



Goltz by Jay Goltz On Business

Good Life Advice, Bad Business Advice

From early childhood onward, we get advice from our parents, our teachers, and from our religious institutions. Some of this advice tells us how to be a better human being, how to be more successful, how to be happy, or how to be a good citizen.

Sometimes these very same principles that make good life advice can lead to very bad business decisions.

If running a business was as simple as being a good human being, there would be fewer business failures. Being in business is about getting the job done, resulting in a happy customer and a profitable business. Along the way there are sacrifices to make. Some are emotional, some are physical, and some are monetary. Here are six great “life lessons” that, in certain situations, can result in very bad business advice.

1. *Don't judge people.* I'm sure that this has religious origins, as well it should. The fact is, when people work for you, you are responsible for what they do, what they say, how they present themselves, and how they operate. While it might not be “right” to judge your neighbor, as

a manager your job is to judge people. You have to judge how they are doing on the job. You need to judge whether their morals and ethics are consistent with your company. You have to judge whether somebody takes responsibility,

and whether they have the capacity to learn, whether they want to learn.

This is a very difficult part of being the boss. You have to sit down with people and tell them what's wrong with them—or their performance. Sometimes a talk helps and the employee fixes the problem. Many times they don't. You have to make tough decisions and tough judgments to run a good business.

2. *Innocent until proven guilty.* This might be an important principle in the American justice system, but it can be crippling in the hiring process. I've

hired hundreds of people over the years. During the interview process, not one of them said, “I'm not a very good employee and I work as little as I have to,” or, “The first chance I get, I'm going to steal from you,” or, “I have a hard time coming in on time.”

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The fact is, everybody tells you that they are hard working, conscientious, and they have a really good reason why they left their last job. If you accept all of this, you are headed for trouble. A healthier approach is to assume they are guilty of not telling you something and launch an investigation. Thoroughly check references, ask probing questions, and do some testing.

3. Treat people like you would like to be treated. This one's tricky. A more intelligent approach is to treat people like they would expect to be treated. Painfully, I have come to learn that I think differently than many hourly employees. Yes, I want to be treated fairly; so do they. I would want a regular raise review; so do they. I would want to be acknowledged for my work; so do they.

On the other hand, I would want the opportunity to accept more responsibility and move up in a company; many people don't. Many people are happy to punch in on a time clock and get overtime when they stay late. As an employee, I would not have a problem staying late and doing whatever it took to get a job done for a customer; many people would.

The simple matter of fact is that different people have different perceptions of what is expected of them and of management. If you don't acknowledge and adjust for that, you will end up with a lot of unmet expectations.

4. A penny saved is a penny earned. That might be true for your personal money, but that's

because your personal money gets put into a bank or stocks and has a comparatively low expected rate of return. In business, those pennies are the lifeblood of the business and will fuel its growth. Trying to "save money" by not buying a piece of equipment, not adding a moulding line, or not improving the look of your store might result in a missed opportunity to earn *more* money.

I've said it before and I'll say it again: the word "afford" should not be used in business expenditures. It either pays for itself or doesn't. People build successful businesses by spending money effectively. People who are always saving money are usually passing up numerous opportunities.

5. The customer's always right. Ha, ha, ha, ha, ha. This piece of life advice is close, but I would change it to, "The customer is *almost* always right." There are some customers (although very, very, very few) whose business is counterproductive to either your profitability or your sanity. Everybody has a different threshold for pain, business philosophy, or need for money. Decide where that thin line exists between a difficult customer and a customer you don't want to do business with.

Some customers have unrealistic quality expectations, demand more service than is possible without compromising your whole **business**, or have **personalities** that are very disruptive.

Just to give you perspective, I can only think of three instances in 23 years when we told a customer that we did not want to do business with them.

Mind you, that doesn't include the hundreds who have found our prices unacceptable and decided not to do business with us. When it comes to price, there is no right or wrong. There's just what I need to charge and the price that the customer is willing to pay.

6. All work and no play makes Jack a dull boy. Jack is obviously not a framer. To some people, work is fun. Even if it's not fun, there's the start-up phase, which might last several years. Starting a business is very challenging. It's like pushing a boulder up a hill. You can't take a break, otherwise the boulder comes rolling down on you. When I started my business, it was several years before I took a vacation. It's called paying dues.

I'm always amused at how people think they will start a business and it won't affect their lifestyle. Starting a business is not like getting a job. It requires a whole different level of commitment and risk, including losing a lot of money. Show me a successful business and I'll show you a person who put a lot of sweat and tears into it before reaping rewards. That is, unless they're in the computer

business (just kidding). This saying might be more aptly phrased: "All work and no play, for a while, makes Jack a successful business person."

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you feel like all these things you've been told throughout your childhood are lies. They're not—if you're talking about life advice. The fact is, as I mentioned earlier, if having a successful business was the same as having a successful life, there would be far fewer business failures.

Following some of the good life advice outlined here has probably made you the person you are today. Applying the same guidelines to business, however, can feel unnatural. That is why we have to be reminded that “business is business.” Such is life. ■