

How to Think Big by Thinking Small



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I first learned the importance of small things from my father when he designed airplanes.

As you can easily imagine, weight is a critical factor in airplane design. The airplane has to lift not only itself into the air, but also a useful load of passengers, freight and fuel, otherwise what's the point?

The economics of air travel are difficult due to the challenging physics of flight, and my father spent countless hours working to improve the prospects of his designs by reducing weight. He understood clearly that a very few pounds one way or the other would determine not only if the airplane would fly, but also if it would sell.

A car designer can tolerate a few extra pounds here or there and still sell cars. An airplane designer can't. An airplane that's a few pounds heavy will be just a little slower and will carry just a little less payload than the competition's and will be economically doomed before it ever gets off the ground (sorry, I couldn't bring myself to rephrase that.)

THE DIFFERENCE LIES IN THE LITTLE

Businesses owners who work in a competitive environment like contracting, have to think like airplane designers.

Jim Rohn, the well known business philosopher, made the same point when he said: "Failure is a few small errors in judgment repeated every day. Success is a few small disciplines practiced every day." The operative word in both statements is "small."

Failure is repeating the same low margin, poorly scheduled, misunderstanding-laden, cash-sucking, chaotic jobs that leave us one bad

account receivable away from insolvency. Success is the compounded effects of small improvements that inch us away from chaos, reduce stress, and make us more competitive, efficient, capable and calm.

We seldom get the chance to improve through big, obvious changes. Our competitors are smart people (or at least some of them are) and they know about the big, obvious things too.

No designer builds an airplane out of steel. All of them now use lighter, stronger aluminum and carbon. The same is true in our businesses.

We have to be good at the at the obvious just to stay in the game. Our only real chance to differentiate ourselves and to rise above merely adequate comes by making small, incremental improvements and a lot of them.

Improvements to small things are a limitless source of differentiation and competitive advantage. Most competitors will have the same approach to big things, none will match our unique blend of approaches to the small things.

THE POWER OF LEAN

If you have spent any time around manufacturing, you may recognize this approach as "Lean" thinking. Lean is most associated with the Japanese auto industry in general and Toyota in particular. However, we don't have to be manufacturers or to understand fully the lean philosophy to benefit from the lean approach.

For example, I am working with two contractor clients who are in the identical line of work and within 15% of each other in annual sales. Both work hard and deliver an excellent product, but one earns 2.8% of sales as net profit, the other almost ten times as much at 27%. These contractors work in the same city and bid the same jobs.

The difference is that one pays strict unyielding attention to detail, The other is still learning to do that.

IS IT WORTH IT?

If we aspire to be better, we can't leave it to chance and hope to spontaneously acquire new insight, a burning desire, and the ability to spot the opportunities everywhere around us. That's not likely because we won't begin in earnest until we believe it's worth the effort and understand how to start.

To bolster your confidence in small changes, check out two of my previous articles. In the first I show how a **10% increase in sales doubled** the net profit for one contractor, and in the second how a homebuilder used small changes to in effect **build 18 houses for free**. These are just two examples, but we can find others everywhere around us - including in our own businesses.

There should be no doubt that small changes work, however, until we make a disciplined effort to look for them, we don't notice opportunities or if we do, we tolerate them because "Hey, we're really, really busy," and besides, "they're just little things."

WHAT BUGS YOU?

To get started, all of us can begin with what already bothers us.

It already bugs us that our crews stop at the convenience store after leaving the shop. It already bugs us that our material delivery is always short one critical part, that the guys can't find their tools in the morning, that the service trucks are out of gas when we most need them and that our retainage is held up on completed jobs because we haven't been back to fix mistakes.

You may protest that those are all big things, and they are, but their causes are always little things.

THINKING BIG

Pick one, figure it out, and follow up until the solution becomes the standard. Then pick another and another and never stop.

Once you've come to appreciate the benefits, check out the book [2 Second Lean](#) by Paul Akers. The small disciplines, practiced every day will compound into the transformative changes we recognize as big thinking.

If you have any further questions, please don't hesitate to mail me at Martin@annealbc.com or visit www.annealbc.com



Martin Holland

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.