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Make Hay, Repair the Roof

The sun is all important. John Heywood and JFK respectively told us “Make hay whilst the sun is shining” and “The time to repair the roof is when the sun is shining”. An article by SMH’s Clancy Yeates discusses the findings of a survey on culture within the banking industry. It concluded that “turning a blind eye to poor behavior” was a prevalent behavior within the major and highly profitable banks of Australia and Canada. Then there is the story of Clive Palmer’s Queensland Nickel. It confirms a lot about business: Profitable businesses can have many hidden problematic issues which are typically cultural in origin, and time bombs ready to explode in leaner times. We see it so many times, a business does extremely well for many years, in some instances decades, but then encounters a major “pothole”. The market has changed, products and services are expiring, low priced competitors are entering the market, overheads too high – the reasons are many and varied and typically hauled out in the crystal clear spotlight of hindsight. But rarely does the issue of poor culture get a mention. And typically, this is the seed to the others. In other words, in good times, due to workload or complacency, or both, managers fail to identify these problems or, if they do, just don’t care about them – “why should we?”– may be the response – “the sun is out, plenty of hay, and the $/straw price has never been better”. But the cyclic nature of business means that bad times inevitably happen and it’s these masked issues which “suddenly” appear, highlighting the true status of the business. At this point, management is forced to deal with the bad times and the issues. And as JFK reminded us all those years ago, it’s always a lot easy to deal with problems in good times.

Some organisations understand the value of a regular business review, many don’t, especially SMEs – they don’t understand the process; too busy or don’t believe they need it. Managers and employees are trapped in the comfort zone of what they know and what they’ve been doing for years – comfort is the enemy of innovation.

Invest in a business review and do it often. As a business owner, CEO or divisional manager, the steps you take should include the following:

1. **Understand the Short & Long Term Goals**. The sad truth is a lot of SMEs do not have an active business plan in place. But they all have goals. What are they are? Is it a case of growth to win market share; profits every year; new products, etc. Get clarity on the goals – written or otherwise.

2. **What will be Reviewed?** It may only be a certain division/department of the organisation. Typically, it should be the entire business. All facets of a business are intertwined – each supporting each other to achieve their respective goals. Financial performance, operations, sales and marketing, human resources and processes should all be reviewed. The culture of the business needs special attention – it reveals a lot about the underlying issues within the organisation. Always prepare with a list of questions and issues to review.

3. **The Reviewers.** Who will lead this review? Large companies will typically have dedicated individuals tasked with the review. SMEs rely on their own management. Many rely on an external facilitator to offer a fresh perspective on the business and a dedicated focus on the review.

4. **Doing the Review.** The key words are Communicate, Consult & Understand. To get the best results, it requires upfront communication on the review’s purpose and how it will be conducted. It must not be seen as a witch-hunt or as a pre-cursor to redundancies. Be open and transparent. If possible, undertake any interviews as one-on-one. It gives the greatest

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opportunity to understand any underlying gripes to surface – another good reason to use an external facilitator. Profile the organisation’s culture.

5. **Identify Development Needs.** Throughout the process a good reviewer will get a good understanding of where the business is at – its financial performance, structure, culture and importantly, what are its development needs. At the end of the process, quiet time will be required to digest and analysis the information and the business – is it on track to achieve its goals? What improvements are required? How can it exploit its strengths and available opportunities, whilst addressing its weaknesses and threats?

6. **Regular.** It’s important that a business review is conducted regularly. This is an independent hard look at the business – warts and all and best handled by a team which is not immersed in its day-to-day operation.

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