

It's A Great Time to Get (Your Business) In Shape!

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The New Year came and went all too quickly. Did you fulfill that resolution you have probably made more than once this year. No? Well why not make another and perhaps more meaningful resolution to coincide with the tax season about what should be one of your true loves – your business? It's a great time to get your business in shape!

“What do you mean get my business in shape?” Comparing for a second to your personal shape, most people weigh themselves on a fairly regular basis. While we may not like what we see, it is a general indicator of where you stand compared to where you used to be and frequently, where you hope to get. And with just a bit of effort, you can also check weight charts to see where you are relative to other people of the same age group, height and build. Armed with this information, you can see exactly where you stand, and decide to take action to move in the right direction. And you don't just do this once, you weigh yourself regularly.

When it comes to the shape of your business, the “Benchmarking” process corresponds nicely to the example of weighing yourself. The way I like to describe benchmarking is, “The continuous process of internally tracking and comparing current with past performances AND measuring them against your (or a similar) industry competitors for the purpose of improving your performance.” So your business is “stepping on the scale” using your financials. And having your latest tax statements, it is especially good timing to get started.

More specifically, Benchmarking evaluates six areas of the company, Liquidity (the ability to

meet financial obligations as they come due), Profitability, Sales, Borrowing, Assets, and Employees. Each area evaluation encompasses measuring proven “key performance indicators” (KPIs) of the company, calculated using both line items and ratios from your current and past financials. Using these KPIs, we can come up with a very revealing (often finding important hidden issues) picture of the company's “shape” — like stepping on that bathroom scale. The picture becomes even clearer when compared to direct competitors in your (or a related) industry and of about the same general size.

So you've weighed yourself, know where you stand, and know where you want to be – now what? You could do nothing, but better yet, you might decide to change your diet and exercise habits to move forward. And for businesses, Benchmarking alone is really just a starting point of what should be a continuous cycle for all types of organizations to improve and maintain their health. Think of the acronym BEST to remember the terminology I like to use for this important ongoing cycle: Benchmark, Evaluate, Strategize, and Transition (implementing planned change for improvement based on Evaluation and Strategizing). The beginning of your next BEST cycle (Benchmark) should show measurable improvement.

NOW is a great time to get your business in shape, and you can get a “taste” for measuring your KPIs and Benchmarking – visit www.incgaug.com and try the online, confidential, easy to use, and FREE online tool. Remember in business as well as life, “If you don't have your health, you have nothing”.