

Biz Books
(column for 08/26/07)
By
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What Were They Thinking?™ by Jeffrey Pfeffer, Harvard Business School Press, \$25. At the author's suggestion, look at the chapter titles and read those that fit the situation that confronts you. Mr. Pfeffer isn't offering one-size-fits-all solutions – he's offering an abundance of ideas to get you thinking about what may work in your company. He knows that common sense and careful thought don't show up in the data, charts and the surveys you look at, but you need them to make the right decisions.

He encourages thinking about the long-term ramifications of cost-cutting measures because businesses can't shrink their way to greatness. This is particularly true when looking at wage and benefit cuts. It's easy to think that profits will increase if you cut wages and benefits – or downsize your workforce. The flip side is the effect on productivity and retention. Cut compensation and watch productivity fall, while turnover climbs. When you downsize, the workload doesn't change. You're TELLING survivors to do more with fewer resources. Productivity suffers and employees, tired of working longer hours, leave. What ARE you thinking?

Chapter 4, "A Blueprint for Success" is a must-read for any executive thinking of cutting the company's training budget. Training has three positive effects: 1. People learn skills and apply knowledge essential to keeping the company competitive. 2. By investing in your people, they will invest in the company. They will work harder and own their jobs because they are offered opportunities to apply new knowledge. Turnover will decrease. 3. Training builds self-confidence. Your employees will be better prepared for growth assignments. You're building your internal management talent pool.

Chapter 23, “Dare to be Different” offers a number of insights: “You cannot benchmark your way to the top.” Benchmarking means you are only following the leader. You’ve disguised “we’re behind the competition” as continuous improvement.

“You have to think differently about your business.” Mr. Pfeffer cites Les Schwab Tire Centers (located mostly in the Pacific Northwest) as an example. It defined its business as selling tires and repairing automobiles. It fixes flat tires for free – yes, that costs them money – but it created a customer service experience that built a loyal customer base. In Portland, OR, it controls about 70 percent of the replacement tire market – that represents revenue and loyalty.

“The Best Secrets of Great Small Businesses” by Ray Silverstein, Sourcebooks, Inc., \$14.95. Entrepreneurs can be a stubborn, “It’s MY business” group of people. Maybe that’s why over 80 percent of new businesses fail within two years of start up. Mr. Silverstein offers a guidebook to those with an open mind – entrepreneurs who realize they don’t know what they don’t know.

Here are two great ideas that will help grow your small business: 1. Connect with other entrepreneurs through a peer advisory group. Form a group by talking with others who are in business from themselves, but who realize they aren’t in business by themselves. Meet once a month to discuss “what’s happening”. The group becomes a knowledge base, a sounding board and an idea factory that provides solutions and reduces troubleshooting time.

2. Periodically, meet with key customers as a group. Pick their brains about what they want and what they will want. Bounce ideas off of them. These meetings strengthen customer relationships and let you develop your next-move strategy.

Plan your agenda. It’s about input; it’s not a commercial. To encourage an open forum, avoid inviting direct competitors. Ask them what you can do to improve your product and service delivery. Don’t be defensive if you hear some negative comments.