

Making Big Decisions: Will Doing Nothing Destroy Your Business?

The ideal situation is to have two options, with concrete consequences resulting from either decision. Acquire enough quantitative and qualitative data to recognize your options and their consequences.

Here's the scenario: You're the head coach of your favorite NFL team, and you're in the fourth quarter of the Super Bowl. Your team has the ball, and it's fourth and one at the goal line. You have a very big decision to make.

Now you trail the game by three points, so you could kick the field goal, get the tie and force overtime. However, there are 50 seconds left on the clock, and the opposition has been moving the ball at will. If you kick the field goal and give it back to them, there's a very good chance they'll move the ball right down the field and kick another field goal for the win.

You call a time-out, and all eyes turn to you. It's time to make a decision. What do you do? What if you did nothing? Just sat there, crossed your arms, or even got in your car and drove home? It's unthinkable that a coach would do that. The consequences would be severe, but that's not the case for many business owners faced with a big decision.

For many, doing nothing is the preferred option to making those big decisions. Unfortunately, in almost every case, it can be disastrous. Let's take a look at how "doing nothing" can impact every area of your business, from your business strategy, to financials, to your operations.

Then we'll show you how you can make the right call — and guide your own team to victory.

How Doing Nothing Impacts Financials

As Ron Castleman noted, sometimes, doing nothing actually makes sense. Castleman, a corporate and business attorney and LaManna Alliance senior financial advisor, once owned and operated a nursing and rehabilitation facility. There came a point where he had to decide if he should invest over \$2 million in a new treatment model.

His team presented him with a number of positive outcomes from the investments, but there were nagging inconsistencies as well. The numbers just weren't adding up. In the end, he did nothing. "It is perfectly correct for a businessman to say, 'Let's do nothing' until the facts or the situation is clarified," he commented. However, don't use that quote as a cop-out for making the big call.

The ideal situation is to have two options, with concrete consequences resulting from either decision, just like in our football coach scenario. Acquire enough quantitative and qualitative data to recognize your options and their consequences.

But what if you chose to do nothing? How will it impact your financials over the long run?

No business can stand still. You're either growing or you're losing ground. "Do nothing" long enough, and from a financial perspective, you'll find your revenues dropping, your profit margins dwindling, and your lender knocking on your door, asking what in the world is going on.

Just like the football coach who refuses to make a call, you'd eventually suffer the same fate: You'd lose your job, or in this case, your company.

"Big Decision" Financial Considerations

For consideration in terms of your finances as you make a big decision, these questions:

- Will you have cash flow? If you're considering an equipment purchase, or pursuing a new product line, what will be the impact on your cash flow? This data will benefit you in multiple ways: You'll know if you can cover the payments for the new endeavor, as well as your current costs. It may also influence your negotiations with a lender.



Rock LaManna, President/CEO, LaManna Alliance



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- What will your profit be? Do you really want to take on a big initiative if nothing will be added to the bottom line? Too many owners are sucked in by the allure of a revenue boost, without really assessing how it will impact their cash flow and profit margins.
- What are the time elements involved? A critical but often overlooked part of decision making is determining how it will impact other facets of your business. Are you making the move in the middle of a busy season? Are you in the midst of a cash-flow dip because several top sales people have just left? These types of questions should all factor into your decision.

To make a big decision, be sure you have a solid grasp on these essential financial metrics. And while we're on the topic, let's next take a look at your operations.

Will Doing Nothing Affect Your Operations?

LaManna Alliance's Operations Advisor Ed Klaczak looked to analyze the impact of doing nothing on your equipment. If you do nothing to maintain your equipment — no sharpening, no lubricating, no repairs — it will cease to function over time. Your productivity will plummet, and your business will die.

An easy concept to grasp, but most owners miss that doing nothing to improve your processes will have the same result. If you don't track quality metrics and establish best practices, and instead allow your people to do their own thing, the subsequent inconsistencies will hurt your company. Production schedules would be irregular, defects more frequent. Ultimately, morale would decline among your most precious asset: Your people.

Without a solid commitment to improving quality on an ongoing basis, your staff will become frustrated. It's hard to be committed to a company if there is no clear direction, and your processes are hard to follow. People want to do a job, and they want to do it well. As an owner, you need to establish quality processes to ensure that happens.

"Big Decision" Operational Considerations

Now let's take a look at the operational considerations that can help you make the right call:

- What are your first-level metrics? To make an actionable decision, Ed recommends "[putting] in

meaningful, first level metrics." You'll want to normalize your operational data, where you can, as a percentage of your sales revenues.

- What are the areas that impact your customer most? Establish data on your customer complaints, or your on-time deliveries. Inject quality into those aspects of the operation first.

Could all this data cause more confusion? It will if you let it.

Some owners, when encountered by too many options and too many variables, suffer paralysis by analysis. They become simply too overwhelmed to make a decision. Other owners will simply bypass the task of collecting data altogether, citing they're too busy to spend time on quality improvements.

Setting limits for yourself will help you avoid those mindsets. Determine a point when you have enough data to make a decision, and be sure you allocate resources (aka time) to the effort.

Will Doing Nothing Affect Succession Planning?

The baby boomers are nearing retirement age, and many owners in the printing business are choosing to do nothing in a very critical area: Succession planning. "Do Nothing" conspirators quietly align in opposition to any attempts on the part of an owner to put into place a succession plan, and confront the future that's rapidly approaching. Such conspirators include:

- The owner's spouse, who has become accustomed to a particular lifestyle and wants to keep it that way
- The owner's children, who may fear a change in power, and resent a sibling being chosen for an executive position
- The owner's advisory team, who may understand the need for a succession plan, but are reluctant to lose the company's business if a successor chooses different vendors
- The owner, who has established his or her identity as the lead executive in the business, and resists change as much as possible

This "Do Nothing" conspiracy is unfortunate from a succession planning perspective, because it can have a dramatic impact. Financially, the delay of succession planning will cost you time. It can take up to 10 years to set up effective trusts, and the longer you wait, the more you delay the inevitable. You'll also likely see a dip in a company's performance if a smooth transition into new ownership

isn't established, and the company isn't on the same page.

Emotionally, expect conflict on the home front. When there is a lack of vision (and in the case of an untimely death, a void in leadership), conflict naturally will arise. Families have been cleaved apart by family businesses. These nasty, often lifetime rifts can be avoided if business processes are established.

"Big Decision" Succession Planning Considerations

Obviously, the "Do Nothing" conspiracy does not bode well for the long-term health of your business or your family. What should you consider to avoid this succession-planning trap?

- Are you generating family awareness? Your first step should be to generate family awareness. Whether you're the owner or a member of the family, make other members in the group aware of the impact of neglecting succession planning.
- Is there a member of the family who wants to continue the business? Next, you'll want to determine if another generation wants to take on the family business. If not, you may want to consider selling.
- Succession planning can be a touchy subject, but if nothing is done, it

could touch off a company- (and family-)wide conflict.

The Best Advice I Ever Received on Making Decisions

Decision-making all relates to your overall strategy, so I asked what causes owners to "do nothing"?

Owners are often wracked with fear and uncertainty about the outcome of the decision. The reason this happens isn't so much because they fear the end result, it's that they simply haven't considered what the end result could be. They haven't mapped out potential consequences of their decision, and the fear of the unknown is stopping them in their tracks.

Owners may have an indecisive personality, which is compounded by a lack of clear-cut data, timing and consequences. Even those with the strongest backbone will waver without these three items.

Yet with all of the qualitative and quantitative data in the world, if all options are relatively equal in terms of consequences, then it really doesn't matter what decision you make. It's what you do after the decision that really counts.

Let's return to our football coach as an example:

- If he decides to run the ball and he scores the touchdown, his team is up by four. It was a good call, but if his defense can't stop the opposition, his

team will lose. They must play good defense.

- If he decides to kick the field goal, it will also be on the shoulders of the defense to stop the opposition. The points are much more assured in this case, but once again, the defense must hold.
- If he decides to run the ball and fails, his defense must either force the turnover or try and get the other team to turn the ball over on downs. Once again, it's up to the defense.

In each case, how the team plays after the big call will determine the outcome. Consider all of the elements discussed as you assess your organization and work to make the right call. Make sure you have quality data, both qualitatively and quantitatively. Then, if the decision isn't clear-cut, make your call and put all of your energy and effort into moving forward. If you and your team are committed to the decision, you'll prove that you made the right call.

Rock LaManna is the president and CEO of the LaManna Alliance, which helps printing owners and CEOs use their company financials to prioritize and choose the proper strategic transition — including mergers, acquisitions, organic growth, and exit / succession plans.

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