



January 2009 - Issue #35

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Be one of the businesses to thrive in 2009 - minimize complexity

The recession continues to seemingly worsen by the day. Businesses are cutting back. Employees are fearful. Foreclosures are rising. And the cycle continues. So, what is a manager or business to do to break this cycle?

One of the keys to success is to minimize unnecessary complexity. In my experience in working with several different companies across multiple industries, the majority of businesses (and people) tend to increase complexity over time. Complexity is quite enticing, and most companies think it is essential to success so they create organizational complexity, product complexity, process complexity and software complexity. Unfortunately, managing complexity on a daily basis typically requires more time, more resources, more effort and more money. Yet, managers seem convinced that it is the 'ticket to success'. For example, at least 80% of the people I've worked with would choose to implement a highly-complex software module that promises fantastic results vs. the simple approach that produces tangible end results that provide exactly what the customer desires. Why? I believe it is because complexity is harder to understand and unscramble to the point where you can be sure of the specific results yet it seems everyone supports it (after all, are you likely to make a decision against the majority?) and it is exciting (typically it also utilizes the latest and greatest features, technology and buzzwords/ fads). However, I've found repeatedly that the simplest, straight-forward, typically 'boring' solution yields the best results for less cost.

There is a principle called Ockham's razor, attributed to 14th century English logician and Franciscan friar William of Ockham, which states in essence that if all other things are equal, the simplest solution is best. Following this principle, minimizing unnecessary complexity is critical to setting you and/or your company up to be one of the people and/or businesses to thrive in 2009. The word unnecessary is critical in this definition because there is a certain amount of complexity that is required for the particular business, industry, etc. For example, if you are in a value-added type of business, you must add value - add whatever complexity is required to thrive on the specific areas that add value but take all other unnecessary complexity out. In my experience, I'd estimate that a minimum of 50% of complexity could be minimized while maintaining/ improving the critical variables to success. In essence, my recommendation is to focus on creating complexity for just the critical success factors that require complexity - and nothing else. Imagine the amount of cash that could be freed up with 50% less complexity - do you think it might be helpful to be one of the businesses to thrive in 2009? So, how do we achieve this?

First, determine what you should do going forward. Define your critical success factors (profit drivers, uniqueness in the marketplace etc), and then focus 80% of your attention and investment on those factors. You might even increase complexity in these areas, IF complexity is advantageous to providing customer value. This approach provides a template and process for how to prioritize resources, time, etc. Second, eliminate unnecessary complexity. Begin by focusing on everything outside of the 80%, which will likely be 80% of your activities. Simplify. There are several paths for how to achieve this end result. One tool/ approach you could utilize is the lean process - think about how to eliminate unnecessary steps, unnecessary waste, unnecessary software, etc. Another tool/ approach you could utilize is to "go manual" or flatten the organization to 1 level to start. Typically going manual allows you to visualize and fully understand the steps required, which also yields insight into understanding which steps are the critical steps. Then, design a new process, system, structure, product etc from the bottom up, focusing on simplicity. Lastly, a third tool/ approach you could

utilize with product development is to ask your customers which features/ benefits they value, while defining value as a willingness to pay a higher price for the feature. This also provides an excellent example of where it makes sense to invest extra money and sometimes complexity (R&D) to achieve a simplified product overall (sometimes adding complexity on the critical features) that meets and exceeds customer expectations.

Lisa's Tips: Tips to increasing sales revenues

Clearly, one of the keys to thriving in the current recession is to be ahead of the competition in terms of sales:

1. Remember value - don't focus solely on price. Focus on value, defined in terms of value perceived by your customer.
2. Differentiate yourself with customer service - providing a memorable experience can create brand loyalty (whether a product or service). What could be more critical in this market!
3. Keep in touch - go the extra mile even though you might be swamped with business challenges. Do not lose touch with your customers when they need to hear from you the most.
4. Marketing and R&D - do not follow the herd and eliminate them; instead, focus the funds you are able to allocate to your critical success factors, key product lines and target customer base.
5. Referrals - referrals are one of the most powerful sales tools in any business. Remember, referrals go back to relationships.
6. Invest in sales - although many companies are cutting back expenses including sales resources, be careful! Investing wisely in revenue creation can have far more impact on your bottom line than cutting costs. Although cost control is critical, I've never seen a business cost cut its way to success.
7. Create partnerships with customers - find ways to provide additional value and solve customer problems - and create a win-win.
8. Don't be afraid to drop a large, unprofitable customer - this allows you to focus efforts and limited resources on your priority customers

Recommended Reading

"[Leadership in the era of Economic Uncertainty](#)" by Ram Charan - it is a timely and engaging book about leadership in the down economy. From the author of one of my favorite books, "Execution", this is a must read for anyone interested in how to improve business conditions during this economic timeframe.

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