TURBULENCE AHEAD: 4 MUST READ BOOKS

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Looking for the perfect holiday gift to keep you and your company from becoming irrelevant? Here are four must-read books that will help you thrive, no matter what the economy throws at you in 2012 and beyond.

**GREAT BY CHOICE**

Jim Collins has written yet another soon-to-be best-selling classic! Teaming up with colleague Morten T. Hansen, Collins has spent the last nine years researching growth firms – companies he calls 10xers, which outperformed the market by a factor of 10 or more. In the process, he discovered a set of traits, several of which are counterintuitive, that explain this rapid growth.

Subtitled *Uncertainty, Chaos, and Luck – Why Some Thrive Despite Them All*, Collins underscores the notion that the relatively stable economy of the past 50 years was an aberration in history. Instead, the tumultuous economy of the past three years is the new historic norm for the coming decade and longer.

It’s a triad of core behaviors: fanatic discipline, empirical creativity, and productive paranoia, combined with a central motivating force – the “Level 5” ambition he described in *Good to Great* – that power these 10xers. Most importantly, they prepare way in
advance for surprises and maintain 3 to 8 times the levels of cash than the average company.

Collins and Hansen also take a real methodical look at the role luck plays in the success of firms. In essence, there wasn’t any difference in the amount of luck – good or bad – between the good and great firms, but there were differences in how they responded to the luck thrown their way.

There is no need to play the victim; the 10xers chose greatness—and so can you.

**ULTIMATE QUESTION 2.0**

With an explosion of competition from around the globe, it’s never been more important for companies to garner raving fans—customers willing to actively advocate for their products and services.

The challenge is that you can’t manage this critical aspect of word-of-mouth marketing if you can’t measure it. That’s where the ultimate question comes in: “Would you recommend our products and services to a friend/colleague?” In this major revision of his earlier classic, Fred Reichheld provides example after example of growth firms using his Net Promoter Score (NPS), derived from the answers to the ultimate question, to drive profitable growth.

Reichheld also reinforces the notion that there are good and bad profits. And it’s bad profits that eventually drive customers, and their friends, away. Occupy Wall Street, in some ways, is a reaction to a strong sense that the financial sector of the economy has been earning bad profits for quite some time.

**DO MORE FASTER**

Though this book is geared to start-up technology firms, the practical lessons shared by co-authors Brad Feld and David Cohen,
and their many contributors, are applicable to all growth firms. Based on their highly acclaimed TechStars process of helping companies get to “Plan B” in a few months vs. a few years, you’ll learn how companies like, Zynga, (one of Feld’s investments) grew from 10 employees in 2007 to more than 1,200 three years later.

Lessons include: Don’t Plan, Prototype!; Forget the Kitchen Sink; If You Can Quit, You Should; Two Strikes and You Are Out; Don’t Suck at Email; Find Your Whitespace; and Turn the Knife after You Stick It in. As you can tell, it’s a no-holds-barred look at the necessary daily activities that drive quick success.

Their process relies heavily on experienced mentors who have specific expertise in the challenges that companies face at different stages of growth. The lesson for all firms is that you can’t do it alone, especially if you want to save time and money.

**SIMPLE NUMBERS, STRAIGHT TALK, BIG PROFITS!**

Do you really understand the economic value of your business? Greg Crabtree, CPA, lays out a compelling reason why your numbers are likely lying to you—and why you are the likely cause!

Crabtree starts by admonishing business owners to pay themselves a market-based salary, or at least deduct the equivalent from their income statement. Otherwise the owner is just creating a false sense of profitability. And he suggests that after the entrepreneur deducts a fair wage:

5 percent pretax profit means your business is on life support.

10 percent pretax profit means you’re in a good business.

15 percent pretax profit means you’re in a great business.
In reality, Crabtree strongly recommends you “think of 10% pre-tax profit as the new breakeven.”

How labor productivity is the key to profitability and simplifying human resource decisions; and why the amount of tax you pay is your #1 key performance indicator are just two more of dozens of insights Crabtree gives in this book about “the numbers.”