



DO BUSINESS FASTER™

Jim's Profit Accelerator 178 **Don't Wait: Winners Are Investing Now**

The economy's 2017 growth will be 3 percent over last year for three quarters in a row—the best since 2001*. That growth is fueled by low interest rates, low unemployment, low wages, and escalating consumer spending and business investment.

SPEED BUMP: Your best competitor is investing. Will you let him get further ahead?

When you look at it that way, the path seems clear. Successful business includes investing to continue profitable operation, and hopefully growth. If you fail to invest, you're riding the down escalator; when it slows, it won't be pretty. It applies to you: yes, *you*. The current good times will continue according to the best economists, but that just means that others are out for your customers and your competitive advantage.

Time is not on your side. The combination of low unemployment, low wages, and low interest rates are all starting to move up. Check this out with your own economist or info source. The probabilities are strongly toward "up," meaning that your costs will rise regardless of your revenue. The "revenue fallacy" will be especially disappointing in the face of these rising costs. The employee problem is either that you can't find the skills you need, or you're going to be paying more than before to retain your key people.

[NOTE: The revenue fallacy is that "we can sell our way to more profit." It's sometimes true, but often serves as a cloak to hide weak practices or vulnerability.]

While it's great for the employees of Bank of America and Wells Fargo to receive their one-time bonuses, I suspect the main reason for those awards is to try to retain key people. The new tax law may reduce the expense hit, but the retention investment is now a requirement, not an option.

SPEED BUMP: Tax bill bonuses are about retention, a major vulnerability for many.

If you're like most businesses, 2017 results will be the best in years. That means that you have the perfect position to invest: cash available now (and maybe to come in tax reduction) and record low rates to borrow (if you need to). There are many sophisticated tax moves also available, but your tax pro is the person to help you with them. They don't change the need for action.

Suggested actions: Choose one or two of the following options, and place your investments by 3/31/18 at the latest:

Option 1: Hire

- Hire a present or future replacement for your key leader. Spend to train her.
- Hire two potential “team leads,” and spend to train them. (Note: It doesn’t matter what your business is. There are folks who lead teams of people who can deliver high leverage on results.)

Option 2: Train

- Training is the simplest investment to make. Perhaps your goal is that every employee has training in 2018. Task one person to build your “training” plan and execute. Bonus: One of the best ways to retain key people is to give them ways to grow and learn.
- The highest leverage “training” can be coaching for the right employee. It’s a way to build in change through repeated observation and correction, rather than the temporary “shower” of a week-long technical training.

Option 3: Equipment

NOTE: This is a favorite to consider but seldom instantiated. Look at these two:

- Computer system upgrade. One of the secrets of successful businesses in any industry isn’t “big data” (though there’s big value for some). It’s integrating some software into essential processes. It requires care, training, and changes in processes (the most important and toughest to accomplish).
- Production equipment upgrade. Ask what process point is slowest, most error-ridden, or critical to your success. Invest there.

Option 4: Capital Structure

- Pay an expert to catch up your structure to your future.

Option 5: Leadership Structure

- Pay an expert to guide you on bringing your leadership structure into your future. It likely is a holdover from the 2008 “great unpleasantness,” and it’s holding you back.

SPEED BUMP: It takes 12–18 months to harvest real investment returns.

Last resort: Position yourself and your company for the inevitable slowing.

Do these two things:

1. Improve profitability by sharpening your business model (General Electric).
2. Improve efficiency by changing processes now.

SPEED BUMP: The short-term benefit of prudent investment will be increased capacity to handle sales growth. Longer term you’ll be healthier.

ACCELERANT: What’s your first step toward investing?

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

A note on **SPEED BUMPS**: Use them to click quickly with an idea that can immediately be implemented in your life as a business leader. Think: “How can I use this today?” or “Who can use this?”

**Oregonian, 12/23/17*

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.

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