



Small Business Scorecard

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Managing4Results - Small Business Scorecard

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The Managing4Results: Small Business Scorecard

Introduction

For years we have been using a business scoring system in our business valuation engagements. We have finally made an enhanced version available to small business owners and their advisors. The Scorecard provides a convenient format to rate your business in 93 factors in 10 categories that are relevant to any business. These factors cover virtually every aspect of being in business with the flexibility to change or add factors to fit your specific business.

The Scorecard will identify your business's strengths, weaknesses, problem areas, and risk concerns. The scoring system automatically prioritizes each issue based on two factors – importance and competence or risk level, so you can focus on the most critical issues first.

The Scorecard is based on a combination of the widely used SWOT (strengths, weaknesses, opportunities, and threats) analysis, and the Five Forces model that Michael Porter presented in his books *Competitive Strategy* and *Competitive Advantage*.

Using the Scorecard

The effectiveness of the Scorecard is directly related to your honest and objective assessment of each factor. It is often difficult for the owner of a business to be objective, so here are some techniques to achieve the most honest and objective results. One option is having someone outside the business that you trust and is familiar with the business, do the scoring for you. Another option is having two people do the scoring separately, then comparing the results. You will rate each factor in two ways.

1. The importance of the factor to your business
2. Your business's competence or risk in that area