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5 Tips to Help You Build Your Five-Year Plan Now

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Five years from now, what will your technology business look like?

For a tech startup, the future may look nothing like the present. Those five years can move quickly – which is why it's vital to start thinking about the answer now.

I've spent the last 20 years working with entrepreneurs at all different levels and have experienced rapid growth cycles as well as the challenges they create. I've been fortunate enough to provide accounting, business, and tax planning services to privately held businesses in various industries, specifically software and technology.

I have seen firsthand how the proverbial "two people with a computer terminal in a garage" have evolved an idea into a major, successful enterprise. Many businesses were lucky, starting at the cusp of the gig economy or social media revolution. Many others succeeded because they took the time to develop a well thought-out five-year plan.

Take Time Now To Look Down the Line

Now is the time to take a longer-term view. Use your year-end planning effort as an opportunity to look at your five-year plan, whether you're just starting out or seeking to expand a solid, growing organization.

For tech entrepreneurs, I recommend looking at the following checklist – with a five-year perspective in mind – and discussing these items with your accounting firm, business advisor and/or internal finance and operations teams.

1. **Think more creatively to obtain top talent.** It's a fact – especially in the New York City area– that there is a shortage of skilled talent in the technology and creative services area. To win the war on talent, consider upgrading the benefits you offer. Salary alone is often not enough to attract and keep talented employees. Do you have equity incentives, profit sharing, a flexible work from home policy, reimbursement for tuition and support for professional development? You can change policies to address these needs and still do so in a cost (and tax) efficient way.

2. **Succession planning is a must.** If you have a trusted #2, you could lose that person to another organization if he or she doesn't see a path to growth. Consider changing the structure of your ownership agreement. This doesn't have to be costly or time-consuming. For example, many senior employees have entered into successful, rewarding long-term agreements with the granting of "phantom equity", which allows that #2 person to participate in the proceeds of a sale of the business down the road and remain incentivized to stay with the firm long-term.

3. **Review your lease agreements.** There is room in today's real estate market to negotiate and re-negotiate terms. You may want to consider asking for tenant improvements and flexibility on your current lease terms. This may be more beneficial than moving into another location and taking on a long-term commitment with more space if you're not ready. A simple clean up and reuse of your space may do the trick for now.

4. **Check security and cybersecurity controls.** Don't underestimate this step. Even those in the technology world often need an outside perspective on best practices. Technology companies are often the ones at most risk due to the data that they maintain. It's important to have an outside consultant assess your risks and vulnerabilities. Failure to do so can cost real dollars and time.

5. **Know your tax status.** As a technology firm, you may be eligible for grants and incentives you didn't even know about. If your office is in Brooklyn or Queens, for example, you may be eligible for certain tax benefits. Having a relationship with a qualified accountant is key; and if you're not speaking regularly – not just during tax season – you are likely missing opportunities.

Ideally, addressing these matters proactively will allow you to start the year in a strong position and prepare for the changing needs of your business in the years ahead.

Five years will be here before you know it.

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