

Jim's Profit Accelerator 20: Is Your Banker Jet Fuel for Growth?

When the wind is blowing 30 miles per hour, windsurfers don't stay home; they bring smaller boards and sails so that they can sail. That's risk mitigation at its simplest. It's easier to mitigate risk when someone else has figured it out. When they haven't, the prize goes to those who can venture boldly and mitigate their risk at the same time.

The power of a risk expert to help businesses manage risk for powerful and lasting results is often overlooked. Are you part of the pack, ignoring the power of a good banker to fuel your growth? Let's measure your Banker IQ with these True-False questions:

1. The main thing a good banker wants is to be paid back.
2. It's risky to tell your banker about the uncertainty in your business.
3. Bankers care mostly about loans and relationships.
4. Covenants are for banks, not customers.
5. Bankers have little understanding of the real potential of your business.
6. Loan rates and limits are a critical piece of any lending package.
7. The best bank will roll with you.
8. Tell your banker good news fast, but delay the bad news until you have a plan.
9. Financials are the most important way to communicate with your bank.

You're right: none of these is true of an expert banker. So how does *your* banker measure up? How do you measure up?

Speed Bump: The #2 investor in most businesses is a bank, either because of existing loans, or because of the credit facility (approved loan capability) available.

A private interview with a very senior banker revealed the perspectives in this article. A discussion with an experienced banker could deliver immense value to you, right now.

Speed Bump: A skilled banker brings a free toolkit that can boost your business past the crowd, if you'll use it. That toolkit is not about loans; it's about risk.

"Few major companies could flourish without in-house expertise in areas like...managing financial risks" (*WSJ 12/23/14*). If the most successful large firms have such expertise, why don't you? Especially if your banker will provide it for free!

Risk is the jet fuel that powers most really successful businesses. Here's how it's done:

- Chart a dramatic path for growth.
- Parse the risk as carefully as heart surgery.

- Push the growth pedal full force.

Chart a Dramatic Path for Growth

A growth path is like a smorgasbord table: your meal is only limited by what's on the table. Are you taking your richest opportunities off the table because of suffocating risk? Where would you take your team if there were no risk? Spell it out and start to go there.

That's right: seek your own breakthrough vision. You'll know you're close when the risk makes the hairs stand up on the back of your neck.

The step that makes all the difference is refusing to back away. Instead, keep the vision and cut the risk.

Parse the Risk

Imagine that you could climb inside the major risks that choke your growth and pull out their claws. A risk expert uses tools to:

- Deconstruct the risk elements, and assign probabilities to each.
- Mitigate many of the risks (reframe them to be small enough to manage).
- Provide resilience for bad outcomes:
 - backup capital,
 - organizational strength,
 - customer loyalty, and
 - close progress monitoring.

How do you stack up as a risk assessor? We commonly link professional risk management to investments and insurance. In fact, leading a business requires exquisite risk management. Which of these risk tools do you use?

1. Avoid risk?
2. Ignore risk?
3. Blame risk on someone else?
4. Get expert help?

Of course, unless you apply # 4 wisely, you're leaving success on the table in piles. "Apply wisely" means that you take these steps:

- Require yourself to learn to assess risk effectively.
- Assess risk with every initiative.
- Avoid "Risk Hysteria": conflating huge return with tolerable risk. They are not the same.
- Have the courage to block action until your risk profile is acceptable.

What does a risk manager add?

- Outside perspective. (Why do basketball teams have managers?)

- Experience. (Seen it before, know when to worry.)
- Skin in the game. (Major investors will dig to get the truth.)
- Drive for success. (Your success and your banker's success are twins.)

When I worked at Triad Speakers, we found our sales and profit lagging behind planned projections. It wasn't clear to us whether our plan was sound (keep going) or flawed (pull back and regroup). Our banker Marie Werts responded to our situation with this critical advice: "You're on the right track. Keep going. Let me handle the credit manager." We did, she did, and sales and profits nearly doubled in less than two years!

Push the Growth Pedal Full Force

Reframing risk can be the booster engine that propels your business to escape velocity.

The promise of that risk can cause the best of leaders to act like a teenager in love: no brains, all action. It's job security for turn-around professionals. Instead, use the lure of the next big win to pull in your banker for a tough risk assessment. That's right—your banker.

Ask him or her to frame your risk and find the levers to dial it back to levels that your business can live with, instead of dying trying.



Note that a risk-adjusted plan usually will produce more powerful results over a longer term than a plan that ignores risk. Quite simply, consulting a skilled risk expert will help you to make higher-risk moves with less actual risk—ultimately resulting in a better payoff. The equation is simple: **Big Initiative + Mitigated Risk = Home Run**

Here's the Cliff's Notes[®] version:

- Clarify what explosive growth would look like.
- Go after it.
- Get a risk advisor on board to help navigate.
- Moderate risk, not objectives.

ACCELERANT: If there were no risk, where would you take your business?

Call me.

For more information, visit www.grewco.com.

Jim Grew is an expert in CEO-level strategy and executive leadership whose clients refer to him as the Business Defogger and Accelerator. Jim helps leaders swiftly discover the hidden opportunities within their businesses and exploit them for dramatic results. Nearly three decades of success as a COO and CEO coupled with his experience running nine thriving businesses provide the foundation for his consulting work as president of the Grew Company. He presents regularly to industry groups, mentors business leaders, and shares insights on his blog, BizBursts.com: <http://bizbursts.com/>. He holds BA and MBA degrees from Stanford University.

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