

# HOW HEALTHY IS YOUR BUSINESS?

BY NICK HUGHES

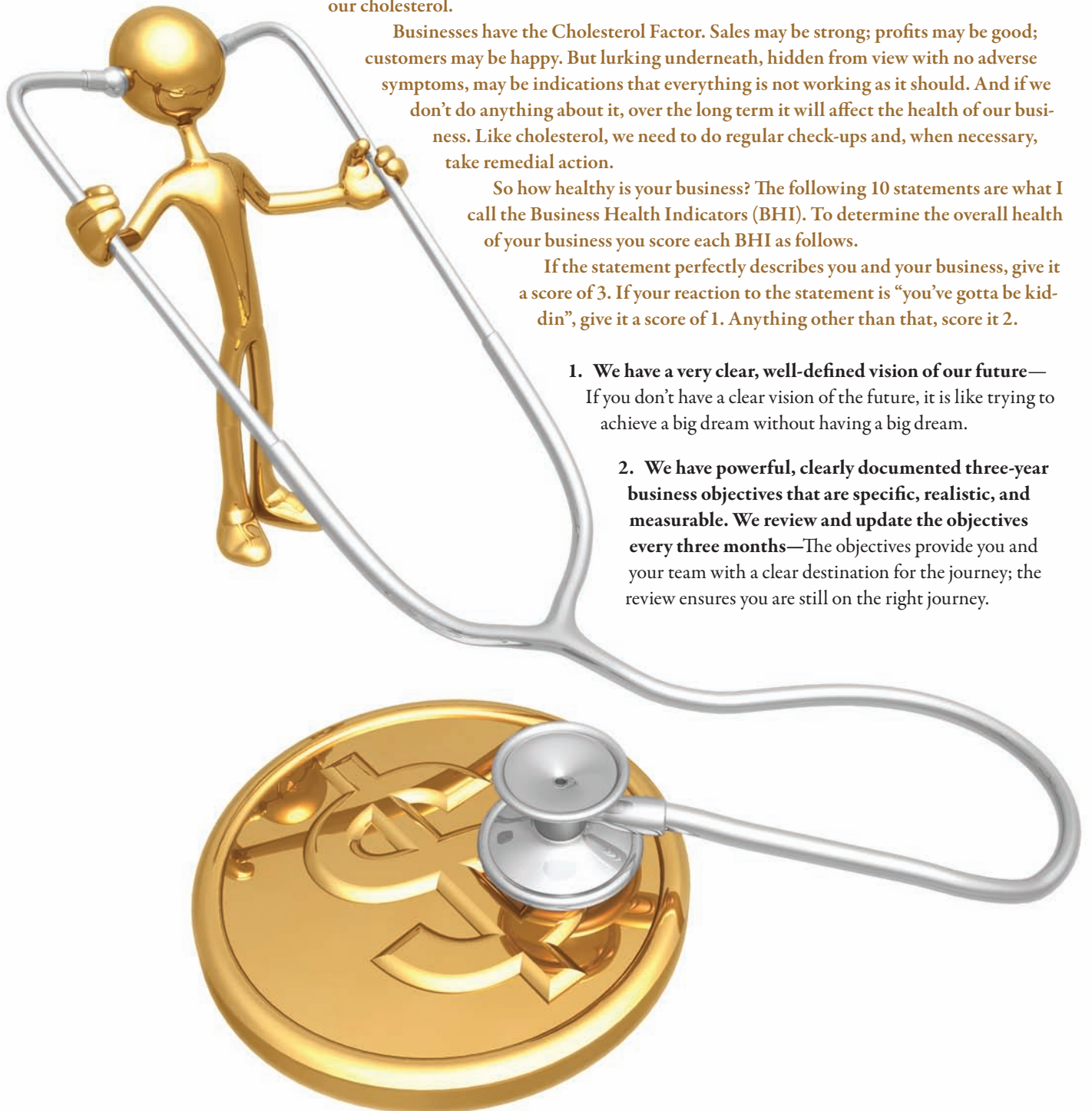
Cholesterol is often described as the silent killer. High cholesterol is bad for us and yet there are no symptoms. There is no pain; there is no nausea; there is no shortness of breath. That is why doctors regularly check our cholesterol.

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? The following 10 statements are what I call the Business Health Indicators (BHI). To determine the overall health of your business you score each BHI as follows.

If the statement perfectly describes you and your business, give it a score of 3. If your reaction to the statement is "you've gotta be kidding", give it a score of 1. Anything other than that, score it 2.

- 1. We have a very clear, well-defined vision of our future—**  
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.
- 2. We have powerful, clearly documented three-year business objectives that are specific, realistic, and measurable. We review and update the objectives every three months—**The objectives provide you and your team with a clear destination for the journey; the review ensures you are still on the right journey.



**We have broken our three-year objectives into one-year goals and have step-by-step action plans to achieve the goals. We regularly review the plans against actual progress and initiate corrective action when required**—This is the road map to your destination.

4. **Our team knows our vision and three-year objectives and, where appropriate, is involved in the step-by-step action plans**—The team includes external people actively involved in the business; for example, consultants, coaches, accountants, etc.
5. **We spend at least a quarter of our time planning and managing the growth of our business**—It is proven that business growth requires the dedication of up to 25% of the time of the key players in an organization.
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”.
7. **Our systems and processes are working well and will support the future growth in business**—They may be working well now, but will they handle the planned growth in activity.
8. **We spend most of our time working on high value activities**—High value activities are activ-

ities that are directly related to managing 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.

9. **We have sales processes in place that ensure consistent and targeted sales activities**—If your sales activities are not consistent, you will not get consistent sales results. The symptom is huge peaks and valleys in sales revenues.
10. **We know what we're good at and we don't try to be all things to all people**—The most successful companies, large or small, are the ones that get better and better at what they already do well.

So you have 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, you have a pretty healthy business. Continue the good work and book an appointment in six months time to repeat the check-up.

If you scored 20 to 25, your business health is okay but borderline, so initiate some preventative actions to avoid further deterioration. Repeat the check-up every three months until you are over 25.

If you scored below 20, immediate action is required and you should repeat the exercise every month until you have the score above 20.

Work on the low score statements. You evaluated each BHI 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 check-ups 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. You will have short and, even more important, long-term health. **E**

*Nick Hughes is President of Your Planning Partners. The company works with entrepreneurs who are serious about growing their business. They have a number of products ranging from half-day working sessions to their famous Strategic Focus Program™. They conduct regular seminars and publish an e-news for business owners who want to grow. For information on their programs, seminars and e-news visit their website at [yourplanningpartners.com](http://yourplanningpartners.com), or call 416 429-2415.*