

Jim's Profit Accelerator 120: A Surprise that Experts Can't Handle

In the past two hundred years, about two thousand ships have sunk in the shocking vortex of the Columbia River Bar. The "Bar" is the intersection of violent ocean waves and the fire hose of water that the Columbia River blasts into the ocean. It's also the entrance to the river for ships carrying goods from much of the world.

SPEED BUMP: What you know now isn't enough to navigate the future successfully.

The business problem is this: When does the leader invest in knowledge, not just machinery and people? At the Columbia River Bar ships "borrow" knowledge and skill in the form of "bar pilots," who climb aboard a ship and pilot it across the bar. Their special skill is the difference between shipwreck and success.

If you had piloted a ship across the Pacific Ocean successfully, especially before 1900, you would expect to have the skill to sail into a calm river. At least two thousand ship captains made that mistake and harvested disaster. More to the point, their equipment had proven itself across years and thousands of miles, but nevertheless their leaders ran into lethal problems that they didn't know how to handle.

SPEED BUMP: The future doesn't care about your past; it raises the bar for success.

(Sorry about the pun.)

How do you know that it's time for a bar pilot for your business? Here are three common situations that pull for beefing up leadership skills and systems:

1. **Increasing growth rate:** When your rate of growth increases by 25 percent or more, you and your leaders face changes that come quicker than before. It's as simple as running out of columns on the order entry form, or as complex as replacing the supply-chain workaround with a real solution.
2. **Acquiring an additional business:** The new business ran well without you, but it didn't have to carry along your business's roles, rules, and rough spots. Here, problems are $1 + 1 = 3$, almost instantly. (This is also true if you add a major production line or group of products.)
3. **Growth past a sales hurdle:** These revenue hurdles are listed below. They are the stress EKG of leadership, exposing soft spots you knew about but managed—until now. The mystery is that businesses easily boost their equipment capacity, sometimes increase their IT capacity, and seldom increase their leadership skill or reach. When the sales come, they're like a ship captain hitting the Columbia Bar: not pretty.

The sales hurdles:

- **\$10 million**
- **\$20 million**
- **\$30 million**
- **\$50 million**
- **\$100 million**
- **\$150 million**
- **\$200 million**
- **\$400 million**

SPEED BUMP: Slow new product launches predict “bar” trouble at these hurdles.

I recently talked with a leader of a successful business that will triple by the end of next year. Successful growth will demand changes in equipment and operator skills, which the business leader is on top of. He sounds like a ship captain, however, as he says that “we’ve done okay so far, so we’ll be all right.” He is looking past the need for changes in leadership systems and people. We’ll see if he makes it across the bar in one piece.

SPEED BUMP: If you don’t invest until you see the need, you’re too late.

I regularly encounter CEOs who are reluctant to invest in a future that may not be a linear extension of their past. It is articulated as, “We’ve always found a way, so we’ll play small ball.” They find themselves increasingly buried in their business, striving mightily to maintain sales and profit. It is like pulling teeth to get them to invest in stronger management, because in the short run their results won’t improve much.

What they miss is the big step up that they’ll only see if they can look up, away from daily operations. One wag said that businesses under \$50 million in sales have chief operating officers posing as CEOs. Their prime interest is in shipping orders every day, instead of building for future success.

One of my clients found himself in this position before our work together. His wife summarized the change: “Jim finally gave me back my husband.”

ACCELERANT: Who is your bar pilot?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

For more information, visit www.grewco.com.

Jim Grew, the Business Defogger and Accelerator, helps leaders discover hidden opportunities within their businesses and exploit them for dramatic results. Jim has led 9 businesses, worked in 31 companies at C-level, and is an expert in strategy and executive leadership. He presents regularly to industry groups, mentors business leaders, and shares insights in his Executive Letter (above). Jim holds BA and MBA degrees from Stanford University. In his new book, *The Other Side of Succession*, he shares how to plan for the future by growing your business now.