



SOCIETY OF ACTUARIES

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Entrepreneur Actuaries ... Do Any of These Ring a Bell?

By Wayne Bidelman

- You find yourself bouncing around like a pinball, not sure how to decide on which task or opportunity to grab next.
- You sometimes feel like your business is running you, rather than the other way around.
- You work really hard every day but feel like you are not making any progress toward reaching your personal life goals.
- You want to get your business to the next level, but you don't know how.
- You don't have an exit strategy, but you know you should!

The simple solution to all of these frustrations is something that fewer than 10 percent of all business owners ever do—*formally define personal and business goals and build a plan to reach them*. Many of you will stop reading at this point, because you do not believe you need this, you do not know how, or you feel it will be too constraining to you and your business.

There is a simple way to accomplish what I am suggesting; and, as for any of the other rationalizations, I want to point out that NOT having any type of formal plan is the leading cause of the 96 percent short-term failure rate of small, independently owned businesses!

Here is a **simple, effective way of setting goals and building a plan to reach those goals**:

1. DEFINE YOUR PERSONAL GOALS.

You are the business owner and likely your personal success is tied to the success of the business you own. Therefore, pick a specific time period, preferably something like three, four or five years out. Define your PERSONAL goals with respect to *income level, wealth accumulation* (and/or equity



buildup in your business) and *lifestyle*. For example, if you picked five years out, define the income level you want to have achieved by the end of five years, define your level of wealth five years out, and then also provide a definition of the lifestyle you want to achieve after five years (e.g., wanting a four-day work week for yourself and the ability to take two weeks off a year).

You might think it odd to define the desired lifestyle five years out. The next step is to define what your business needs to look like at the end of five years for you to realize these goals, and you will quickly see a difference in the look of your business if you desire the lifestyle just described versus that of another owner who is happy to work 24/7 until he/she drops!

2. TRANSLATE YOUR PERSONAL GOALS INTO YOUR BUSINESS GOALS FOR THE SAME TIME FRAME.

Define in measurable terms what your BUSINESS needs to look like after (e.g.) five years to realize your PERSONAL goals.



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CONTINUED ON PAGE 8

For example, if one of your personal goals was to realize \$120,000 of annual income by the end of five years and a normal net profit margin for your type of business is 10 percent, one of your business goals would probably be to reach \$1.2 million of gross sales/revenue.

If your lifestyle goals were similar to the example first used above, you might state a business goal of having one apprentice and one business manager in place within five years (so that you can get away more from the business by then).

3. DEFINE THE KEY **CAPABILITIES** YOUR BUSINESS WILL NEED IN ORDER TO REALIZE THE BUSINESS GOALS.

Since we are looking longer term, these may be relatively broad, such as enhancing your marketing effort or sharpening up your employee acquisition process. This merely defines the framework for more specific action items in the shorter term. Only define your TOP FIVE capabilities; successfully focusing on just five is better than defining more than five and potentially not having the ability to fulfill any of them.

4. DEFINE 12-MONTH AND 90-DAY BUSINESS GOALS AND ACTION ITEMS **ALIGNED** WITH YOUR LONGER-TERM GOALS AND KEY CAPABILITIES.

Determine measureable business goals for 12 months and 90 days from right now. These should say where your business needs to be at the end of those periods *consistent with reaching the longer-term goals* defined in item 2 above.

Then define the top five action items required to reach each of the 12-month and 90-day goals, which must also be aligned and consistent with the key capabilities you defined in item 3 above.

Write down all the elements of this process!

It is amazing that writing things down is proven to increase the probability that they will become reality.

This process provides you a roadmap and a framework for making your regular necessary business decisions—both strategy and actions. Not only will you sleep better at night knowing that you have fought through any previous procrastination, but you now also know that the business actions you are taking today are aligned with getting you to your personal goals.

Get rid of those business owner frustrations using this simple process! ●