Jim's Profit Accelerator 119:
The Broken Rule

"If it ain't broke, don't fix it" is a staple of life success. It's a rubric that's often used to delay investment in improvement of almost any kind. That type of prudence frequently leads to continued success, avoiding investments that don't perform. (Investments here refers to direct investments in your business, either people, outside services, or equipment such as machines and computers.)

Where's the other side of the question? How do you know when to invest, and where? Here are three approaches that can work, depending on circumstance:

1. **I know it when I see it**: The deeply experienced leader will have a sense of what investment will pay off and when. It's conservative and usually pays back well. It's a staple of growth leadership, but it can breed underperformance.
2. **Fill the hole:** Replacing an established machine or person is often the right move. The flaw, of course, is ignoring impacts of growth in the next two or three years. Estimating those impacts makes success more likely, if one thoughtfully forecasts future needs and provides for them. The reverse, succumbing to frivolous deadlines that replace careful thinking with quick answers, often moves success out of reach.
3. **It's always worked:** "We're doing okay. We've always been able to figure it out." Too often the future is seen as an extension of the past, with manageable new issues. This error is often catastrophic, discovered too late to recover. It dramatically affects outcomes that matter (growth, profit, reputation). Getting this wrong is the stuff of business books and novels (think Blackberry).

During its 30-year history, a manufacturing firm weathered two near-lethal periods of lost sales by cutting 75 percent of its employees. When it faced a similar profit drop because of pricing pressure from customers, it looked to the past and made similar cuts. This time the wave of trouble swept over them, devouring net worth, personal savings of the owners, and the jobs of all remaining employees. They are no longer in business because they failed to invest in critical information and people early enough.

SPEED BUMP: We think we won't succumb to the mistakes that destroy others.

Let's dig in here. The investments that determine winners over the long haul are impossibly tough to analyze in advance. Basic investments like # 1 and # 2 above are just maintenance: necessary for success but not sufficient.

SPEED BUMP: Success is available when we accept that the future is not the past.

If the past won't forecast the future, how can we surf the next growth wave without drowning? The answer is so simple it won't be believed: Invest in two levels of revenue, and make them both competent:

1. Current operations and inherent growth
2. Major new sources of growth not yet articulated

ACCELERANT: Which part of the past is holding you back?

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.