PROFIT PIRANHAS AND YOUR BOTTOM LINE

Something is chewing away at your bottom line. Actually, many things are chewing away at your bottom line—profit piranhas. Quality pioneer, Phil Crosby, believed that quality problems and mistakes can eat into your profit by as much as 30%. Price-shopping customers nibble away at your profitability. Operational inefficiencies chew up profit.

There is another, insidious profit piranha that companies often ignore, yet can fix almost immediately. Organizations evolve as an interconnected and interdependent system, yet many employees and managers have a parochial view of their role in the organization. These folks ignore the impact of their actions on other parts of the organization. This happens when:

- Salespeople over promise what the company can deliver—the result is customer dissatisfaction based on high expectations.
- Engineering designs products without input from the field or marketing.
- Human resources designs policies and procedures that simply ensure their existence versus creating value for the organization.
- Finance designs tough credit standards that few customers can meet. Or, they adopt an accounts payables policy that drives away key partners because the company pays slowly.
- Inside and outside sales knock heads, and the customer is the casualty of that war.
- Operations and sales cannot agree on service levels.
- Employees view management as the enemy.
- The purchasing department so narrowly defines its role for getting cheaper prices that it alienates partners that bring significant value in other areas.

This dysfunctional and disconnected thinking exists because management allows it to exist, either passively by ignoring it or actively by encouraging it. The outcome of these functional silos is that your company does not compete at its best.

Only 19% of employees are able to link their day-to-day tasks to their company's mission. This is a communication problem. If you run a company, a division, or a department, your number-one leadership assignment is to communicate clearly and often your vision, values, and mission. Making money is not a mission. It is a metric. As Peter Drucker wrote, profit is a necessary requisite for the future viability of the organization. It is not your mission.

Your mission is your *purpose* for being in business. It is not growth targets like market share, volume, or profit goals. The mission is common across departments. Each department has different performance standards and goals, but all have the same mission, which should be about creating value for the market, not job security for themselves. This holistic view paradoxically creates more job security for team members that are willing to subordinate their egos for the greater good of serving.

People crave to be a part of something bigger and better than themselves—they seek meaning in their work. If your goal is to make money, and you communicate that as your mission, you will likely get compliance from your team. If your mission is to make a difference and you communicate that to your folks, you will get commitment. Commitment has something that compliance lacks—emotional connection with people. Commitment is what makes people come to work early and leave late. Commitment is what makes people go the extra mile because they embrace and identify with the mission. Commitment fuels the passion of a sales team and impels them to describe your company's value with an infectious enthusiasm. All of this happens because they buy into the mission and view their role as part of the team, not separate from the team.

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