



DO BUSINESS FASTER™

## **Jim's Profit Accelerator 148**

### **Why Speed Matters**

Speed is fascinating, and increasingly compelling for business success. The business issue is that time is a fixed resource, so most measures of business involve time. Even the hoary stock share price measure is built on time periods. Some examples of speed:

- The shadow of a full solar eclipse travels at about 3600 mph across the ground, midway between the X-15 (4520 mph) and the SR-7 (2685 mph).
- The fastest bullet is the .225 Weatherby Magnum at 2489 mph.
- The second most powerful attraction of the Tesla is its acceleration (0–60 in 2.276 sec), based upon comments from friends after test drives. (First is either quiet or environmental impact.)
- Amazon has delivered profit for the past eight quarters, after 20 years of losses—driven by its cloud business, which promises capacity and high-speed data delivery.

Speed is compelling because customers are marinating in speed every waking moment, and their expectations are frequently reset for speed without any loss in quality. There is no reason to assume that those expectations will soften in the near term.

**SPEED BUMP:** Commitment to faster service is required for all business.

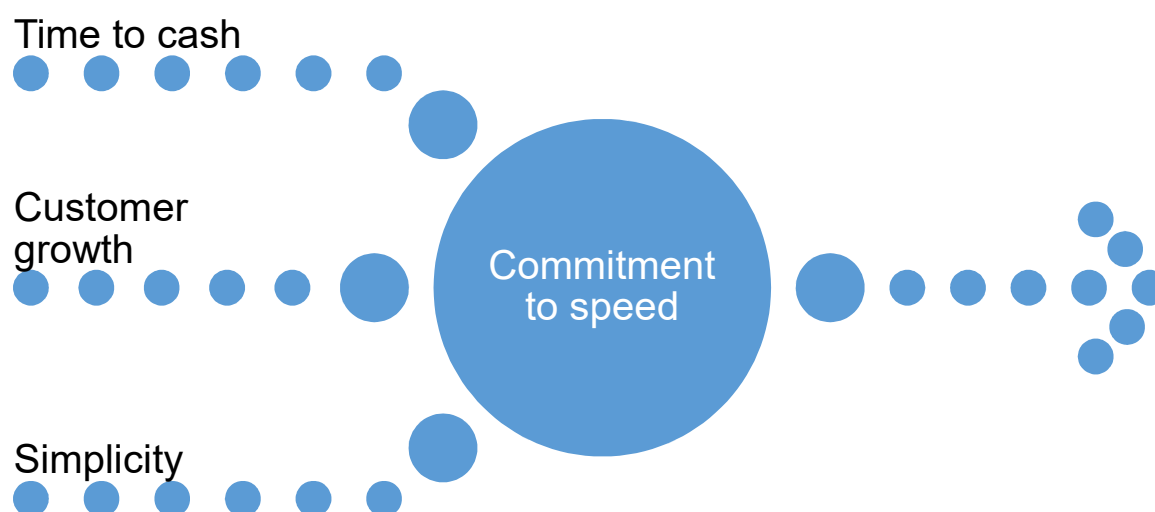
Commitment is a way of asking questions of all your employees, inviting a search for speed. This commitment pulls for speed like the force of gravity. Like any potential investment, of course, the return on a specific acceleration must benefit the business. Here are some benefits of a company-wide commitment to speed:

1. **Time to cash:** First publicized by Toyota, publicly tracking the time from order receipt to payment receipt can be a powerful guide to changes that directly improve profit. When Toyota first entered auto manufacturing, growth investment used cash faster than it generated cash with existing methods. Its relentless focus on time to cash birthed broad application of lean manufacturing and other techniques. Then and now it was seen as a survival technique.

**SPEED BUMP:** Are you measuring time to cash?

2. **Customer growth:** Are you attracting customers faster than you are losing them? Increasing the number of customers can be a high-leverage growth device, and offering speed to customers can be a dramatic differentiator versus your competitors. Growth clichés promise that selling more to existing customers is the fastest path to growth. The rub is that precisely because it is easy, it asks less of the organization and delivers fewer innovations in speed.

3. **Simplicity:** Driving for speed in your company likely will force simplicity. Adding complexity seldom delivers speed, and often the shortest path to speed is simplifying work processes. One of my clients, a distributor with typical slim distributor margins, is a master of adding the minimum resource to fit the problem. Instead of following a recommendation to add a fleet manager, he added a maintenance manager and retained fleet purchasing for himself. The two functions of fleet manager (maintenance and truck replacement) will be delivered faster and at a lower cost because of the simplicity of each function.



**ACCELERANT:** Where will you find cash sooner, customer growth, and simplicity?

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?”

For more information, visit [www.grewco.com](http://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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