

From the Handbook for Business, the Bible

19: The prudent sift & weigh every word

Over the years in this game, I've seen and heard it all...the business, finance, marketing and tax myths that abound. Here are 3 examples...

1. **Work hard** and you will succeed and if things are going bad, work harder: *If that is right why is the SME's failure rate so high?*
2. As the owner, you should have **all the answers**: *But too often they generate & rely on the wrong information for decision-making*
3. Tradies need to **continually book all jobs** to keep the team busy: *Actually, they should be looking for jobs that generate better margins; that is job quality, not quantity*

What is the link between these examples and the Handbook?

One link is found in Solomon's **Proverb 14:15** - "*The gullible believe anything they're told; the prudent sift and weigh every word*" - Message Version

Sifting: Recognise the symptoms and being wise as to the real problem you're facing

Weighing: Consider all options to get to the best solution, not just common/obvious ones.

What about an example to pull all this together?

Meet Dave: he ran a gardening, landscaping & yard repair business with 4 blokes on the tools, about to hire No 5; jobs ranged from \$100 to \$6k; he was happy to work for anyone that rang.

After some 20 years he felt 'something' wasn't right but couldn't see what it was; so, he just did what they all do - work harder & longer on the tools than in the office at nights & weekends; and he hoped that hiring an extra bloke would improve things.

He readily admitted to being a bit gullible and unsure what to do next, as Solomon warned. With a little encouragement, he decided to sift through his whole operation, weighing everything; only then did he uncover some unpleasant truths, including...

1. His 4 biggest customers accounted for 2 full-time staff but these jobs barely broke even
2. Most of the small jobs he took made losses once all times & costs were factored in
3. His best profit came from lawn irrigation system repairs & installation
4. He busted-his-boiler keeping the operation afloat to earn only a basic wage for himself.

So, what did Dave do after this sifting process?

To his credit, his finances & sanity, the sifting caused him to stop being so gullible...

...He decided to let the staff go (all were well trained and got jobs with other landscapers)

...He chose to target homeowners, not investors, estate agents or commercial property owners

...He only does lawn & garden irrigation systems, for \$3k to \$6k, meaning no more small jobs

...The new Dave works 3 days a week, doing what he loves & earning more \$\$ than before

Counsel: Be prudent not gullible; don't believe the myths or accept status quo; sift every word & everything done in your business; find the best way & make the big decisions, like Dave did.