

FIGHTING FIRES INSTEAD OF FIRE PREVENTION

“Many business leaders are fantastic fire fighters; when they enter a company with crises everywhere, their special skillset saves the day. Unfortunately these same business stars haven’t learned to be effective in a crisis prevention role and that skillset is what makes for maximum company success. Evolved leaders are learning both fire fighting and fire prevention.” — Ainslie Waldron

One of the biggest symptoms of a looming roadblock to business success is waiting for a flare-up or fireball to happen (and thus being unable to gauge its potential damage) rather than preparing for it and/or avoiding it in the first place. To continue this simple analogy, there is always smoke before a fire and the same is true in a business setting: symptoms are around if you’re ready to sniff them out.

Most companies wait for a fire to break out – i.e. horrible customer service experiences, an ineffective or outdated website, a different cash crisis every month – and then spend massive resources to put these fires out (with rain checks for unhappy customers, an expensive emergency website revamp, and otherwise pouring money into a problem) rather than simply utilizing fire prevention every single day.

Operating a business is no different from running your car. If you never look under the hood, never change the oil, don't know how long it's been since your last service, never check the tire pressure, use the cheapest grade of fuel or don't have any rubber left on your windshield wipers, is it any wonder your car breaks down on the way to work each month leaving you stranded and frustrated? Is it any wonder you can't see in a rainstorm or don't have a properly-inflated spare when one of your tires goes flat? Any good business leader wouldn't make those mistakes with their automobile, so why would they fail to maintain their business and plan for emergencies?

In a company, of course, there are many more complex working parts than in your automobile whether it's human interaction, synchronizing technology with company goals or forecasting cash flow. I recognize these factors fully, but then why do more evolved companies than yours manage to prevent fires before they break out, given that they have even more moving parts? If they can do it, so can you. Your challenges are not unique.

Service Your Company With These 4 Simple Steps (Before it Needs a Complete Overhaul)

The fact of the matter is that no matter how big or small your company, every department needs to be properly and regularly serviced to avoid what I call "smoldering embers," those warning signs that mean a fire is coming, "flare ups," or those mini-crises that should really be telling you something bigger is on the way, and full-fledged "barn burners" that happen when you've already ignored signs 1 and 2.

So, how do you start preventing fires rather than fighting them? I saw a recent television commercial promoting some business efficiency service but the theme was *What if Firefighters Were Running the Company?* These no-nonsense professionals look instantly for the source of the problem and then do something; the exact methodology the very best, most evolved business leaders possess. So if firefighters created a simple 4-step plan to get your firm back on its feet – fast – it might look something like this:

- **Step 1** – *Be Prepared*: Whether a firefighter is going to rescue a cat from a tree or respond to a five-alarm fire in a fully-engaged warehouse, he or she always is prepared. They have thought out the skills and tools they need for every possible scenario. Firefighting operations are typically the very ideal of well planned efficiency. You, too, should plan and be prepared. That helps you not just stay safe during blazing barn burners of corporate problems but actually take action to avoid them altogether. Firefighters and fire inspectors are constantly looking for situations that could turn into problems. How? By identifying them first.
- **Step 2** – *Identify smoldering embers*: Firefighters know their business and can spot a situation that could flare up. There's a precise analogy in your business; if you take on the specific task of looking for potential flare ups, and now is no different: you can **spot the symptom before it becomes a full-fledged fire**. If customer service complaints are on the rise, there's your "smoldering ember," waiting to break out and scorch the company at any moment. If it's technical difficulties, lack of after-hours support or

employee morale, don't wait for these issues to flare up and burn away your profits before they get your attention. Eliminate these potential flare ups now, while you still have a chance to prevent a fire rather than fight one. I've worked with many management teams in businesses that seem to just go from month to month, facing one "surprise" crisis after another. Every month it is a new surprise. So, guess what? When you're actually expecting it, it's not a surprise! These companies are hitting the same problems year after year; they're just different on a monthly basis and so they incorrectly leap from one fire to the next. If you know they are coming then these are by definition anticipatable situations that can be planned for and should be planned for; they're what we are calling "smoldering embers," those daily, weekly or monthly issues that are always there, quietly aflame under the surface and just ready to "flare up" at any moment. Would you build your house at the foot of a smoking volcano? Searching out those potential flash points is an activity of the evolved executive who knows the secret for business.

- **Step 3** – *Avoid "surprise" flare ups*: So many people think that something that is really a "regularity" is a "surprise" instead, just because it doesn't occur every month. But, some surprises occur annually, and some surprises occur bi-annually, so it's not really a surprise at all. For instance, if your biggest blockage is cash flow, then deal with your biggest blockage first. Deal with your cash flow. Much of this is being realistic, just like the fire fighters. Take the words literally; it is, indeed, looking at how **the cash should flow**.

Cash flow is a very simple concept to understand but you can't operate a business on a hope for the best and don't look ahead cash flow policy. Commercial activity runs on cash, or at least the promise of it, and thus should be something studied daily in your company and variances should be anticipated. Quite simply you look at exactly how much cash is required to run your business and when you must have how much; then understand exactly what your profit margins are which in effect is the extra cash available. You can forecast your turnover, and what it indeed should be to generate the cash flow that you absolutely require to run your business. Business leaders must not base decisions on the cash flow which perhaps looks good on paper, nor the one in your head that you used when your business was just starting, but instead the cash flow plan which includes allowance for the built-in surprise factor. Because, guess what? There *are* surprises every month: that's no secret. And, in fact, if you look at an analysis of the past year or the year before, which you should be doing anyway, and then look at how you're planning for the future, you can work through and determine exactly what your turnover should be, what your profit margin should be, and how your cash flow should work. If the cash isn't flowing during certain periods, and this is your "barn burner" waiting to "flare up," remedy that by aligning your cash flow with the timeline of some of your suppliers, or some of your vendors, or some of your customers. Because, if you're not properly aligned with these entities that either give or receive cash, then smart business leaders re-negotiate with them so that the cash flow terms

will ensure that the cash is available in sufficient amounts when you need it. Your business isn't there to make other businesses float; your business is there to sail on its own and as a business leader it's one of your more important activities to become a forward thinking cash flow planner and make sure there are no potential fires in this critical arena. Smart cash flow strategies are indeed a secret for achieving your maximum business potential.

- **Step 4** – *Make sure you don't burn down the barn:* When fires do break out, be they in the treasury department or the areas of customer service, production or employee morale, you can't relax and do fire prevention at that point; now it's time to contain the fire and put it out before it does any further damage.

The Cost of (Continually) Fighting Fires

Continually, constantly fighting fires is costly in many ways, some quite painful and obvious while others are more subtle but just as troubling. For instance, when every day another crisis looms, employee morale suffers because their faith in you as a business leader wavers. Who wants to work for a boss who can't keep his own ship from constantly running aground?

Likewise in a crisis environment, employee burnout is high, from top to bottom. Everyone gets fed up from backtracking to fix problems that had warning signs months ago, so your middle managers complain to their supervisors, who seek action from their supervisors, and suddenly you can't hear the fire blazing from all the negative commentary going on!

It's hard enough retaining employees when things are going smoothly; try keeping people on when every single day is a constant battle to soothe irate customers, get the products that should have been there yesterday there tomorrow, scrounging money from anywhere you can find it to buy basic inventory or supplies; the list goes and on and on and on.

In short, time spent preventing fires from flaring up is well worth the time, money and effort when you consider how costly those daily flare-ups can be to employee morale, retention and rehiring. Similarly you should note that crises are the rare exception rather than the rule at the most successful companies. Creating and maintaining a no-crisis environment should be your goal and it's a secret for business; your platform will never be perfect as there is always something coming up but these matters are easily addressed without the smokescreen of daily crisis management.

THE SECRET SUMMARY

The evolved executive or business owner who knows the secret for business is at heart a fire fighter. No, she isn't running into burning buildings but rather spotting potential flare-ups in her company and addressing them immediately and with absolute efficiency. Nothing smolders for long as she hardwires the management team to constantly be searching for potential problems as well as opportunities. One less problem frees resources to pursue an additional opportunity. Think like a fire fighter; plan ahead and when something comes up, you're ready to take on the challenge full force. That's the difference between a lagging firm and the type of company you can build with the secret for business.