

Knowing What to Embrace

Maximizing the success of your business means knowing what to focus on — here are five things you might want to set your sights on.

BY MARK RICHARDSON

In a recent interview Warren Buffet said, “Embrace the boring” as smart investment strategy. What Buffet meant was to invest in a sound company with a good stable return and a modest dividend.

As I reflected on this sage advice I thought about many of my business associates and friends and how they should translate this advice into their businesses and personal mindsets.

Some business owners often chase the shiny objects or look for a secret formula to success when often the returns can be found in focusing on some of the things that are right in front of them. While many of you reading this may not admit that you are one of those looking-for-something-new seekers, I bet there are some people on your team that may see it in you (and be frustrated).

So why embrace the boring? Because oftentimes it can give you a better financial return. Embracing the boring can create a better client experience. Embracing the “right” things can reduce stress and create more predictability.

ARE YOU FOCUSING ON THE RIGHT THINGS?

The following are some areas that you might want to put a spotlight on:

- 1) *Focus on the keys numbers that drive the business.*
For most businesses things like sales, gross

profit, gross profit percentage and overhead, which all affect the profit. By just improving each of these by a percentage point or two you will increase your returns dramatically. While this might not be very exciting like introducing a new product or landing a giant project or customer, it will give you sound returns. Begin by just spending a couple of hours a week on knowing, analyzing and improving these numbers. Make others in your company a part of this process so you are not going it alone.

- 2) *Improve your processes.* Again, just grab three to five basic but important processes like your production numbers, shrink and sales processes. Make sure you write down each as a process in a step-by-step fashion. Again involve others in your organization and challenge them to improve these processes. You may want to focus on time by reducing the number of hours or days it takes to do a task or it may be assigning the right accountability to reduce mistakes or even adding new technologies to be more effective. If each process is documented you probably will see some obvious flaws and ways to improve them.

- 3) *Communication.* Many problems are often the result of miscommunication. If you focus on

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and inflation. They also submit their expectations of the appropriate year-end level of the federal funds target for each of the next few years (now out to 2019).

Simply put, the Fed can afford to wait awhile longer. But the interesting outcome from the Fed's September meeting was in the Summary of Economic Projections. Slower labor force growth (as the job market approaches its long-term equilibrium) combined with a slower trend in productivity growth means that potential GDP growth will be a lot slower (about 2 percent) than what we grew up with (around 3.5 percent). That's simply demographics (two forces propelled GDP growth in the last four decades of the 1900s: the arrival of the baby-boomers and increased female labor force participation).

The service economy is accelerating as it enters the fall. The latest report on the service sector was booming, with the Institute for Supply Management (ISM) non-manufacturing index showing the largest single month increase in the nearly twenty-year history of the report. The September reading of 57.1 is also the highest reading of 2016, and the 80th consecutive month of expansion. The rise from the service sector was broad-based, with 14 of the 18 industries reporting expansion, while just four reported contraction.

Mirroring the headline index, both the new orders and business activity indexes surged in September. This bodes well for the coming months, as companies move to fill the new orders. The employment index also jumped in September, rising 6.5 points to 57.2, the highest reading in 2016.

HITTING THE EMPLOYMENT TARGET

While employment has been a weak spot in the manufacturing sector, the much larger service sector has shown continued expansion, in-line with the 200,000+ monthly nonfarm jobs growth seen over the past year. And while the pace of jobs growth may slow modestly as the labor market tightens, employment gains look set to put continued downward pressure on the unemployment rate.

No matter how you cut it, the labor market looks very close to the Fed's "full employment" target. On the inflation front, the prices paid index moved higher to 54.0 in September from a reading of 51.8 in August. Rising costs for coffee, chicken and dairy more than offset declining prices for beef and butter.

As a whole, the ISM report shows a November rate hike would be justified, though the "non-political" Fed is likely to avoid making a move so close to the election. Barring a large surprise to the downside in employment or inflation data, neither of which looks likely, December should finally see the next step in making monetary policy slightly less loose.

Given the tone of their comments after the last meeting, they set the stage for such an interest rate increase. But I am reminded about the infamous words of Alan Greenspan: "I know you think you understand what you thought I said, but I'm not sure you realize that what you heard is not what I mean."

Spoken like a true economist, huh? ■

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the three to five situations that are more common miscommunication issues, it is easier to fix them. They could be internal or external. By identifying them then training everyone involved to better communicate you will reduce miscommunication. Again this may not be as sexy as spending time on a new marketing approach but it will help make the business healthier.

- 4) *Your product.* Growers always want to produce the best plant possible and often there is little time spent on adding or developing new products and new growing techniques. Again, by identifying a few key products to focus on and assigning one to different team members you should come up with some improvement. If you tackle just one product a week you will have over 50 checked off the list in a year. This could result in tremendous returns in both efficiencies and customer experience.
- 5) *Your people.* I don't want to imply people are a boring part of your business. People are your greatest assets. However, there are questions and areas of attention that often are not

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addressed. When is the last time you asked your key people where they would like to be in three years? The good ones will leave if there are not the right opportunities. Or have you proactively done a competitive analysis on compensations programs? While addressing these issues is not always fun, it is important. By making these types of things top of mind on a regular basis

you will make sure to stay on course and you will have less people damage control.

For those that find focusing on the "boring" not boring, great keep on it — you will like the results. However, if you are not 100 percent happy with the success and profitability of your business, customer experience and team satisfaction, then spending a few hours a week focusing on these things, you can see dramatic results. ■

Mark Richardson, CR, is an author, columnist and business growth strategist. He authored the best-selling book, "How Fit is Your Business," as well as his latest book, "Fit to Grow." Both books are available at www.amazon.com.



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