

5 Things Smart Business Owners Do Before Making Big Decisions

8 min read



Key Takeaways

- **Set Goals:** When thinking about both long-term and short-term goals, always set SMART goals.
- **Lean on Your Financial Insights:** Smart business owners make strategic decisions by relying heavily on the financial insights, management reports, and key performance indicators made available by a robust back office...
- **Establish an Operating Framework:** A solid operating framework ensures you have the team, tools, and systems in place to see your business clearly and move your business forward.

There isn't a school or MBA program you can attend that will adequately prepare you enough for all of the responsibilities of being a business owner.

In these positions, your most valuable assets are your experience (both past successes and past failures), instinct, and knowledge — your business acumen. You'll need to rely on them heavily when decisions have to be made.

However, when it comes to making big decisions in business, simply going with your gut and reacting to challenges as they arise will eventually get you into trouble.

Smart business leaders have a variety of intelligent tools they can use to make the right strategic decisions at the right time for their businesses.

How Smart Business Owners Make Effective Decisions

1. Adopt a Growth Mindset

When you own a business, it becomes easy to simply rely on tried and true strategies — and why wouldn't you? As the old saying goes, "If it ain't broke, don't fix it."

However, even if your business is operating smoothly, getting set in your ways can lead to missed opportunities for growth. If things are going well, you should be asking yourself if they could be going better.

When it comes to making big decisions in business, it's essential to adopt a [growth mindset](#). This means operating with flexibility and openness.

Having a growth mindset allows you to see your business from an outsider's perspective. You'll have an objective view of your business, your operations, policies, procedures, and your strategy. You'll be able to identify the choices that could be holding you back, foresee industry changes that you should be preparing for now, and identify ways your business can improve.

While success looks different for everyone, achieving success in any endeavor will always require two things: perseverance and belief in oneself.

When leading with a growth mindset, you'll be able to ready to adapt to change, pivot to overcome challenges, recognize/ready your business for new opportunities, and make effective decisions

2. Set Goals

If you have not set clear short-term and long-term goals for your business, you will undoubtedly find yourself floundering to make decisions.

Working backward from your decisions, goals provide your business with direction.

The decisions you make in business will either move your business closer to your goal, keep it in the same place, or move it away from your goal. So, establishing clear goals is essential to knowing which decisions are the right ones and which will be counterproductive.

When setting goals, be as specific as possible. Having the general ideas of profitability and success in your head are too general to help you lead your business in a meaningful direction.

When thinking about both long-term and short-term goals, always set [SMART goals](#):

- **Specific:** Make sure you cover your bases and include the answers to the basic W questions: who, what, when, where, why.
- **Measurable:** What metrics will you use to determine if you've reached your goal or not?
- **Attainable:** Outline what actions or steps need to be done to make the goal attainable
- **Relevant and Realistic:** Reinforce the goal's relevance to the company's core values.
- **Time-Bound:** Establish a clear (and realistic) timeline for goal completion and goal progress

Once you've determined your business's goals, be sure to write them down and communicate them to the rest of your organization. Any decision should be made with the end goal in mind.

3. Lean on Your Financial Insights

Smart business owners make strategic decisions by relying heavily on the [financial insights](#), management reports, and key performance indicators made available by a robust back office.

No matter which industry your business operates within, you should identify the financial metrics that are most relevant to your business, industry, and goals — and you should actively track those metrics.

“There was a time in my life that I hated financial reports because the data was off and I couldn't rely on it. **Now, the data within our GrowthForce reports are everything I need to make critical decisions about the company to grow.**”

-Tommy Mello, CEO + Founder AI Garage



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Let's take pricing for example...

KPIs can be used to [optimize pricing](#) in any industry.

Many business owners often focus on making decisions that will maximize revenue, while forgetting that more revenue does not necessarily generate a higher profit. It all depends on how much you spend to generate each dollar of revenue earned. So, it's essential to know all of your costs to the cent on every type of project, job, service, and client.

Profit is dependent on whether or not a business owner also optimizes their pricing to maximize profit margins. You wouldn't be able to make this decision without the right data.

A well-outfitted back office will help you track employee time, categorize expenses, and calculate your profit margins on every unit of your business including jobs, clients, and employees.

With a clear picture of your company's financial health, you'll truly be in control of your business. You'll be able to identify the growth drivers within your business, in addition to the things that might be holding you back.

With clear, up-to-date financial insights, you can start setting measurable goals, implementing changes to achieve those goals, and making the right decisions for your business.

4. Establish an Operating Framework

[An operating framework](#) is like a scaffolding that supports your business and helps to build it in the right direction. This includes your long-term goals and short-term benchmarks that act as mile markers throughout your company's greater journey.

An operating framework also outlines the policies and procedures that will allow you to orient your employees, company culture, and operations around a common vision.

In addition to goals, an operating framework needs an execution plan that includes clearly outlined operations, employee benchmarks, recognition and rewards, and regular meetings for evaluating and retooling the strategy.

Ultimately, your operating framework should outline an all-encompassing, actionable strategy that's designed to unify and motivate your entire company around a common vision to successfully execute your business plan.

A solid operating framework ensures you have the team, tools, and systems in place to see your business clearly and move your business forward.

When you have an operating framework in place, use it as a reference point for every decision you make.

When presented with an option such as focusing on either building up existing services or researching new services, look to your operating framework and unified vision to see which choice aligns best with your strategy.

5. Regularly Review Your Strategy

In a completely stagnant world, your business could probably successfully apply one strategy from the day you open to the day you retire. However, today's business world is anything but stagnant. With modern technology and modern consumer expectations, you have to adapt continuously to the constant flux.

To stay current, relevant, and profitable, every successful business leader must regularly evaluate and adjust their [business strategy](#). Ask yourself and your leadership team questions like:

- **Where is our business now?** - When you pose this question, the answer should establish a baseline for your business's current financial health, goals, and strategy.
- **Where can our business go?** - To create a list of possible futures for your company, consider how your industry has changed since the last time you've had a proper check-in with your business strategy. Think about what has remained the same and what is different. Identify new possibilities for your business and determine if any of your previous goals have become irrelevant.
- **What should our aim be?** - Using your fresh list of possibilities, adjust your current goals or set completely new aims to take your business in a different direction.
- **How can we achieve our goals?** - Finally, you'll need to evaluate and adjust your operating framework to ensure your company culture, employees, operations, policies, and procedures are all freshly oriented and motivated around the new set of goals and vision for your business.

Evaluating and retooling your strategy or even your overall operating framework is part of embracing the growth mindset to make better business decisions.

Instead of getting stuck in a business model that's slowing down, becoming irrelevant, or no longer serving your greater vision, be brave enough to ask yourself the above questions and recognize when it's time to make big decisions to keep moving your company forward.

Create a Back Office You Can Rely On for Data-Driven Decisions

Smart business leaders who make good decisions are continuously in touch with their business's numbers.

Although it might not seem as exciting as attracting new clients and focusing on your core competencies, creating a properly leveraged back office can actually power your company's growth and success.

With a robust back office, you can design a better system for setting goals, measuring progress, and realizing your future vision.

- Do you know which of your clients have the best profit margins and which might be costing you money?
- Is a cash flow shortage hiding just around the corner?
- Are your marketing campaigns effective?
- Are your employees properly motivated?
- Do all of your company's departments share a common vision?
- Are you unsure of the best way to reward and recognize your employees' achievements?
- Do the decisions you make move your business in the right direction?

As a smart business leader, these are all questions you should be asking yourself.

With a strong bookkeeping and accounting system in place, you should be able to answer all of them, determine whether the answers you find indicate that your business is on track, and make the data-driven decisions necessary to ensure you're on the path to achieving your business goals.