

THINK SIMPLE - A KNOWLEDGE FROM THE DESK OF MUSTANSIR

ZERO-BASED THINKING

Quote: *"If people aren't calling you crazy, you aren't thinking big enough"* – Richard Branson -

ZERO-BASED THINKING is one of the most powerful thinking tools you can use throughout your career. The concept comes from zero-based accounting, where you draw a line under each item at the end of each accounting period and ask, "Rather than determining how much more or less we should spend in the area, should we be spending money in this area at all?"

In zero-based thinking, you use the same approach. You stand back and look at every part of your business and personal life and ask the question, "If I was not now doing this, knowing what I now know, would I get involved in this area again?"

We call this a **KWINK (Knowing What I Now Know) analysis**. Knowing what I now know, is there anything that I am doing that I wouldn't get into again today if I had to do it over? In times of turbulence and rapid change, there is almost always one such example in your business or personal life. Often, there are several examples. There are many things that you are doing today that you would not start up again today if you had to do it over.

Beware the Comfort Zone

One of the greatest enemies of success is "comfort zone." People become comfortable doing certain things in a certain way and then they resist any change. This resistance to change keeps people doing the wrong things, even when they know they are wrong, long after they should have stopped and tried something new.

Creating the future often means abandoning the past. Starting something new usually means that you have to stop something old. Getting into something for the first time usually means that you have to get out of the other things to free up time and resources. Zero-based thinking is an essential tool to keep your mental decks cleared and to free up your thinking for the future.

Determine Your Sunk Costs

There is a principle in accounting called a “sunk cost,” which refers to a cost where the money is gone *forever*. It can never be recouped. It is like an anvil thrown off a ship in the middle of the ocean. It is sunk, gone forever, and cannot be retrieved.

Many expenses or investments of time and money in business are sunk costs. They are gone forever. The problem occurs when people continue to “throw good money after bad.” They continue to invest time, money and resources in a product, service or area of activity in an effort to somehow recoup the amount they have already invested. But this is not possible. The money, time or emotion is gone forever. It is a sunk cost.

Your job is to focus on the opportunities of tomorrow rather than allowing yourself to become preoccupied with the problems or bad decisions of the past. Your job is to think about the future, which you can control and do something about, rather than think about past events over which you have no control and cannot change.

Right or Wrong Decisions

What percentage of your decisions in business do you think will turn out to be wrong in the fullness of time? According to a study, fully 70 percentage of business decisions turn out to be wrong over time. They may be a little bit wrong, a lot wrong, or completely disastrous. That means you will probably be wrong 70 percentage or more of the time. Remember, 70 percent is an average. Some people are above and some people are below this average.

One of the most important strategies for success in business is the decision to cut your losses. When you realize that you have made a bad decision, instead of pouring more money and resources into it in an attempt to recoup your losses, accept that you have made a bad decision, cut your losses and move on. Practice Zero-based thinking.

How can you tell?

How can you tell if you are dealing with the zero-based thinking situation? Simple: stress! Whenever you experience chronic stress – stress that does not go away, stress that preoccupies you and jumps up in your conversation, often keeping you awake at night – you are probably facing a zero-based thinking situation.

Your job is to have the courage necessary to face the situation honestly and do what you know you have to do. Don't play games with your own mind. Do not wish or hope that things will get better or that the problem will go away. Hope is not a strategy.

Instead, look at the stressful situation directly and ask, "If I was not now in this situation, knowing what I now know, would I get into it again today?" If the answer is "NO!" then the next question is, "How do I get out of this situation, and how fast?"

It is Too late

Here is the discovery. If and when you admit that you would not get into a particular situation again if you had to do it over, it is already too late to save the situation. It is over. Nothing can be done. It has become a sunk cost. The only question now is, how long will you wait to end this situation, and how much are you willing to pay in additional time, money and emotion?

There is a Turkish proverb that says, "No matter how long you have gone down the wrong road, turn back."

Have the courage and honesty to practice zero-based thinking in every part of your life, and then to follow where your answer leads you. If a person or a product has not worked out, and it is clear that the situation is not going to get any better, cut your losses. End the situation and move on.

Take control of your life and your future. Make a decision. But don't hope and pray that somehow the situation will reverse itself and get better. This virtually never happens.

"IT IS GOOD PEOPLE WHO MAKE GOOD PLACES"