

Jim's Profit Accelerator 64: Habits of Compromised Companies

Recently I led a “Leading Change” workshop for clinical directors of a large and successful group of physical therapy clinics. Dramatic cuts in insurance payments have threatened their survival. Patient treatment hasn't changed, but most other clinic activity needs slimming down and speeding up.

This matters because most of the clinic directors are therapists who are part-time leaders, maintaining established procedures in their operation. When their job moved from “maintain” to “change,” and that change involved their clinic team, they sought new leadership skills and help in using them. Leadership is now a vital part of their job, and without it they cannot remain as clinic directors.

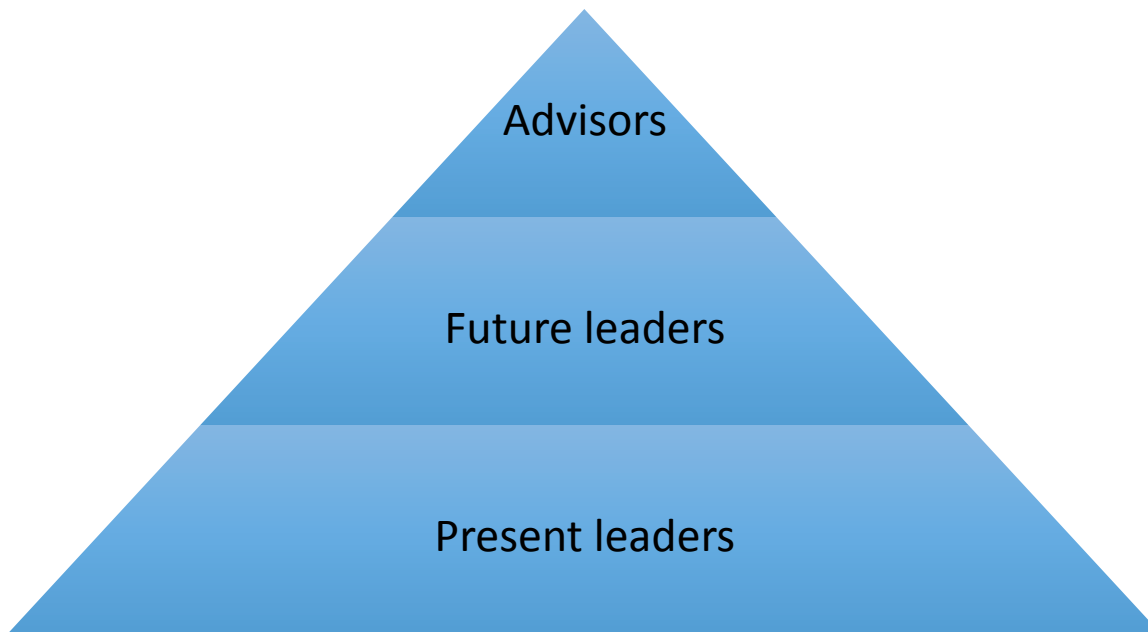
SPEED BUMP: Some of your habits are outworn, potentially limiting future success.

The cliché “If it ain't broke, don't fix it” is as dangerous as it is comfortable. How can it square with the swirling change in our daily lives, and in our businesses? And yet I see organizations repeating processes that are inadequate, using techniques that are familiar but misguided, and applying advice from leaders and experts who haven't kept up. Devotion to this cliché will not see you successfully through any significant change.

It's not just about change in customers, products, and processes. It's making the adjustments that add value to the business—whether that means insulating it from damaging errors, or preparing it for a capital infusion as part of a sale, merger, or family succession.

Here's a hidden habit that is likely holding you back: your professional advisors and current and future leaders. Habit and relationship are vital lubricants for efficient application of skills to you and your business. Yet habit can block the hard-headed look at whether your leaders and advisors have kept up with you, your business, and your future.

Check your power triangle for current skills and processes. Power Triangle?



Professional Advisors

A banker, insurance broker, attorney, accounting firm, investment manager, and an employee benefits managers can all help reduce risk and speed growth if their expertise fits your need. Successful businesses grow with their expert advisors, for two reasons:

1. Business growth generates different risks and problems.
2. The skill mix of experts varies, because of experience, training, and interest.

Here's a simple way to be sure your advisors keep up: Ask them to prepare a review and update of your business situation. Do it at least every two years. They should do it gratis, as part of their continuing relationship with you. If they find a substantial need, even if it's costly, you're better off knowing about it. You can always delay or ignore it, which is better than letting it blindside you.

SPEED BUMP: To limit your personal risk as CEO, your personal advisors also must keep up with your changing situation.

Current Top Leaders

Midsized businesses especially struggle with reviewing and upgrading their executive teams. Finding and building an effective group of leaders is risky and tough, and that work diverts a busy CEO from the balance of daily reactions and active leadership for the future. The pressure to leave it alone is powerfully invisible.

I've noticed many successful companies that strapped everything down in 2009 to weather the recession haven't gone back outside to take a look at whether they are well equipped to harvest the bounty of opportunity now surrounding them.

Even tougher, it almost always requires outside eyes to see real opportunity in the intersection of the present economy with a business leadership team.

Future Leaders

A recent discussion with a benefits expert exposed what may be the biggest weakness in midsize businesses: its future leaders. I have yet to meet a business with sales below \$500,000,000 that has designated a replacement (or two) for each of its top five leaders; let alone implement the intensive development required for them to step into the senior position when it's time. What prevents it:

- The flood of reactive leadership that daily success demands.
- No urgency about a vague future possibility.
- Overwhelmed feelings about the opaque path to effective development.

SPEED BUMP: The comfortable flood of today is sabotaging your future.

THE TIME BOMB: Every business will change leaders, and likely will change owners. Those changes are like the side view mirror: we know that "objects in mirror are closer than they appear," and the wearying challenge of addressing them is beyond most leaders' bandwidth. Their very vagueness makes them dangerous, because their appearance is so hard to predict, and their effect is impossibly powerful.

ACCELERANT: Who is on your review calendar for this year?

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 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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