

## Do You Know What Kind of Business Owner You Really Are?

Does your business have real, long-lasting longevity or is your business a temporary entity that will vanish the second you stop working on it? In his insightful article in The Business Journals entitled, “Are You Living for Today as a Business Owner or Building Value?” author Kent Bernhard asks a very important question of readers, “Are you a lifestyle business owner or a value accelerator?”



Many business owners have never stopped to ask this very important, yet basic, question regarding their businesses. So, let's turn our attention to this key question that all business owners must stop and ask at some point.

As Bernhard points out the core issue here is how a given business owner defines the idea of success for him or herself. As Chuck Richards, the CEO of CoreValue Software notes, “At the end of the day, a lifestyle business is just a job.”

Richards goes on to note that this is fine for many people. But if this is the case, it is a choice that one is making. Therefore, lifestyle business owners should be aware that they are, in fact, clearly making a choice.

Business owners who are lawyers, consultants and accountants often fall into the category of those with a “business as a job.” They fail to accumulate enough assets for their business to really be more than a job. Summed up in another fashion, the business generates enough revenue to provide a comfortable lifestyle. However, it does not have the infrastructure or equity to remain profitable, or even in existence, once they walk away. As the owner and operator of the business, they are vital to its very existence. This means that the business only has value so long as the owner is working in the business on a regular basis. As a result, the owner may never really be able to exit the business.

As Bernhard points out, “To build a business as an asset, you have to become a value accelerator who looks beyond whether the business' profits are sufficient to maintain your lifestyle. It means looking at the business as an entity outside yourself.” Those who fall into the value accelerator category, focus on figuring out creating value for the business as a financial asset that can operate independently.

Making sure that your business can continue on without you means that you have to build it, and that involves having a coherent and focused plan. Plan in advance and know how you will exit your business. To ultimately create value for the business entity itself, a plan must be in place that allows for your successful exit.

*About CK Business Consultants, Inc.:*

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