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5 Aspects of Strong Goals and the Consequences of Missing Them

Setting goals is a catalyst for success, especially if you're planning for the future of your ownership and the success of your business. The strongest goals tend to have five aspects that help you guide the process for achieving them. In other words, when you set goals, you want to set SMART goals:

Specific

Measurable

Accurate

Realistic

Time-limited

Let's look at how each of these aspects can help you create goals that let you

plan for the future of your ownership more successfully.

Specific Goals Inspire Action

Though it can be challenging, setting specific goals allows you to act on them. Consider the difference between a vague goal and a specific goal.

Vague goal: I want to retire in about five years, around the time I turn 65.

Specific goal: I want to retire on my 65th birthday.

These goals may seem like they're saying the same thing, but they aren't. Vague goals are harder to achieve because they're easier to push off. Vague goals are also like trying to hit a constantly moving target.

Specific goals give you something tangible to aim at. They can also motivate you to start acting sooner, rather than later. Sometimes, business owners hesitate to set specific goals because they aren't sure how they'll achieve them. However, you're much more likely to make progress in achieving goals when you have a good idea for what you're pursuing. When setting specific goals, it's important to remember that you can (and should) revisit and adjust them as necessary. Specific goals aren't necessarily written in stone. You can change them. Setting specific goals helps you focus on why you're pursuing the goal, how you'll act on it, and *what happens* as you act on it. Vague goals often get lost in the ether.

Measurable Goals Keep You on Track

When your goals are measurable, you give yourself a baseline to determine your success. Saying "I want enough money to retire comfortably," isn't a measurable goal because it doesn't tell you how much you need and why or how you define comfortable. And if you don't know how to measure your goal, it's nearly impossible to determine how close or far you are from achieving it.

Instead, a goal such as, "I want to sell my business for \$15 million on this date in five years" is measurable. It gives you a number you want to achieve, a time frame in which to do it, and encourages you and your advisors to focus on doing things that help you achieve it.

Accurate Goals Minimize Surprises

Many business owners underestimate how much money they'll need to retire with financial security. Some business owners believe that they'll actually need less money in retirement than they did while they owned their business, which is rarely the case. Instead of relying on gut feelings about what you'll need, a stronger strategy is to accurately determine what you need. Some of the best ways to do so are by working with professionals who can analyze your financial and business needs objectively.

Consider this example. You think you need \$3 million to retire comfortably, based on what you assume you'll spend and how long you'll live. So, you sell your business for enough money to get you \$3 million after taxes. After a few years, you realize that you can't do all the things you wanted because you don't have enough money. You consider starting a new small business, but can't. You want to continue to travel as you did before, but can't. While it's true that you achieved your goal, it turned out that your goal was inaccurate, which didn't let you retire as comfortably as you wanted.

Accuracy applies beyond financial security. For instance, you may realize that protecting your employees and maintaining company culture are more important than getting the absolute most money possible. Unless you can accurately assess what you want and why you want it, it can be extremely difficult to pursue those goals effectively.

Realistic Goals Mitigate Disappointment

It's important to strive for the best, but it's just as important to be realistic with your goals. Unrealistic goals can stifle progress or make it impossible to even start pursuing your goals.

For example, picture a business owner who thinks he can sell his business at any time because he believes the business is worth \$5 million. Annual revenues have only topped \$1 million one time, and he makes all the big decisions himself. When he discovers that no one will give him even close to \$5 million unless he continues working at the company (but not as the owner), he gives up, thinking that if it's not worth \$5 million now, it never will be.

When your goals are realistic, it can motivate you to pursue them and stick with them even when obstacles arise. Realistic goals can still be ambitious, but they should also be attainable. Otherwise, it's too tempting to just give up.

Time-Limited Goals Keep You Moving

Goals with deadlines keep you moving forward because they require you to reach certain milestones by a set time. This is especially important for business owners. As an owner, everyday responsibilities can fill your schedule up quickly. That often leaves you little to no time to focus on long-term goals.

When your goals have a deadline, it forces you to focus on what you must do to achieve your longer-term goals. "I don't have time for that" becomes an invalid excuse, which can motivate you to dedicate the necessary time to pursue your longer-term, bigger goals.

So, we encourage you to pair your SMART goals with some form of accountability – write them down, talk about them with your most trusted advisors, and give yourself rewards or consequences for goals that are achieved or missed. Bringing others into your SMART goals can increase your chances of success.

We strive to help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

Please contact Dan O'Brien for a free one hour consultation on your exit planning needs

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