

Want to break par in business?

Measure your business's performance to help it reach a higher level. **By Michael Pappas**

One of the nice things about golf is that you start every round with a predetermined set of goals — par for each hole. Even though we may par any given hole, the reality for most of us is we will not shoot even par by the end of the round. So how do we judge our performance? Some may want to shoot net par, some may be satisfied with striking the ball consistently and others may measure greens in regulation.

Then there's the golfer who is truly dedicated to improving his or her game. He or she tracks all of the above factors, how they compare to past games and then practices to improve the lower performing areas.

When it comes to your business, how do you judge your performance? Evaluating your business operations against predetermined criteria is vital to improving its performance. Most of us realize there are limitations as to how much we can improve our golf game. With respect to your business, there truly are no limitations to improving its performance.

The only issue is determining what is considered "par or better" when measuring your business. Why is measuring your business performance important? Because you can only effectively manage what you can measure. Measuring leads to improved business performance, and improved business performance leads to improved profitability and increased business value. If you don't know your "chipping" needs work, you may not spend your practice time "at the green".

Here are four easy ways to start gathering reliable measures to compare your business against:

1. Perform a five-year (more if you have it) analysis of your company.
2. Ask your trade association for financial results or other statistics they may track.
3. Search published financial publications or Web sites that gather published financial information. (ex. Robert Morris Associates and First Research)
4. Once gathered, analyze and evaluate



the measures you want to utilize in establishing goals for your business. If you need a little help, consult with your professional advisers that regularly do this type of analysis. With the results, you can determine the appropriate measures and set your goals.

Setting realistic goals

If you find industry data to compare your business against you'll see most data will be in a range stratified by volume or quartile. Measure your business and determine how you compare to the indices or benchmarks. If you assess that you are in the upper end of the spectrum, you should feel very satisfied. If you are not, there may be opportunity to improve and enhance the value of your company.

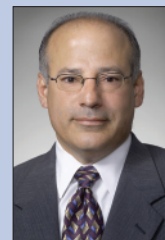
The key is to set a realistic goal of where you want your business to ascend. However, when setting goals, you should establish a one-year goal to begin the improvement process, followed by a five year or longer goal — ultimately aspiring to the upper level in

all measurable categories.

It is important to remain objective and realistic when evaluating high or low performance. Regardless of the specifics of your business or how unique it is, there are certain common elements that do not vary among enterprises with common characteristics.

Remember, you can only effectively manage what you can measure. Measuring leads to improved business performance, and improved business performance leads to improved profitability and increased business value.

If you've measured your "chipping" and know it needs work, spend more time at the "practice green" to improve your performance and "shoot more pars."



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