

# Introduction

*“When you look at the sun, you see no shadows “*

*-Helen Keller*

Many years ago, while flipping through TV channels, I came across an infomercial on personal weight loss. I feel the same way about paid programming on TV as most other people—may the buyer beware!—but this program interested me for two reasons. First, the program promised a weight loss of ten pounds in twenty-one days, which struck a chord with me, because I had about fifty pounds to lose. Second, the program was designed around a methodical, easy to comprehend process, beginning with small but well-defined baby steps, and then increasing in intensity day after day. This incremental system appealed to me, so I ordered the program and began the process. The results were liberating. Not only did I lose the fifty pounds over a period of few months, I went on to participate in one-hundred-mile cycling marathons called “century rides,” something I would never have considered possible. More important, I learned a technique for improvement and change that I was able to apply to other areas of my personal and business life.

My first attempt to translate this process into another part of my world was to develop and author an audio program called The 30-Day Remodeling Business Fitness Program. I guided the listener through a methodical, step-by-step process that began with taking inventory of the business, then developing plans for improvement, and finally rolling out and monitoring the changes. While this “fitness” program was well received and continues to be relevant, it was missing a key element: it didn’t answer the question, “What is a fit business?” It is difficult to understand and improve on anything if you don’t have a benchmark against which to measure

progress. This benchmark not only allows you to look at your own history but also give you a means compare to other businesses.

Since I had already started using the metaphor of fitness, it seemed only natural to draw the parallel between personal health and fitness, and business fitness. By connecting the dots between personal and business fitness, we remove some of the mystery from the process of improvement. We can take an aspect of our lives that we all live and breathe with every day and use it to find new but less obvious relationships and meaning in our businesses. Imagine how difficult it would be to develop a plan for weight loss and personal fitness if you did not have a clear image of what fitness meant or even some basic tools, like a scale, to measure it.

In this book, I begin by discussing why we have such a clear image of what personal fitness is but such a fuzzy picture of what business fitness is. This leads me to a breakdown of some business misconceptions that often lead us off on the wrong track. Next, I will bring you and your business into the examining room and conduct a ten-point business fitness checkup with a scoring system that will give you a foundation for a proper prescription. I will then show you how to interpret these results to establish a benchmark as a tool to measure your business and to compare it to other businesses. The ten criteria in the checkup also create a forum for determining specific areas where your business needs improvement. Finally, like any good doctor, I will set the stage for you to come back and have an annual checkup to monitor your progress.

Throughout this book, I use examples from everyday life to remove the confusion and mystery of business health and fitness. Business can be very complicated, but by breaking it down into small parts and creating a system for evaluation and improvement, I believe I can make business fitness easier to comprehend. As with our personal health and fitness, we need to have a clear image of what business health is before we can ever attempt to achieve it.

# Misconceptions of Business Fitness

*“Whoever said, ‘It’s not whether you win or lose that counts,’ probably lost.”*

*- Martina Navratilova*

Whether it is in our personal lives or our businesses, an incorrect belief, thinking something is good when it is not, can really throw us off course. For example, it used to be a widely held belief that fitness was simply a matter of training as hard as you could for as long as you could. “No pain, no gain” was the rallying cry, and everyone from weekend enthusiasts to professional athletes focused on training regimens that constantly ratcheted up the pressure. Today, athletes and trainers have learned that working harder is not the best way to make progress. They know that our bodies need a recovery period, and that alternating strenuous workouts with more relaxed routines sets the foundation for better results.



In the same way, there are many common misconceptions about what makes for a successful business. Erroneous beliefs about business health and fitness affect our day-to-day decisions and give us a false sense of confidence. Some of these misconceptions are small and some are large, but

they all send the wrong signal and, if followed, will drive us off course. Imagine if your bathroom scale was slightly miscalibrated, and it appeared that you had lost an extra two or three pounds when in fact you had gained five. Or what if a blood test revealed a false positive for a serious disorder? Though different in severity, both of these examples would have a strong effect on your emotions, your self-image, and your decisions about what to do next.

Every industry or business category has its own pet beliefs about what constitutes a sign of good business health. Here are some that I encounter most often in the remodeling industry.

***“We are booked out for six months.”*** Over the years, I have found it interesting that many small- to medium-sized remodeling businesses gauge how well they are doing based on their backlog of work. Often when I am addressing a group of business owners and someone says he is booked out for six months or more, I ask him how it makes him feel. I have asked this question hundreds of times to a variety of audiences, and the answers I generally get are “Great,” “Confident,” or “Secure.” But I get a very different answer when I ask the same audience to consider how a manufacturer in the same position would feel. Imagine for a moment the effect on the business of a manufacturer of windows or faucets who couldn’t deliver a product to a new client for six months. It would be disastrous; the long wait for delivery would drive away even their most loyal customers.

If you believe that the longer you are booked out the better, then you are being fooled by a misconception. You may believe that things are good when, in fact, you may be losing market shares. Yes, everyone ought to have a backlog—but it needs to be the right size, one that allows your processes and systems to function properly. Too little backlog and you may find yourself scrambling for your next piece of business; too great a backlog and your customer base may disappear or change its character. Understanding what makes for the right amount of backlog is part of the process

that leads to a fit business. Finding the balance and using *that* as a target is where healthy businesses want to be.

***“Almost all my business comes from personal referrals.”*** As you think about your business, how does this statement make you feel? For most of my audiences, the response is very positive. “It makes me feel proud,” I hear people say, or, “This is a great way to position ourselves.” While I would agree that every business benefits from personal referrals, there may be another way to think about this. When all of your business comes from personal referrals, you are not really in control of your future. If the economy slows down or a specific market changes, you need to be able to generate new clients. Over-reliance on referrals can make your marketing “muscles” weak; when you need some “heavy lifting,” your strength will not be able to handle it. Most businesses with a very high percentage of revenue from personal referrals ride a rollercoaster from good times to bad. Their growth is not as sustainable as it should be, and they see only modest gains over long periods of time. Can you get the phone to ring with out depending on your existing client base?

***“Our sales are up by 30 percent over last year.”*** Imagine you are at a reception and share this news with an old friend. You’re probably feeling pretty good about yourself and your team. But if I were to look behind the curtain, I doubt you would get a slap on the back from me. More businesses have imploded because of an excessively high rate of growth in sales than the reverse. Too much change too fast is unhealthy. We all know the dangers of crash diets when it comes to our personal health. Unless you are severely obese, very few health professionals would encourage you to lose five or ten pounds in a week.

Our bodies are like machines, and so are our businesses. A machine is designed to run at an optimum speed for ideal performance. If you exceed that limit, it may affect efficiency and, ultimately, life expectancy. In business, systems and processes are designed for a specific volume of sales;

checks and balances are in place to help maintain proper quality of product and service. These limits should not be exceeded by too wide a margin. The levels of investment and infrastructure should be in sync with both short- and long-term goals. Unless the business is a start-up, huge growth in sales is not generally a positive sign for health and fitness.

***“We just landed the largest contract ever!”*** Generally, a remodeling contractor makes a statement like this with a lot of enthusiasm. Everyone dreams of “landing the big one,” and when it happens, most assume that their days of struggling to get their business going are over. Occasionally, however, I get a chance to follow up with these business owners six or twelve months later, and I always make it a point to ask them how they are feeling about that home run deal. With few exceptions, the enthusiasm has been replaced with regret that they ever landed that big fish.

Often when I speak to remodeling contractors, I ask the audience about the ideal project size for their companies. Usually, the answers range from “It doesn’t matter” to “The bigger the better.” Sometimes, though, someone will shout out a specific number, like \$72,500. The audience usually reacts with nervous laughter, but then it begins to sink in. Whereas most remodelers believe that if they are competent to do small projects then they should be equally equipped to do large projects, and vice versa, I believe that there is a sweet spot in business—and, more importantly, that knowledge of what that sweet spot is should guide business decisions.

If you believe “bigger is better” or “size doesn’t matter,” then you may be misguided. Distractions or false hopes in business can lead to more problems than solutions.

***“We are very busy.”*** Even though most business owners today do not equate being busy with success, it would be remiss not to highlight this misconception because people in certain roles are particularly susceptible to it. It may be, for example, that a change in market conditions or the overall selling environment is keeping salespeople busier than ever chasing

down new clients or spending more time than ever as “unpaid consultants” or “professional researchers” for prospective customers. Although they feel like they are making progress, when you analyze a typical day in their lives, you realize that they are spending more hours getting less accomplished. This same dynamic commonly occurs in people with management and client support responsibilities. They may be moving at a frenetic pace, spending more time than usual “putting out fires,” but all of this activity contributes nothing to the company’s success and often works against it.

Activity is often mistaken as a sign of good business health. When we feel busy, it’s easy to assume that we are moving the enterprise forward. After all, no one wants to be the Maytag man. We all want to believe that what we are doing is important and meaningful. Being busy does that, but it is not necessarily a positive sign of health.

Every business owner can, with a little reflection, come up with more examples like these. Why is it that so many of the commonsense observations we make about our business health and fitness are so far from the mark? More importantly, what observations should we be making to get a true picture of where our businesses are strong and where they need improvement?

