against actual progress and initiate corrective action when required. <i>The strategic plan provides you and your team with a clear destination and a road map to get there. Holding regular status reviews and immediately taking corrective action when necessary keeps you on track.</i></p>			
<p>3. I make sure I am consistently learning as the business grows. I regularly attend business workshops and conferences and I use mentors and/or experienced business coaches. <i>As the business grows and becomes more complex it is essential you keep updating your knowledge and experience otherwise you will be left behind and you will put your business at risk.</i></p>			
<p>4. Our team works really well together. They are fully engaged, love coming to work and are constantly achieving excellent results. <i>You cannot do it alone. Successful businesses get there because the founder is able to build and motivate a winning team.</i></p>			

Business Health Indicators	Yes! 3	Sort of 2	No! 1
<p>5. We have all the information we need to manage the business. The information is always accurate, it is supplied in a timely manner and it helps us to make correct decisions.</p> <p><i>Information is the life blood of managing a business. Without information you have no idea what is going on. You don't know if you are on the right course; you don't know if the ship is sailing or sinking. You are like the early explorers; you know you are going somewhere; you just don't know where!</i></p>			
<p>6. We have monthly financial projections (revenue and expenses) and use them to monitor our financial results every month. When required we take immediate remedial action rather than "wait for it to correct itself".</p> <p><i>You are responsible for the financial health of the business. If the business runs out of money it is your fault! And so along with a strategic plan you need a financial plan that sets out the planned revenue and expenses.</i></p>			
<p>7. Our business operates like a well-oiled machine. Our processes and systems are working well and are fully documented.</p> <p><i>When processes and systems don't work well business efficiency suffers and costs increase. If the processes are not documented you keep reinventing the wheel.</i></p>			
<p>8. I spend most of my time working on high value activities focused on growing a strong and sustainable business.</p> <p><i>High value activities are activities that are directly related to managing and growing the business. Doing the invoices is important but not high value. Strengthening the competency of your team so that they can deliver a better product to your clients is high value.</i></p>			

Business Health Indicators	Yes! 3	Sort of 2	No! 1
9. Our marketing and business development engine results in a steady stream of new customers and we are experiencing excellent client retention. <i>If your marketing and sales activities are not effective and/or consistent you will not get consistent sales results. The symptom is huge peaks and valleys in new sales revenues.</i>			
10. We know what we're good at and we <u>DON'T</u> try to be all things to all people. <i>The most successful companies, large or small, are the ones that get better and better at what they already do well.</i>			
<u>Total of each column</u>			
	<u>Total of all columns</u>		

When you have scored all 10 statements enter the totals for each column.

For example:

- If you have checked the **Yes!** column for 5 of these BHI statements then the total for that column is $5 \times 3 = 15$.
- If the middle **Sort of** column was checked for 3 statements then the total for that column is $3 \times 2 = 6$
- Which leaves 3 statements that got the **No!** column checked. Resulting total for that column is $3 \times 1 = 3$

Final step! Add up the score for all columns and enter the answer into the **Total for all columns** box. In the example above the result will be 24.

Now return to page 1 to see what your result means.