

Jim's Profit Accelerator 49: Corrosive Inputs

I met with the CEO of a \$700 million international company today to explore what might help make this good company great (his goal). He's found two truths:

1. There is a real business here.
2. It's not the business we're in right now.

He explained that its 1200-plus employees are doing wonderful things, working hard, and using a remarkable range of skills. All of this effort is for a business that's distinctive and important, but not organized or operated in ways that will sustain. It's "cool" and "exciting," but it needs to shift away from being an unintentional nonprofit to an intentional profitable firm delivering high value.

This is an example of focus on inputs or activities—*things we've always done, things we know are important, things that just make sense*, and so forth. These appealing activities are, in fact, corrosive inputs that use up the money, time, and passion of the people, but miss the mark. They divert assets to non-sustainable paths and ultimately can destroy a company.

SPEED BUMP: Well-meaning inputs can corrode the vitality of a business.

Here's how to shift toward vitality:

- **Sharpen the target.** With all the talk about forecasts and objectives, you'd be surprised to learn that most of the companies I visit have either sloppy goals or no goals at all. The target is a market niche that will pay for the value delivered by your company, and the price includes a profit. A target is not "what we've always done," or even "what we could do." It's about customers, out there, not competency, in here.

Moving toward a new niche is easier than moving away from a familiar one, regardless of the appeal of the new niche. When you see that the appeal of the new doesn't dislodge the old, apply whatever power is needed to make the move. Otherwise you abandon your chance at the new future.

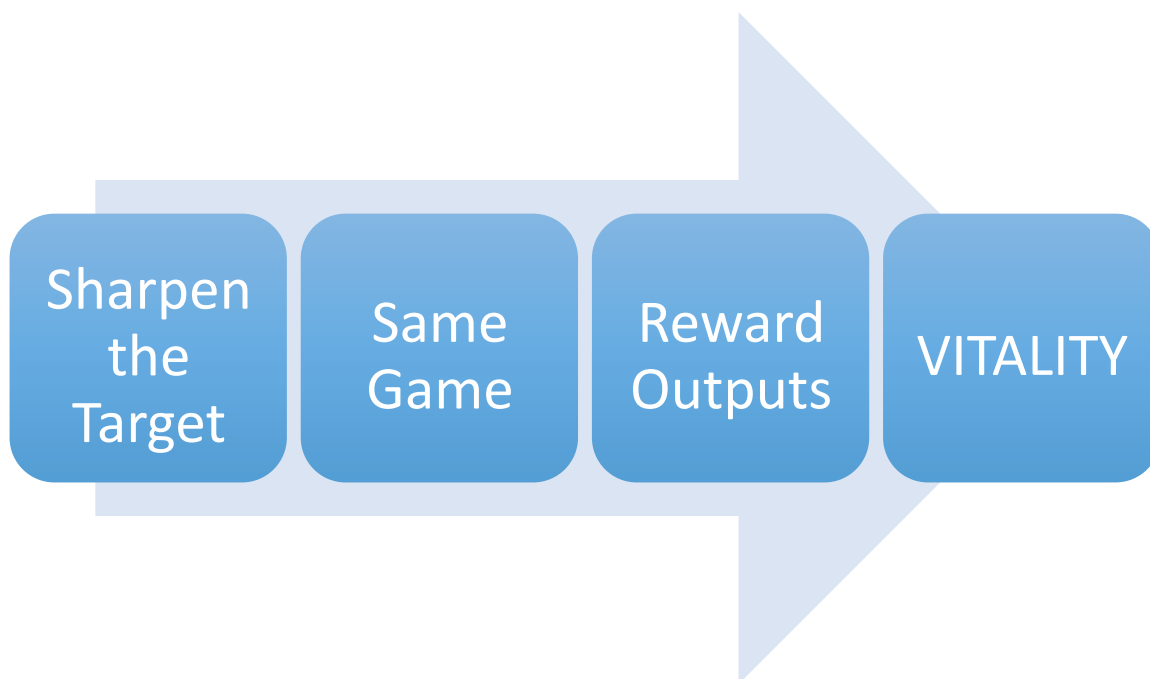
SPEED BUMP: Everyone is moving toward some target—why not make it the same?

- **Agree to the game to stay on the team.** This becomes a new lens to evaluate all activity with the question, "What value does this activity deliver to our new target?" It means that many folks will do different things and do the same things differently. It's about what people see as the purpose of their job, and how to evaluate how they're doing. A target niche must be as compelling to employees as to customers.

SPEED BUMP: If some play soccer and others baseball, collisions happen.

- **Measure and reward outputs, not inputs.** It is corrosive to measure contribution by hours spent, and it doesn't make sense. If I take longer to do a job, is it more valuable? If it takes the plumber three hours to unclog the drain, is it worth more than if she does it in two hours? Isn't it the reverse? A plumber who can fix the drain faster is more valuable, because the drain (and the surrounding household) are up and running again (no pun). And it's zero value if the plumber clears the wrong drain!

SPEED BUMP: If you came home from the store without food, you'd go hungry.



ACCELERANT: What inputs will you put an end to this week, to fuel which critical outputs?

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.