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“Siff-ting” through the Family Business: I untangle the problems.

Entrepreneurs

Proactive Procrastination: When CEOs Lose Their Edge

What should you do if a competitor knocks on your door to buy you out? Don’t answer the door if you can’t get the maximum value for your company. To get that value, you need to spend 50% or more of your time on activities directly relating to the long-term growth of your company. There’s a good chance that you have been running fire drills instead of focusing on what’s important–the future of your business. Anyone who is buying your company is buying the future.

How did you stop thinking about growth? When you started your business, you had a go-for-broke, win-at-all-costs mentality. You were willing to take big risks to ensure that your company would have a future. Now that you’ve had some success, you’ve lost sight of the future and have gotten caught up in day-to-day challenges. You’ve become like the football team that played tough offense for the first three quarters and decides to merely defend its lead in the fourth quarter instead of trying to win big. Playing not to lose isn’t good enough.

There is nothing more important than looking towards the future, and the future has got to be about growth. And for growth to occur, you need a strategic plan that you execute against. If your business is successful, or if you’re not looking to sell or planning on retiring for 10 more years, you’re probably thinking, `Why do I need a plan?’ You need a methodology for managing your business that will serve as your roadmap to success. It will be a thoughtful, insightful, future-oriented document that will focus on your vision for your company and increase the probability of your success. This plan should be shared throughout the company so that your vision becomes unified. It is easy to proactively procrastinate or delay doing this. Such a plan requires a good amount of up-front time but it gets everyone focused on the future.

You need a plan because there will always be events beyond your control. A client who had no business plan recently told me his No. 3 customer had been bought by a multinational. `What does this mean for you?’ I asked my client. `We’re fine,’ he assured me. Yet, when I spoke with his customer, he told me that my client’s ‘days were numbered.’ The CEO responded that daily issues ‘prevent him from planning.’ These uncontrolled, unforeseen circumstances are a poor excuse to avoid planning.

Let’s say your luck holds and there’s no trigger event that demands action. You still need a plan because at some point, you’ll want to turn the business over to the next generation or sell it. And even if you intend to run your company indefinitely, some day you won’t be here to do it. So, how do you get your head back in the growth game? Every CEO should ask him or herself the following questions:

–Am I genuinely committed to growth?

Growth-related activity comes in many guises: hiring, training, and motivating the right people; ensuring that your processes are sustainable; not becoming overly reliant on any one person — including yourself or a customer. You need to spend money today to benefit tomorrow. If you’re willing to do that, you’re committed to growth.

–How am I going to grow?

Will you expand your company organically or through acquisition? Will it depend on new products, new markets, or brand differentiation? Can you grow with a new business model? Is there an opportunity to strengthen your business with existing customers? Can you expand globally or merge with a competitor? Can you market your company through social media? Is your growth meaningful and sustainable? Without a plan, any action is merely a reaction.

–Am I focused on the right activities?

Don't mistake activity for accomplishment. We were with a client last week who was busy putting out fires instead of stoking the right ones. We were evaluating the opportunities in his three divisions. Division 3 has the potential to quadruple his business, yet he is spending 70% of his time on Division 1. When we asked him why, he said, `I have personnel problems there.' We told him his real problem was his focus.

–Am I maximizing the value of all of my assets?

Are you leveraging all of your enterprises' assets (bricks and mortar, people, processes, systems and intangibles –customer lists and intellectual property) to increase market share and profitability? Focusing on just one kind of asset won't allow you to unlock your business's true potential.

–Am I measuring the right things, the right way?

You should try to evaluate everything you do–sales, market share, profitability, customer service, pricing, and growth–against what your competitors are doing. You might think 15% annual growth over each of the last three years is great, but it's not if your competitors are averaging 25%.

–Am I too busy looking backward to look ahead?

Think about quarterly reviews as quarterly previews. It is a chance to set goals. When quarterly reviews are done with customers, use them as an opportunity to ask the customers about their future and how you fit into it. How can you strengthen your partnership? Make sure you are an essential part of their growth story.

–How am I managing risk?

What are your risks? Are you overly dependent on too few key people? Are you delivering the best product? Are you in markets that are unstable economically or politically? Do you know what your competition is doing? Do you understand your financial, regulatory and environmental risks? What are your alternatives? Remember the five Ps: Proper Planning Prevents Poor Performance. An integral part of your planning is managing risk with the best information available at the time you draft your business plan. Since this plan is dynamic, you need to be flexible to make the changes as needed.

–Is there a disconnect between my actions and my words?

We asked a client how many quarterly reviews his company did with his customers. His response: `Out of 40 customers, I would say, 32 to 33.' Then we asked him how many he, the CEO, was personally involved with: `Most.' Well, his company did 18 reviews last year, and he was involved in only 12 of them. And none of them focused on the future. All they did was review the past numbers. He wasn't being disingenuous or insincere in his answers, but they sure didn't reflect reality .

–Am I behaving `as if'?

Stephen Covey says, 'Begin with the end in mind.' So, if a sale is 10 years down the line, start acting as if it were imminent. Why? Buyers will pay a premium for consistent performance, so you want to be able to demonstrate that. Besides, you will start accruing benefits today if you start acting as if someone is kicking your tires, even without the driving factor of a sale. That's why the CEO has to be committed to long-term growth and sustainability.

This kind of commitment takes hard work, disciplined management, and a willingness to change the way you've been operating. Why change things if what you've been doing for years has been working? Because the results could be better. If you are not focusing on the future–which means having a growth plan that is linked to daily activities and executing against it–you're doing a grave disservice to yourself, your employees, your customers, and your company . We have found that our clients that spend 50% or more of their time on their business are acquired for a 30% to 70% higher price than they originally expected. The key is that you need to work on your business, not in it. If you decide not to sell, what is the downside? You have a more focused, profitable, professional and better run company. So today, move from proactive procrastination to proactive planning and execution. Be ready to answer the door if opportunity knocks.

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