

Make decisions with your heart and your head!

Not so long ago, I visited with a grower who was recognized not only nationwide, but worldwide, as the premier grower of a specific crop. His quality was consistently exceptional, he could write the definitive book on how to grow it, he had eliminated almost all production shrinkage and had great cost controls in place.

Having grown this crop for 30 years, he had increased his production year after year after year because it was easy for him to grow and he grew the best around. He had fallen in love with this crop. The problem for him was that this particular product had gone out of favor with the buyers and the consumer; the trends

and consumer mindset had moved on in a different direction, forcing him to sell off this over-produced crop at distressed prices, barely covering his costs.

Even after four consecutive years of going through this futile exercise, he refused to cut his losses and make the desperately



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needed production plan adjustments. The reality was that he would have made more money closing down those houses where this crop was grown.

He was on the brink of bankruptcy before he let his head, not his heart, help make the decision to dramatically reduce his production of this crop. He had hoped against hope that the consumer would change, and that the retail stores would allocate more bench space to his product. Deep down he knew, but didn't want to admit that this was just wishful thinking. Had he made the changes and reacted to the

marketplace, he could have re-allocated the space to the crops in high demand generating incremental sales. He could have saved himself hundreds of thousands of dollars in losses due to the discounts he had to offer to move the crop. And he would have avoided the angst of worrying about his financial future. He had simply let his heart, not his head, rule his decision making.

This is just the first example of a few I'd like to share with you that illustrate just how detrimental it can be to your business when you approach decision making with a heart-over-head mentality.

Employee Productivity

A locally owned garden center I've worked with had both year round and seasonal employees (a total of 20 people on the floor in total), all paid at hourly rates with no commissions. As the season progressed, and they were analyzing sales productivity, they discovered that one of the seasonal hires was generating more than 25 percent of the total sales and people were coming back in asking for him to assist them.

The management team ended up implementing a bonus program. They posted weekly sales by employee for all employees to see. Every Monday morning they held a team meeting and announced the top three salespeople, giving cash bonuses in front of all the other employees to the high producers. They recognized that especially the full-timers would get their feathers ruffled if they didn't win.

But, thinking with their heads and not just their hearts, the managers recognized this as a motivational opportunity as well as a teaching experience. Interesting to note was that almost everyone's productivity increased except for two individuals (both full timers); these two employees were let go, the manager didn't replace them, and the weekly payout increased to five employees instead of three without sacrificing any sales.

Product Offerings

The Big Box stores all conduct an end-of-

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season analysis at the item level and rank the categories, sub-categories and items within each sub-category to identify those items and categories that generated the most sales dollars, generated the highest net margins per square foot, the fastest turnover, and the most

transactions, among other criteria. They then review these rankings and start making the hard decisions as to what will continue on into the following season and which items, categories or sub-categories don't make the cut. They recognize that their stores don't have rubber

walls and they have limited money to invest in inventory and, if you want to add something new, something has to go to make room and free up dollars for investment.

Using this same data base, the buyer can also easily see the same measurement information by vendor, so they can make hard decisions on who will continue as business partners the next year and where they need new sources.

Focus on What Matters

It's human nature to protect or favor people, items or categories that you added to the assortment, or concepts or programs that were your idea. As you're involved in an industry of very passionate people and strong long-term relationships, it's sometimes difficult to make quantitative decisions that run counter to our emotional ties. This type of data-based decision making offers a good balance, a complement to the purely emotional platform many of us work on.

Management gurus tell us that of all the things you do, only 20 percent really matters, and that 20 percent produces 80 percent of your results. If we identify and focus our attention on this 20 percent, when the daily fire drills sap our time, and we can make sure we get the 20 percent accomplished, we can avoid major disappointments.

If something on your daily to do list has to slip, make sure it's not something on your top 20 percent list. The challenge most of us have with this sound management philosophy is that some of the 20 percent are things that we really abhor doing, and there are a lot of things on the 80 percent of the 'unimportant' items on the list that we really enjoy doing. It takes real discipline to maintain focus on what's really important!

The Top 30 Percent

You only have a limited amount of resources—money, time, energy. How and where you invest your resources are critical to your top and bottom line success. If you do the analysis, you'll find that the bottom 10 percent of anything—staff, inventory, customers, etc.—generally demand 40 percent of your attention and resources. And conversely, the top 30 percent of your people, categories or services get less than 10 percent of your attention and resources.

We don't like to fail and will spend more time coaching and mentoring poor performing

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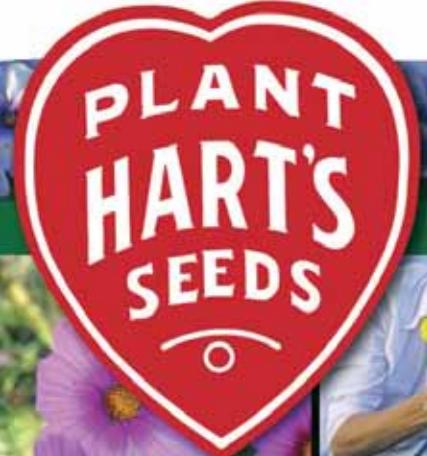
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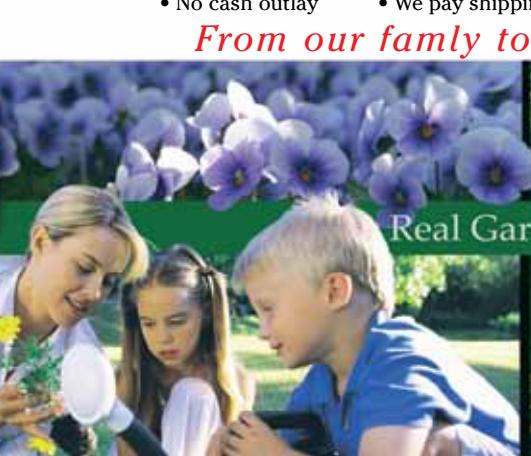
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It's sometimes difficult to make quantitative decisions that run counter to our emotional ties. This type of data-based decision making offers a good balance, a complement to the purely emotional platform many of us work on.

employees, or trying different ways to get customers interested in a new program we just added that isn't performing. What would happen if we eliminated the bottom 10 percent of performers and reinvested the 40 percent of the resources we save into the top performing people, categories or programs? My educated guess is that the top performers would positively contribute at a faster rate than before, which would be great for your top line, but even better for your bottom line.

In many ways, it's a great thing to be part of an industry that is made up of individuals who are so passionate, dedicated and who fall in love with the products and business partners they deal with. But sometimes this can work against us; we get blinded by our passion and the easy stability of the relationships we've developed that can get in the way of making good business decisions.

In many cases, deep down we know changes are needed, but our hearts get in the way of making them. In no way am I suggesting that we become heartless. But, for the good of our companies, we need to start making decisions with our heads as well as our hearts... **LGR**

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