

Jim's Profit Accelerator 84: Finding the Window to Growth

In the movie "Rush," Formula One driver James Hunt wins the world championship by slipping between two cars spinning into a wreck. Finding the window on a rain-slicked track and darting through it produced the victory. You may see the same spinning wrecks framing your opportunities this year:

On one side, most firms found this past year surprisingly successful, and after similar success the year prior, a healthy balance sheet calls for investment to further improve the business.

On the other side, the pain of the 2008-09 recession and current international market shuffling and bumping cast doubt on further investment. Doubt is multiplied by forecasts by some that the market has about 18 months before its next real correction. Market softening corrupts frequently demand by sowing doubt and indecision.

SPEED BUMP: Now is the time for precisely powerful investment in growth.

Because the window is narrow, how can chances for success be improved? Since it's an election year, here are conservative and progressive planning options to consider:

Conservative:

- 1. New Offerings to Existing Customers.** Instead of selling more of the same to the same customers, work with them to find the biggest new niche they'd like you to fill. You know and trust each other (you give each other your money, after all). However, change is so pervasive that unless you're seen as bringing change that will build their profit, you'll be seen as a slagger (slowly lagging).
- 2. High-Impact Improvement in Current Operations.** Build three intersecting growth highways by challenging your best minds in accounting, sales, and operations to find an opportunity that's so big they can barely imagine taking it on. Tell them that a major investment should be considered.
- 3. Build Your Bench.** The silent partner in many mid-size businesses is the unicorn replacement leader. Translation: What I usually see is that there is no one inside a business who is within five years of successfully stepping into the shoes of any one of the top three leaders, including the CEO. I made the same error in the companies I ran, citing time, current challenges, the hiring puzzle, the uncertain path, and so forth. Even if you're not General Electric, you can start the backfilling.

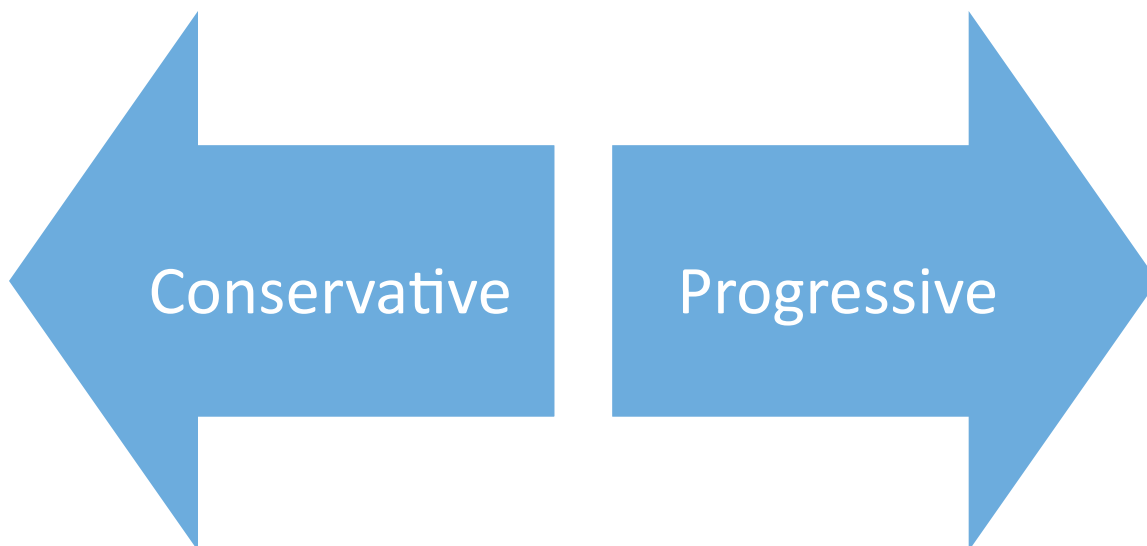
SPEED BUMP: Growing replacements for key folks usually pays for itself quickly.

Progressive (more risk to accelerate return):

1. **New Market.** Identify three markets that might respond to your current offerings. They might be new towns, new customer types, or new business alliances. Balance risk by making them easily accessible; they should be a small but logical next step in customer type or buyer that sees high value in your offering. Choose only one and begin.

Cautionary tale: A product manager in a mid-size national consumer products firm led development of an evolutionary product that matched a new sales channel. It was promising enough that his careful plan to test in one market was aborted by enthusiastic corporate leadership. The plan was immediately rolled out nationally, requiring that the product line be moved to two other divisions. They predictably had neither the passion nor the understanding of the delicate details of execution, and the massive failure caused our hero to leave the business in frustration.

2. **New Division.** Explore your best-selling group of products to see if their growth could be accelerated by spinning them off into a separate group for sales, marketing, or manufacturing.
3. **Sell the Company.** Surprisingly, because times are as good as your balance sheet, a buyer may pay a premium for your business because the past looks solid enough and the future looks bright. Since this is the highest risk* move that you can take, walk slowly and find piercing analysts to help you succeed. *(The risk is that buyers and their agents often don't share your objectives or values, and they may do unexpected damage to your company in the negotiation.)



The best forecast is that if you do something, your odds get much better!

ACCELERANT: Where will you invest 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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