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How to Destroy Your Business in Tough Times

by Nick Jacobi

Editor's Note:
Nick has provided a tongue-in-cheek look at common mistakes made by businesses today. We hope this stimulates discussion, and invite your feedback for future issues. Drop me a note at SteppingStone@JHACareers.com with your thoughts.
John Hadley

A business failure is a failure of leadership before a result of circumstance.

Companies are portrayed as victims of circumstance. Economies fail, firms go under and industries suffer. But what is a business apart from the men and women who comprise it? A business failure is a failure of leadership before a result of circumstance. Not a lack of skills on the part of management, but a lack of imagination. Luckily, it is not difficult to imagine ways to fail, which means learning is possible. So follow your instincts if you want to efficiently sink your ship, or avoid them to experience the perils of success.

FAIL TO RECOGNIZE WHAT'S IMPORTANT

Is your stock tanking and your debt getting downgraded? Quick! Stop buying hand soap for the bathrooms. And no more free coffee for the employees. Try to consolidate all your offices into one and make everyone bunk their cubicles.

It may sound silly, but the only other way to cut costs is to cut employees (your worst ones). These alternative cost-cutting schemes will allow you to create a work environment so unpleasant that some of your employees (your best ones) will leave on their own.

"IT'S NOT MY PROBLEM"

Some professions in our society are looked down upon by many as being unethical—for example, lawyers, politicians and telemarketers. This is not true.

You can be unethical in any endeavor you choose, be it salesperson, actuary or CEO. Perhaps you can save money when designing your new product by not doing any market research. Maybe you found a poor excuse to deny some claims. It saves costs, and the government is wrong to stop you. Remember, the only one who will be blamed is the CEO, and maybe the CFO. If things go really bad you can always prepare a resume.

NEVER GIVE ANYONE ANY AUTHORITY

Before you let someone do their own work you should remember that you are not sharing power—you are losing power. It is fine if someone else does your work as long as you are given the chance to constantly question it.

The organization as a whole should be structured this way. Make sure that the first boss two people sitting next to each other have in common is the CFO. If possible, create a culture in which everyone tries to get their peers fired by pointing out every mistake. Forget that business is a game of mistakes and that is how you learn. There is no time to learn anything when your company is losing money!

GRASP AT STRAWS

It is always possible to innovate your way out of your financial problems. Just look at Apple!

Start selling ineffective insurance to people who do not need it. Put all of your product development into the infant auto insurance product or your "barely a discount" vision coverage. Entertain any long shot that comes along.

Ignore the fact that Apple took 20 years to make its comeback.

In a similar vein you should try to generate revenue in ways that are unsustainable. Add hidden fees to your products and see if the market notices. There is no reason not to redesign your renewal strategy and broker compensation packages until you're in handcuffs.

MORE DEBT PLEASE

If your company owes $100 it is your problem; if you owe $100 billion it is everyone's problem. If your company is no longer turning a profit, remember that it is the economy's fault … not that your system of doing business is outdated or broken. Your motto should be "when the system's broke—don't fix it, borrow money to keep it going." Someday things will pick up, the economy will improve, and your business practices will be relevant again.

SELL, SELL, SELL!

As every successful businessperson knows, any and all problems a company is having can be completely eliminated by selling more!

For insurance companies this is particularly beneficial, because although you are adding to your liabilities, you can always find a way to DAC your initial loss and recoup it in a few years on renewal. You are not selling discount stereos here; you are investing in your new customers. Ideally you should make this investment in your new customers with no regard for your current customers.

Cut rates 20 percent, or until they are inadequate. Assume your new customers will persist as you increase their rates 30 percent each year. Maybe your future gains can be securitized! Ignore any inconvenient comments about your reputation in the marketplace or the kind of culture you are creating for your company. As long as those sales numbers are high, you can do no wrong!

When your business is facing challenges it is difficult to do anything dynamic to meet them. It is easier and far safer to put all of your effort into keeping the machine turning over. You have been told that every business has two basic functions—marketing and innovation. Doing neither and maintaining the status quo is much safer when times are changing. Any organization can fail, and somewhere in the world there waits defeat for everyone. The best any company can do is not actively try to find it.

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