

Is Your Business Healthy? Why Every Entrepreneur Needs To Do These 3 Checkups Every Year

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With the turn of the calendar comes important personal health checks – the kind of things you do annually to make sure you’re staying on top of your well-being. It may be tempting to avoid these checkups. I mean, “If it ain’t broke, don’t fix it,” right? Yet, we don’t always know we’re “broken” until we look more closely. And we can’t get healthier if we don’t get checkups, set goals and work toward them.

Your entrepreneurial health matters, too. And while the hustle of running a business can cause you to overlook your entrepreneurial health, it’s critical. If you want to be successful and build a company that outlasts your leadership, you need annual checkups.

The goal is to build value within your company that prepares you for the future. This starts with yearly internal culture, personal and value checkups, which result in a process for short – and long-term planning that will set you up for personal, financial and business success. That’s why, each calendar year, I set three checkups in motion to ensure good entrepreneurial health.

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Checkup #1: People and culture

Every year, I send an internal survey to check the health of my company's people. They are incredibly important to the company's value. The survey takes about 20 minutes, and I use it to produce an employee satisfaction barometer so I have a true measure of the atmospheric pressure inside the business.

A highlight of this survey is that I ask them to rank 20 or so benefits in order of what they'd like to have included in their compensation package. Then, in the coming year, we provide all of the top five and most of the next five benefits. Benefits ranking #11 and #12 might be provided if certain key performance indicators are met in the coming year, and each employee can select the two most important benefits to them. It's a way to understand what's important to the employees overall while recognizing not every employee needs the same things from a benefit package.

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Checkup #2: Value

I also complete an enterprise value assessment each year, which helps me understand the value of my company if I were to sell it at that moment. A value assessment helps me identify areas in which the company has increased in value and where our opportunities for growth lie in the year ahead. It also helps me consider whether this year is the right time to sell the business.

For example, if my business is worth \$50 million and my wealth gap – the amount of money I need to harvest to meet my personal lifetime wealth needs – is \$25 million, it may make financial sense to sell, even if this won't be my last business. For the clearest picture, I always recommend

engaging a value advisor – one who is a Certified Exit Planning Advisor (CEPA).

Checkup #3: Personal

Of all the checkups, this is the most often overlooked, which is strange since the new year often brings a time of personal introspection. Let's say your value assessment says that your company needs to enter a period of growth, and your advisory team is telling you that your market conditions are ripe for growth. That means your business will need an injection of cash and time. Is it the right time for your personal goals – as a parent, as a spouse – for you to invest further into your company? Both with time and money? If your personal goals aren't aligned with where your business is heading, you'll need to resolve those issues before you enter into any yearly planning process.

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Processing your checkup, planning with a process

Once I've completed those three checkups, I'm armed with the right information to head into planning for the new year, as well as any longer-term strategy. The value and personal checkups help me understand whether or not my business is entering into a period of growth (or what I have to do to get it there) and if I'm preparing to exit my company. With that understanding, I can envision my short and long-term goals. Here are some things to keep in mind:

- Start with long-term thinking – three to five years out. Host a retreat to discuss the vision and path ahead with your company's leadership, using the direction you have from your three yearly checkups.

- Then, take a step back. Together, develop a written plan for the next two years, including both strategy and financial goals. Don't just include numbers – explain how you'll meet those numbers. Give each department leader time in the retreat to explain to their fellow executives how they'll meet those goals.
- Then, focus on the year ahead. Identify short-term goals, opportunities, threats, income-producing and value-producing strategies. Identify the themes within the plan. Do you need more technology? More strategic partners? Operational changes? If you're planning an exit, how can you maintain or accelerate value quickly? This should be your most detailed plan – it's the one you'll start working toward when the calendar turns on a new year.

This time of year is always invigorating for me. Every new year brings unlimited possibilities that really excite my entrepreneurial spirit. Making sure I build a plan that stays true to what I discovered during my yearly checkups gives me the best shot at moving closer to my personal and business goals.

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