Welcome back. In this lesson, we'll go over how to perform your own annual review that's effective, adjustable, and helps you build really strong systems that will reduce your stress and increase your free time in the coming year.

To start, let's answer a big question that's probably going through your mind: Why?

Why do I need to give myself an annual review? Isn't that a work thing? Isn't my boss supposed to do that?

The daily and weekly reviews make more sense, right? They're quick and immediately actionable.

An annual review is a stressful, formal process where you sit down with your boss and try to put on a good show to get the biggest raise you can.

If you have a traditional job, that might be how you understand an annual review to work.

But an annual review can actually work however you want it to. And, for many years now, I've been giving myself a personal annual review that's relatively quick, informal, and helps me set big goals that make all those daily and weekly reviews more clear and meaningful.

And if you already do your own review, this lesson focuses specifically on the system-building aspects of my review process, so you can use what you learn here to modify your own process and make it stronger.

Also, a quick note before we get into the actual process: Early on in this course, we learned how to overcome the feeling of "not being a systems person." Do you remember that? The reason you might have felt that way—if you did—is because systems can feel like big, imposing things that run your life and turn you into a slave to process and procedure.

And the way we overcame that was by realizing we're in charge of our own systems. We create them however we want, and we get to change them or even abandon them when they're not working. And we get to do it without any guilt because our primary goal is only to become more productive and get better results from our lives.

If a system doesn't help us do that, we get to change it. No questions asked.

Well, it's the same with an annual review. It can feel like you're trying to make concrete plans out of complete uncertainty. A lot can happen in a year that derails or changes priorities that we set today.

So, if you're feeling apprehensive about this at all… don't. Because the rules are the same. All you're doing is making a guess. You're asking yourself, "What do I think are the most important things for me to do in the next year?"

As the year progresses, circumstances might change or you might learn new information that invalidates one of your big plans. That's good!

Your annual review, when you do it this way, is a living document that can be changed and adjusted whenever you need it to adapt. So don't feel like you're locking yourself into something you have no control over. Instead, think of it like trying to cross an ocean while making your best guess about which direction to steer your ship.

As you go, you're almost definitely going to have to adjust the wheel to reposition it and make sure you're still heading the right direction.

Okay, let's jump into the actual process.

First, you need to decide when to do it. Most people do it either at the very end of the year or at the very beginning. But that doesn't mean it's the best time for *you* to do it.

Some people are more motivated by other important dates like a birthday or anniversary.

The best way to choose when to do this process is to ask yourself, when do I naturally do the most reflection? What dates or occasions that happen every year get you into that headspace?

Pick whichever one is most motivating and don't worry if it lines up with the end of the calendar year or not.

Alright, now that you have your dates set it's time to actually start. I like to do this process in small chunks over the course of several days instead of trying to rush through it all at once.

That way, I get some down time between steps to really think about what I just did and give myself a break to work on other things throughout the day. It's a more relaxed way to approach the process that gives those big ideas some time to sink in.

The first step is to make two lists. One list will be all the significant things that went *well* over the last year. All the things you're satisfied with and all the things you

accomplished. The other list is, of course, going to be all the things that didn't go so well. These are going to be the things you felt were important—and still *are* important— but you didn't live up to your own expectations with them.

I like to make both of these lists on the same day. I don't break this step up because I don't find it very fun to spend an entire day focused on negatives. It's important, but it doesn't need a whole day!

Also, it's easier to do it all at once because the source of the information is the same. And it comes from three places.

First, I search memory. This will almost always surface the most significant things because, obviously, the more important things are likely to stick with you.

But, your brain also has a recency bias. So, it's more likely to place importance on things that *just* happened than things that happened a year ago, so we need to look in some other places as well.

And where I like to look is in my log of weekly reviews. Over the course of the year, I produce 52 short and easy to read reports. I'll scan through them to look at my star ratings and browse for any significant events. I'll also look for patterns. So, where did I continuously get good results and where did I continuously struggle?

That last bit is important because it's easy to forget about small wins and losses that accumulate into big ones over time, and it also indicates where you have really strong systems and routines as well as where you probably need to improve them.

Finally, I like to quickly go back over my calendar for the last year. This isn't technically necessary, so you can skip it if you want, but I find it really fun to look over my schedule and see where I was or wasn't really busy and, usually, I run into a few calendar events that remind me of fun things I did that I'd completely forgotten about.

Once you've gone through that process, you'll have a pretty comprehensive list of all the good and not so good things that made up your year.

What do we do with that information? Well, the next step is to go over each item on both lists.

As you go through each thing on your "good" list, I want you to ask yourself, "Was this win the result of following a strong system or routine?" Did I establish some order in my life that made it possible for me to achieve what I did?"

Then, ask yourself, "Is it important that I continue to be successful with this?"

If your answer is yes, then you've just identified one of your most valuable assets. You'll want to make sure you take really good care of this system and spend your time and energy making sure it keeps being useful for you.

On the other hand, if you answer no, then you have something useful, but you don't really need to spend much time or effort maintaining it. It'll be there for you when you need it, but you can put it out of your mind for now.

And what about the things that didn't go well? You're going to ask yourself, "Was this the result of a lack of structure?"

If it was, then you'll ask yourself, "Is it important that I correct this?"

And that'll lead you to a useful distinction. Not everything that goes wrong needs to be fixed. You don't have to be good at everything. You don't have to succeed at everything you do. You only need to succeed at what's really important to *you*.

If you had a failure and realized that it's not important to fix it, congratulations. You can eliminate any further thought about it or effort towards it. Your life just got easier.

But for those things that didn't go well and *are* important, now you have a shortlist of exactly which systems and routines you need to build or improve in the next year.

Alright, now you have a great list to build your ultimate priorities from. They're the important successes you want to maintain and the important failures that you want to fix.

Let these hang out in your mind for a little bit because the next step is to create a theme for your coming year. The goal is to tie all these priorities together so that you feel like you're working on one, cohesive project. And having a theme can help direct your decision making throughout the year when you get to a crossroad and don't know exactly what to do.

Think of it like a themed party. People want to know what to wear to it. If your party is Hawaiian themed, that makes deciding what to wear pretty easy.

I like simple themes, and some that I've used in the past have been broad words like foundation-building, expansion, capitalization, and consolidation.

Those probably don't mean anything to you, but they meant something to me at the time I was using them and they helped me make little, everyday decisions and stay on track with my bigger goals.

Your theme can be whatever you want it to be, just make it something that will help you keep your ship pointed the right direction as things come up throughout the year.

Alright, time for the next step. You have an idea of the important things from last year that need time and attention. And you have a theme that ties them together into a cohesive direction.

Now, it's time to set some real, actionable goals. These are the specific outcomes you want to see happen over the next year.

This list ought to include improvements and commitments to all the important things you've already identified as well as some new and exciting challenges.

As you build this list, I want to remind you again—like I have in so many other lessons—to make these goals specific and make sure you are in control of them.

For example, "Spend more time with my kids" would be a bad goal because it's vague and it doesn't give you any structure around how to actually achieve it.

A better way to phrase a goal like this would be to say, "I want to spend 1 hour every night fully engaged with my kids."

See how much easier it is to think through how to achieve a more specific goal like that?

Now, to really make a goal like this achievable, you'll need to think through the difficulties you might face. Just like you're doing in your daily and weekly reviews, think about what might derail these good intentions, and what you'll do to to stay on track, or what exceptions you'll make that are acceptable.

What if you have to work late and don't get home until after the kids are in bed? What if the kids have a busy night away from home? What if you have to travel?

Can you make up lost time on the weekends? If so, how far "in debt" are you allowed to go?

When you do this kind of pre-planning, you take more control over the goal and, as you can see, it starts turning into a system—one you can operate and keep track of to monitor how you're doing.

And remember what we went over at the beginning of this lesson: your annual goals can be changed and adjusted as time passes. This doesn't have to be concrete.

A year is a long time and you're going to run into obstacles you didn't anticipate when you originally made your plan.

So accept right now that this is your best guess at what you want to achieve and how you'll go about doing it.

Maybe you even give yourself a "reporting period" like once a week, so that you can track your progress and make adjustments as you do your weekly review.

And a sidenote: Just because you're making an annual plan, that doesn't mean that every goal you set or system you create has to be a year-long endeavor. This list can include big goals that will require ongoing effort all year as well as smaller but still significant ones that will need bursts of effort, but won't take all year.

As you put this list together, try to think about the seasons you'll go through over the next 12 months. How can you create a "full schedule" that's made up of both long-term and short-term goals that meet your theme.

And don't rush this process. You're going to spend a significant amount of time working on these projects, so give yourself at least a day, even a few days, to day dream and let your thoughts coalesce before you commit.

But, again, you're not writing in permanent marker here, so don't let it stress you out. Give yourself some time, make your best guesses, and get back to business.

Okay, now we're at the last step. And this one is my favorite. To wrap up the annual review process, we're going to tie everything together with an executive summary.

Your executive summary is going to be a written document that's about one page long, and its purpose is to communicate the major findings from this whole process in a quick and relatable way.

And the reason we're doing this is because we're going to refer back to it over the course of the year. If you remember from the monthly review process, you'll be reading over this document each month to refresh yourself on the thought process behind the decisions you're making right now.

Your executive summary is going to be a kind of roadmap for those times when you're feeling lost or stressed out during the year. You can read it and it will remind you why you're doing what you're doing. It's really important to have those reminders when times get tough.

You're welcome to create your summary however you like, but here's how I do mine in case you'd like some guidance.

I like to write my executive summary as if my life is a business, and I'm reporting on my year to my shareholders which, in this case, is just me and my wife, but maybe you'll share your summary with other people.

To kick it off, I'll write a brief paragraph about my theme from the last year and how I felt I performed against that theme.

Since this is your first summary, you obviously won't include that part, but perhaps you will next year.

Then, I follow that up with a bulleted list of the major wins and losses from the previous year that supports my thoughts about how I did from the last paragraph.

Next, I write a paragraph or two about any major lessons I've learned over the year that should influence the goals I set and the systems I build for the next year.

And based on those paragraphs, I'll lay out the theme for the coming year, and why I've chosen it.

The next section will be another bulleted list of the most important goals and systems I'll focus on and how they relate to that central theme. I want to remind myself of how all these pursuits tie together.

Then, the final section will be a paragraph or two about the challenges I expect to face throughout the year and what my plan is to meet those challenges if and when they arise.

And I like to wrap it up with a sentence about how I expect to feel about my accomplishments a year from now if I achieve them. A sort of message of hope for the sign off.

And there you have it. That's a complete annual review. All that's left to do is get to work!

Now, here's a quick recap of the whole process.

First, set a date or a time frame for when you're going to do your annual review so that you can hold enough space for it. Put it on your calendar so that your days don't fill up with urgent things that keep you from actually doing it.

Then, make a list of all the good and not-so-good things that have happened since the last annual review.

Once you've got your list, break it down to just the things that are still important *and* you want to achieve or keep achieving.

Then, go over your list and try to find a theme that will help you harmonize and tie all these things together.

With the theme in place, go ahead and set some specific outcomes for all the things that are on your list. And make sure you're in control of those outcomes.

Finally, write a short executive summary of the whole process you just went through so that you can refer back to it throughout the year and remind yourself why you made the decisions you did.

And there you have it. A simple, effective, and motivating annual review process.

Why don't you go ahead and figure out when you want to do *your* annual review right now, and put it on your calendar. Or, you can even go through a mock review right now and base it off of the last twelve months. That would also be a great way to get started.

Have fun with it. And when you're done, I'll see you in the next lesson.