



Goltz by Jay Goltz On Business

Hits Happen: Taking Risks and Growing Your Business

I just hung up with a woman who purchased an expensive piece of equipment only to find out that the vendor went into bankruptcy. There's a good chance she's going to get stuck for a lot of money. Needless to say, she's very upset.

She's so upset, in fact, that she hasn't slept in weeks. She tortures herself, alternating between feeling stupid for being duped (should she have checked out the vendor more carefully?), and being mad that someone could be so dishonest.

I know the feeling; I've been there numerous times. It's not always about buying something that won't be delivered. As a matter of fact, that particular issue has never happened to me. Under the very-upset-having-a-hard-time-sleeping category, I have had employees make up phony workman's comp claims in attempts to milk the insurance company. It happened when a new employee that had only been on the job a week told a fellow employee that he hurt his back moving his computer at home. When I fired him weeks later for being unreliable, he decided that he had hurt his back while on the job and wanted the name of our insurance company.

I've also taken on the project of writing my

own framing software and have paid a fortune to have someone do it. Big mistake. Totally stupid. Worthless.

I've bought new lines of moulding with the promise of excellent quality. After I started getting shipments, I felt like I was their off-site quality control inspector! I hired what I thought

to be the perfect accounts payable clerk: great references, very personable, early to work, late to leave. He only lasted two weeks. Long enough though, to steal blank checks and embezzle money. Even though the bank was ultimately responsible, because believe it or not they don't check signatures, and the guy was caught and arrested soon after, it was very upsetting and very disruptive.

Over the years I've had hundreds of employees. Sometimes I ask myself: How many of them were stealing?

Who knows? How many did I catch? A few. While I can't say you ever get used to people stealing from you, you do get less surprised. There are some dishonest people out there.

What are some other fun ways to lose money? Here's one's that's going to hit home if you do any amount of framing: ruined artwork. Ouch! Sometimes you do it yourself; sometimes

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you delegate it to others. Which is worse? It's a toss up. If you're lucky, it's a \$40 poster you can replace. If you're unlucky, it can cost you thousands of dollars, cause lots of embarrassment, and the anxiety of your customer telling everyone they know.

How about having tools stolen out of your van? Or, for that matter, wrecking the van. I've lost money in ways I couldn't have ever imagined. Once someone left the water running in the sink. The next day the whole floor was flooded and it dripped down to the floor below. Now you say to yourself, "How can anybody be so stupid to leave the water running?" I would ask the employee, but I have about 50 of them in production. If I knew which one, I would. No one came in the next morning and said, "Oh my God, I left the water running." As a matter of fact, if anyone really did say they did it, I'd probably make them vice-president—after I came-to from passing out!

Then there's the "Oops!" Like, "Oops, I cut 40 frames the wrong size." Or cutting 40 mats in the wrong color. What's even worse is getting the whole job done perfectly. On time.

Exceeding your customers expectations! And then not getting paid.

And then there's advertising. You decided to stake your flag in the ground. Maybe it's the big ad, maybe the big direct mail campaign, maybe a gallery opening. You plan it, you sweat the details,

you do it, it doesn't work. Now this one may hurt less than the others. At least there was a potential upside. These other catastrophes were just losing money.

The harsh reality to growing a business is hits happen. Now you might look at my list and say, "More hits happen to you than anyone I know." That might be true, but I also have a lot more exposure. I have over 80 employees in my frame business, which in some cases may mean I have 80 times the exposure that some people have in their shop. I've also tried a lot of new things. I've hired a lot of new people. And I've experimented. The fact is, if you never wanted to lose money any more, you could be very careful in your business, but you'd also be very stagnant. That old phrase, "Nothing ventured, nothing gained" couldn't be more true.

You can't grow a business, experiment, or find a smarter way

repeating the same success over the rest of your business career. For that matter, pass it on to the next generation. There is probably something valuable to learn from the "bombs."

What's the upside of your guy backing the van into another car or scratching a valuable photograph? Nothing. It's called overhead. Your pricing should allow for such events. They happen and will continue to happen.

The bigger question is: How do you deal with all of these "opportunities for growth?" I'll tell you how. You grow. I'll venture to say that I have made more mistakes than most people in this business. The fact is, though, that I've survived them. I've also learned to take them in stride. Don't get me wrong—I still torture myself occasionally about being stupid. But I get over it quickly, and I move on.

So I have one message I'd like to finish with. For those of you who have made a mistake lately, congratulations! You're out there. You're making things happen. Dust yourself off and move on to new victories. *Try something new!* To those of you that are more determined not to make a mistake

than to try something new, I think *that* might be making a mistake.

People who take calculated risks are rewarded at the expense of those who don't. ■

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of doing things without taking a hit every once in a while. For example, you've tried three new advertising campaigns. Two were complete bombs; one worked. Does that mean you have wasted two-thirds of your advertising dollars? Absolutely not! You can keep