

When Is the Best Time to Invest in Improvements? Now or Later?

There was an old Fram Oil Filter commercial that said “You can pay me now or you can pay me later.” You can invest in a new oil filter today (prevention) or pay more to your mechanic later (correction). This same situation applies to making improvements in insurance companies.

Investing in change before it is required; before service quality begins to falter; before customers look elsewhere; before processes break and you can't find the root cause; before employees become frustrated, disengaged and start to leave; before the Board begins to ask uncomfortable questions; before . . . (you fill in the blank) . . . , is always cheaper, faster and better.

The problem in most companies is that when things seem to be going well, managers relax and assume a treading-water mindset. When you ask why, there are always seemingly good reasons. For example, how many times have you heard – “We need to make our numbers this quarter, delay any expenses that aren't an absolute necessity.” Or, “That's a great idea. Let's include it as an agenda item on our next strategic planning meeting. When is that? Oh yes, in eight months, I believe.” Or, “Let's discuss it at our next management meeting and see if we can get a consensus.” (Trying to get a consensus is an automatic death sentence for almost any good idea.) Or, my personal favorite, “Everyone's been working really hard lately, let's give them a rest and do your project later.”

It is the old “if it ain't broken, don't fix it” strategy. Unfortunately, this simply means you will pay more in time, revenue and expenses when it does break. And, it will break, perhaps from something you do yourself, but more likely from what your competition does to get a competitive advantage. If you wonder if the right time to take action is now, ask yourself which you prefer: trying to catch the leader or watching followers try to catch you. You cannot stand still in today's business climate – you are either moving forward or falling back.

Continual change is a key, common characteristic of great companies. Great companies are in a constant search for how to be better. They understand other companies may accept the “If it ain't broken . . .” mantra and they relish in the opportunity to create more space between themselves and those trying to catch them. They never assume close enough is good enough.

The biggest hurdle is always getting started. Occasionally, the best way to break through this juggernaut is to hire an outside consultant – from a firm like ours. An outside expert will not just help you get started quickly; he or she can also make sure you complete your effort faster, at the lowest cost, with the most benefits and the highest overall value. Hiring an expert who has done it before is especially important for those efforts that are complex, difficult to accomplish or are critical to your overall success. Hiring the right expert is like buying the right insurance policy. Both make good business sense when the circumstances are right.

Please call us if you have any questions or if you would like to discuss these ideas. Please also visit our website at McDonaldConsultingGroup.com, where you will find further explanations of these ideas (and other exciting ideas) in our Concepts and Ideas section.