



Jim's Profit Accelerator 149 Cutting Costs Is Not What It Seems

Every business plan has at least one line about cutting costs, somewhere. Here, size doesn't matter—neither does industry, season, leadership style, software sophistication, or much else. Here are four basics that will get you into the game. They aren't enough to guarantee success, but they'll help you avoid really dumb errors.

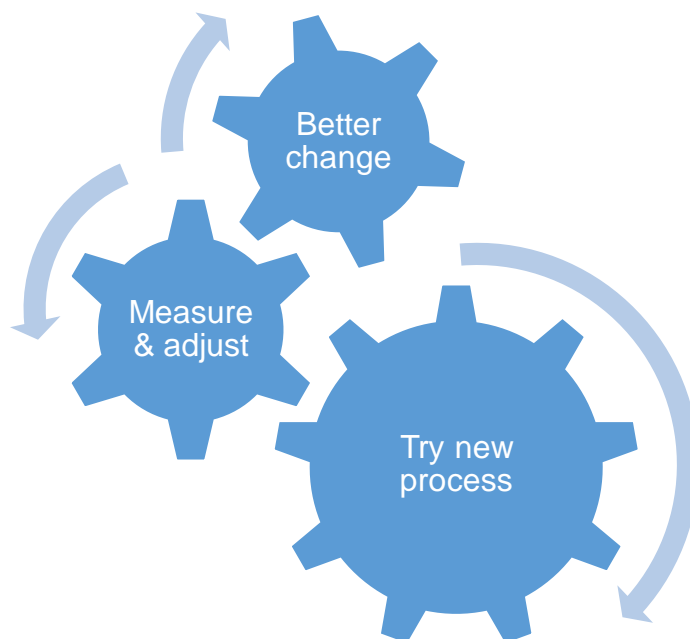
SPEED BUMP: There are no easy cost cuts.

Big mistakes in cost cutting:

1. **Cuts alone will deliver success.** This chestnut is frequently ignored by well-meaning analysis that ignores ripples of related changes when a cost is cut. This time you supply your own experience in unanticipated consequence after a promising cost cut. Write it here: _____
2. **Big savings come from the right few cuts.** Panera Bread took six years to find a new system that worked in its 2000 restaurants. Unanticipated problem: kitchens couldn't handle the boost in number of orders and complexity. Unanticipated answer (of several): change the way orders are displayed in the kitchen. Panera president Blaine Hurst: "It was...hundreds of ...little things that we did."¹
3. **Letting up when the changes are made.** Even harder than making the change is making it last. There is a reason dating back to evolution that change is difficult for an individual. Stasis (everything seems to work) seems right, and change now seems deeply risky, and tough. Not sure? Note the many stories about grit, persistence, the long road to success, and so forth. In her book *Grit*, psychologist Angela Duckworth frames a striking conclusion with overwhelming data. Her conclusion after multiple studies: "...grittier kids went further in competition."²
4. **Failure to shift from making changes to maintaining them.** Success usually means shifting from promises about the future (recognition, bonuses, etc.) to actively reviewing daily measures to reinforce success and spotlight adjustments to move back onto the success track. The process of active review and adjustment is far more powerful than either metrics or the work of change itself. This process is the change element that is frequently absent in most companies, because the daily work of shipping on time swamps it.

SPEED BUMP: Self-discipline seldom endures, but simple processes can reinforce it.

In fact, the process to ingrain critical changes is far more important than that analytical process that discovers any specific change. Why? Because the initial change requires modifications over time, usually many such modifications. A system to ingrain changes delivers the continuing satisfaction that fuels people to find the next good idea and try it.



ACCELERANT: Which change will you energize with improved maintenance?

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?”

1 *Wall Street Journal*, 6/3/17, B10; 2 Duckworth, Angela, *Grit* © 2016 Scribner, p. 14.

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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