

Your Business Matters

January 2021

A Few of the “Common Sense” Life Philosophies

That I Practice Regularly

This month 245 years ago, a man named Thomas Paine published his philosophy for life and for an egalitarian government in a pamphlet called “Common Sense.” Paine’s pamphlet was one of the sparks that led to the American Revolution, and he’s now among our country’s Founding Fathers.

In that spirit, I thought this month would be a great opportunity to share with you my “common sense” — some of the philosophies by which I live my life. My hope in sharing them is that you might get to know me a little better, you might identify with some of them yourself, or you might decide to adopt a few of them for your own life.

Continual learning and adaptation are requirements for personal success. I’ve been an attorney for a long time, and before that I was an engineer. It’s been an incredibly fulfilling journey, and I like to think I’ve gained a lot of knowledge and wisdom. Yet for all the knowledge I’ve amassed, I know that I still have a lot of lessons left to learn. We never stop learning and adapting our skill sets. So, instead of bemoaning that continual effort, I welcome it as a part of life.

I am aware of the skill level fallacy of the inexperienced — meaning that I know that I don’t know what I don’t know when it comes to new areas of expertise. When learning new skills in the past, I’ve sometimes had the tendency to believe that I know more than I do far too early in the process. I’m sure many of us have watched a YouTube video on how to fix a car problem and gone into the repair process believing we had all the knowledge we needed to make it work. Oftentimes though, that led to a rude awakening when the problem turned out to be a lot more complicated than it was.

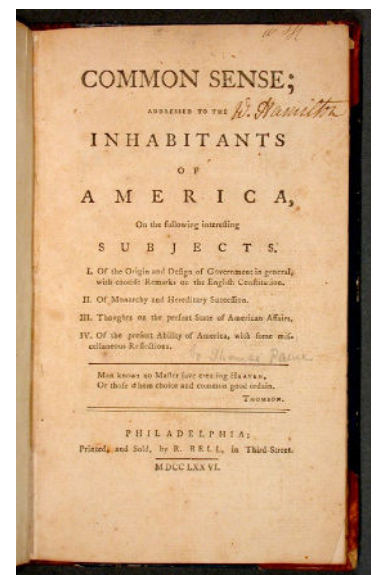
This is a part of what’s known as the Dunning-Kruger effect — a skill level fallacy that leads us to overestimate our ability in a new area, despite not having learned very much at all. Now, anytime I learn a new skill, I do my best to remember

that if I want to become more proficient at it, I still have a lot to learn and a lot of work ahead of me.

Focus on the work that has a disproportionately beneficial impact on productivity. Many of you are probably familiar with the 80-20 rule, otherwise known as the Pareto Principle. It asserts that 80% of all outcomes result from 20% of all inputs. That means it’s beneficial for businesses to find the tasks that lead to the most benefit, and focus on those rather than focus on the other 80% of tasks that only lead to 20% of outcomes.

Not everything you do, produce, or buy should be completely optimized or efficient. In any system I implement, I always leave a little bit of slack or wiggle room for when things don’t go exactly as planned — because things never go exactly as planned. Any system that I’ve created that assumed things would go perfectly has come to a grinding halt when things went wrong. We’ll never be able to perfectly optimize anything, so it’s better to work toward the best, but build systems that can handle when things go wrong.

While those are far from the only common sense ideas that I apply to my life, they’re some of the ones I thought I’d share with all of you. I hope that one, or maybe a few of them, will work to your benefit as we head into 2021. Happy New Year!



-Ed Alexander

2020 Wants You to Think *Life Isn't Fair* *But in 2021, You Can Make It Fair*



"That's not fair" — it's a phrase everyone hears and says far too often. And, it's just as often followed by the retort, "Well, life's not fair."

The concept of "fair" is very misguided, and the year 2020 took it to a whole new level. Nowadays, saying "life isn't fair" feels like the best scapegoat for everything we've been through this year. But fairness is often like luck: It's better to be fair or have a little luck on your side, but most of the time, how fair life is or how much luck you have is a product of your own creation.

In life and especially in business, human beings get stepped on and pushed

down by others. That's just in our nature, as it always has been. We get upset with people who aren't treating us fairly, and when we don't get our way, we throw a fit. And then, the next time we get any power of our own, we oppress someone else, who then reacts the same way. You might think you've never oppressed anyone, but everyone has done it in some way or another, even if they may not realize it.

However, there's a bright side to this topic, and it's that entrepreneurs always have an opportunity to make their world a better place. Every morning when you wake up, you can decide what kind of boss you want to

be and what kind of business you want. You can run one filled with concern for others that goes beyond enriching just your own life. You can decide to not keep every marble from the business for yourself and instead use some of your gains to help others. You can build a culture in your company that doesn't allow oppression. You can create an environment where there's no reason to say, "That's not fair!"

Many entrepreneurs are focused on what's in it for them, and as an entrepreneur, you absolutely should be rewarded for your hard work and risk. But you don't have to be rewarded while someone else gets punished. You don't have to make them feel like their life is "just unfair."

As you head into operating your business in 2021, it's crucial to remember two things:

1. Culture trumps strategy every day of the week.
2. Happy employees make happy customers, and happy customers make a happy bottom line.

If you focus on the people in your business this year, you'll find all your marketing efforts and business dealings to be fairer, no matter how unfair life has seemed lately. Because the reality is that life can always be as fair as we decide to make it.



Be a Better Leader

4 Leadership Books You Need to Read

For leaders at all levels in all types of business, 2020 was a tough year. Those businesses that managed to not only survive but also thrive all have one big factor in common: good leadership. If you want to be a better leader for your team in 2021, here are the latest leadership books you should add to your reading list.

'Friday Forward: Inspiration and Motivation to End Your Week Stronger Than It Started' by Robert Glazer

Glazer is an entrepreneur and bestselling author who has taken 52 of the most impactful stories from his inspirational newsletter that goes out to more than 100,000 readers and put them in one convenient book. These stories of struggling entrepreneurs who turned things around can give you the push you need to make an impact in your own circles and end your work weeks stronger than they started.

'Unleashed: The Unapologetic Leader's Guide to Empowering Everyone Around You' by Frances Frei and Anne Morriss

Frei is one of the world's foremost authorities on leadership. In her new book, she's teamed up with Anne Morriss, a leader in the genomics industry. The book teaches leaders how to empower others. Great leadership takes grit, thick skin, and compassion, and "Unleashed" offers advice from top-performing organizations on how to best achieve all three.



'Personality Isn't Permanent: Break Free From Self-Limiting Beliefs and Rewrite Your Story' by Benjamin Hardy

Organizational psychologist Benjamin Hardy makes a fascinating argument for why your current personality isn't the one that's most important. His new book pushes readers to consider who they want their future self to be, and his ideas aren't theoretical — they're full of proven ways to change your priorities, break habits, and use your environment to make you a better version of yourself.

'Honest to Greatness: How Today's Greatest Leaders Use Brutal Honesty to Achieve Massive Success' by Peter Kozodoy

The turmoil of 2020 has pushed brands to reconsider how they appeal to their customers. Many are walking away from deceitful promises and aiming for radical honesty and authenticity, instead. In his new book, Kozodoy examines how this revolution came to be and why it's working. His guide teaches leaders how they can embrace these qualities to make their businesses better.

HAVE A *Laugh*



Bananas: The Fastest-Traveling Fruit

It was 1890 in Limón, Costa Rica, and Minor Cooper Keith was the "Banana King." Keith traveled to Central America to build railroads, but when he planted 800,000 acres of bananas to feed his workers, he ended up in the banana business, too. In 1899, he co-founded United Fruit and set his sights on the U.S. market.

Two secrets helped Keith's bananas cross the 7,175 miles from Limón to Seattle in under seven days. The first was the railroad, which United Fruit operated. Railroad cars sped the bananas from their plantations to the Port of Limón. There, they were loaded onto the first-ever refrigerated ships. Those ships steamed north, where their precious cargo was unloaded, stacked into yet more United Fruit railroad cars, and dispatched across the U.S. This mad scramble of plantation workers, conductors, and captains brought us the plethora of bananas we have today.



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Business Budgeting for 2021: *You Can Still Plan Around Unpredictability*

This is the time of year when businesses would usually be looking at their budget and planning for the coming year. But COVID-19 has made the future entirely unpredictable, which makes properly planning your budget difficult. But all is not lost — there are some basic budgeting tactics you can implement to face 2021 with confidence.

Create a Forecast

If you're not entirely confident in your ability to forecast sales for 2021, you're not alone. But you do still have options. If 2020 went great, perhaps try setting your sights up 10% from last year. If you want to play it safe, keep your forecast on par with 2020. If even that doesn't feel reliable, then jump back to 2019 and use it as a base for creating your budget. You can ramp up 10% or 20% from there. Don't just forecast this year blindly — use data from a point you can rely on and plan accordingly from there.

Know What to Include

Your budget needs to have flexible sales goals and realistic expense plans this year. Many businesses are having to change their marketing focus and invest differently, so you need to be willing to adapt your budget, too. As you

set sales goals, be aware of your margins and get flexible with the way you're achieving them if you want to improve them. Also take into account new expenses you may have in response to 2020, like staffing changes and Paycheck Protection Program loans. Take stock of what's new and different for your business this year and include it in your budget plan.

Remember the Essentials

Even though last year was a wild ride, you can't throw all your best practices out the window. Certain budget-forward thinking will always be essential, no matter where your business has landed. If sales are strong, drive profits while you can to build your reserves. Modify your products or services to align with customer behavior. Keep your accounts receivable clean. Don't use credit cards to finance your business. Pay close attention to your balance sheet to keep a handle on debt. Cultivate an ongoing relationship with your banker.

If you find a reliable baseline, are willing to be flexible and realistic, and if you can recalibrate your plans on the go, you can budget your way to a much better year.