

Speed up profits in a slow economy

By Don Schmincke

You cut, slashed, and hammered costs till your knuckles bled. Now what? Is there another, perhaps faster, way to grow profits?

Research of successful companies find profits grow faster in challenging times with approaches contrarian to typical slash and burn methods.

Analyzing 5,000 years of management history reveals a few insights that prove valuable in helping us thrive.

Stop retrenching. Strike instead. Historically, economic downturns show winners don't retrench out of fear, but strike early. They accelerate their business by taking advantage of the fact that now their competition is weaker than ever. But striking takes two things: strategy and passion. Do you have a strategy? Are you sure? Studies find that most strategic plans end up being mere tactics. Avoid this mistake by:

1. Calling a meeting with your staff.
2. Laying out your strategic plan.
3. Probing and challenging the assumptions. Does the plan show how you shall outmaneuver the competition? Does it show what position you seek in the competitive landscape? Or how you will exploit competitor weaknesses?

Getting strategy is only half the battle. What about passion? Our brains light up when we see something inspiring. Touchy-feeling mission statements are out. Sagas that inspire perseverance, unselfishness and sacrifice for the strategic win are in. It's not a new idea. It's been used for centuries. But we don't teach the crafting of stories anymore.



Don Schmincke

Have you captured your strategy into a compelling saga? If not, condense your winning strategy into language that inspires passion for the strategic result.

Then edit and re-edit. Remember, it's about crafting not analysis.

Hire the brave, not the desperate. Samurai training found that cowardice stops leaders from challenging the status quo, holding others accountable, and exposing weaknesses. Cowardice hinders decisive action by stopping the essential act necessary to accelerate profits and survive a recession – tell the truth.

Cowardice eats truth. Lack of truth eats profits. Telling the truth can upset people, and desperate people don't dare risk it. But organizational cultures that promote bravery, and the speed of execution that comes from it, love it. It drives accountability to new levels. The alternative of keeping the truth at unspeakable levels only produces

collateral damage like:

- * Accumulating dead-weight of marginally performing employees
- * Avoiding the real issues thwarting meaningful change and profitability
- * Sticking with doomed projects far too long

Strengthen your organization and enhance competitive advantage by enrolling and inspiring bravery.

Group think is good. We've been trained to feel that if everyone thought like us it would be a bad thing. In some cases that's true. But fast companies train their employees to think alike; they train them to think like a CEO.

Do your employees know how every decision affects the balance sheet? Field experience finds that employees placed in simulations where they have to run a company achieve new levels of understanding. With a balance sheet and a P&L statement in front of them, employees realize how every decision requires movements of cash. New perspectives forge as they have to decide how to go to market. Choices for growth and expansion become visceral AND real.

Not surprisingly, these employees go back to their jobs with fresh insights on how their actions affect cash flow. Opportunities for improvement surface which help companies needing to accelerate profitability.

Say "no" to customers. Ancient battles were often won by knowing where to

strike, and where not to. There was an interesting story about Southwest Airlines. Co-founder of Southwest Airlines, Herb Kelleher received a scathing letter from a passenger criticizing how they made jokes during the safety instructions required by the FAA. Fun is a key value at Southwest, and humor helps us pay attention versus falling asleep during these standard reviews. This particular passenger was not amused. Kelleher wrote back a one-sentence letter: "We're going to miss you."

How many times do you try to do too much for too many? Such mistakes stretch resources, distract strategic focus and decimate morale. Instead:

* Assess what the Return-on-Energy (ROE) is for your customer segments (how much profit customers bring for the total cost of selling and servicing them).

* Identify those clients whose ROE is minimum or, gasp, negative.

* Start writing "We're going to miss you" letters.

About the author

Don Schmincke began his career as a scientist and engineer, spending decades researching and applying anthropology and evolutionary genetics to management theories. He authored the bestseller *The Code Of The Executive* and *High Altitude Leadership* with co-author Chris Warner. Visit www.HighAltitudeLeadership.com for a free team assessment exercise.

SP-Teri  Inc.

Lindsay Mann

- 5 time world team member
- Jr. World Bronze medalist
- 3 time national champion

THE
WINNER'S
CHOICE

"Thank You for providing me with great fitting boots!"

SP-Teri Co., Inc.
Roller Skating Boots

436 North Canal Street, Unit #1 • South San Francisco, CA 94080
Phone: (650) 871-1715 • FAX: (650) 871-9062
www.spteri.com

