

BUSINESS MADE EASY[!]

A man with short, light-colored hair, wearing a blue and white checkered button-down shirt, is smiling broadly. He is sitting in shallow water, with splashes around him. The background is a light, textured surface.

Episode 93

Why Business Assumptions Are Dangerous

Full Episode Transcription

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Good day, good day and welcome to the Business Made Easy Podcast where we make business easy. Jason Skinner, you're host here for another week of the podcast. It is all about growing your business, growing your bottom-line profit and giving you a better life as a result. Thank you so much for joining me wherever you are in the world. I hope you are well uh, new listeners to the show welcome. I'm glad you found us, however you found us. Uh, don't forget to hit that subscribe button and uh, that'll make sure you get each week's episode as it comes out to you.

For those of you returning to the show, welcome back. I hope business is going swimmingly for you and you are paring through whatever if-- whatever it is that you're working on, don't forget to drop me a line because I'd love to hear what it is you're all up to in business and what's working for you and what's not working for you at the moment. Uh, you can do that by just dropping me an email at jason@businessmadeeasypodcast.com. I respond to all my emails personally and uh, only too happy to- to hear from you and-and help you out, um, along the way. By just being behind the microphone can be a lonely place at times so it's always great to hear from um, people who are getting value from the show. Just wanna tell me what's going on in their business.

I'm always happy to hear uh, what it is you've been up to and um, and yeah have lots- lots going for you in business at the moment because uh, we do learn from each other and each other's experiences along the way. If you haven't already done so you may be interested in joining the free Facebook community we've you can do that by going over to businessmadeeasypodcast.com/community. That's businessmadeeasypodcast.com/community.

All righty. So, let's get into today's episode uh, I wanna talk about assumptions today. Have you ever made and I'm guessing you- you, I guess I know the answer to this question but have you ever made an assumption about something or somebody or um, just anything really, and- and it's been totally wrong? [chuckles] I think it's so easy for us to do as humans to-to make assumptions and particularly in business. This can be very-very uh dangerous and very-very costly if we get-- if we make the wrong assumptions of- of being on the back-end of um, people making assumptions uh, numerous times and it always never ends well uh, for them when- when-when that situation arises and we're going through some of those today.

But I wanna talk about assumptions because it's one of the things that we do as humans so easily um, and, um, but as I say they are so dangerous particularly in a business context. Your life context really. Um, we- when- when we're looking at assumptions I'm going to tell you a story. I learned about assumptions very-very early in my life but um, and the danger of them but what-- when we're talking about assumptions, what are they really. I mean, an assumption is really an idea or-or some sort of concept that we-- we've- we've fabricated in our mind or we-we accepted to be true based on our previous understanding of things, um based on our own life experiences or various stimuli that happens to us in our life. Um, when we see that situation or-or person again in our life, that may cause us to go to uh, an-an assumption.

So, we don't really have any certainty or proof when we're- when we're making assumptions. It's basically just uh, on past experiences or-or the data that we've been given or we've been-- we've learned along the way. As to when I say this situation arising, um, I'm without any proper facts, I- I'm making assumptions that that's the way-way something is. Now, we can get into a whole

philosophical debate about this and a whole psychological debate about it, and I'm not a psycho- psychologist or psychiatrist as you know. So um, uh I'm a business adviser and business coach. So I don't, uh, I-I don't get down to that level of them although I am very-very interested in having discussions around that with-with various experts in that space. But I-I see assumptions on daily basis being made with my clients and-and I'll get into some of those um, with you as well and just we'll talk about where in business assumptions are made and how dangerous they can be because I don't want you to be making assumptions that are wrong and costly for you.

And I'll tell you the story of-of how I learned about assumptions at a very early age. Back in the day, I'd share this story with you very quickly, but back in—back in the day, I think I was about to 17. I would have been 18 actually 'cause I was—'cause I was legally allowed to sell uh alcohol but um, I used to work as a fine-dining waiter in a very plush uh fine-dining restaurant, you know the ones with the nice, white table cloths. And, it was back in the day when you could um, you could smoke in restaurants which is--geez, I'll show my age now but a long time ago and um, my role basically was the wine waiter. I-I I used to um, uh seat people to the table.

I used to, you know, make sure that all of their drinks-- I used to know bottles of wine and I'd describe the flavors and all the textures and various qualities of wine. I used to have to study that as part of my job. And it was a sort of restaurant that if someone pulled out a cigarette, we use to have to flow across the room with our Zippo lighters and have that flame going before they could even reach for the matches or lighter the on-on the table. You know the maître d' was really on to us all about this stuff. So one night, um, this very well to do

couple came into the restaurant and I- I know of the couple they were- they were uh well-known business people in- in the temple. I didn't-- I've never met her as such but I knew them, I-I knew them all and I'll just call them mm Mr. and Mrs. Jones for the- for the privacy of these people but Mr. and Mrs. Jones came into-into the office and it as winter.

So, it was uh most likely, as now here in Australia. Winter, very cold and um, she came in and she was all rugged up with this big-- Mrs. Jones had all this big fur on and-and, you know she was all- all and it was- it was cold and flussy. I mean it was-- it was winter. So, she comes in. I said, "Oh, Mr. Jones welcome back, you know, great to see you again and have a seat here Mr. Jones." And then, as I was sitting Mrs. Jones at the table, uh, I said, "And how are you this evening, Mrs. Jones?" And she said, "I'm very well, thank you." In a very strange husky voice like she had a cold. And I said, "I didn't do that very well. Sorry." But, anyway it was like that. Like somebody had a cold or really bad sore throat. Do you get the idea? And so, I'm sitting Mrs. Jones then and I said, "Oh Mrs. Jones. It sounds like you've got a-a nasty cold there. Um, I hope everything is okay," as I was taking her jacket, uh, to go and hang in, in the cloakroom.

And she turns around and she looks at me and with the vilest of eyes, "I haven't got a cold. I've got paralyzed vocal cords. I always speak like this." And I've gone, "Right." There you go. Lesson number one. Lesson learned. Don't make assumptions about customers, uh, people uh in general because you can uh, you can get them wrong and um, and that's a true story and I've never forgotten it obviously. Um, and to this day, I try not to make assumptions about, um customers are situational people really. Uh, just a good policy to try and have.

So, we really wanna get to the facts of things before we- we go in making assumptions and they're very easy to make as I said. I mean, if you think about it, we have these five senses in our bodies that-that are-are reading- reading data and stimuli all the time, all day, 24 hours a day, 7 days a week. Our bodies are, you know, it would our sight out, our hearing, our taste, our touch, our smell. We're-we're reading data and-and stimuli all the time.

So, it's very easy. Like if you imagine if you close your eyes and you touched a um, I don't know, squishy or something like that. You might, you might-- if you close your eyes and touched that, you might go, "Oh, that doesn't feel very nice so that, that's not nice to eat," parti-- I don't why you're touching it but anyway, you get the idea. Um, and you um, but-but you might open it up and it might be a beautiful bread and butter pudding. Uh, but- but your senses gave you information that wa-wa-was contrary to that and your senses, you couldn't smell it per se. You couldn't see it per se but you could touch it and when you touch uh, it felt squishy and not very nice to touch cold room nice to touch. But it might have been something nice you could eat and-and, you know, you're making assumptions based on that and that's a very simple form. But, my point is that when a customer comes into your shop, um, it's very easy to make the same assumptions.

For instance, you might have a customer come in that's not very well dressed. Looks like they haven't had a shower for, um, for any period of time or, you know, looks like they haven't got \$2 to wrap together and you might dismiss that customer. You might actually not address that person and move on to- to John Smith over here who looks a million dollars and um, you know, dressed up to the nine [?] and you think, well I'm going to serve because I'm going to make the sale with- with uh John Smith. Now, that is an assumption. That is making an

assumption so you cannot assume that that guy who has walked in hasn't had a shower for-- or looks a little bit scruffy, doesn't have money to buy or doesn't have a need to buy your products and services. Now, he may or may not be your ideal customer, but I tell you what. Uh they might be—that might be a one-off circumstance that he's dressed like that. He may have just been doing some physical work somewhere and normally, um, he would be dressed like John Smith, the other customer. So you can't assume. I hope I'm making that-that point clear.

And uh, I had this very situation, um, recently where I had, um my wife uh, had given me a-- Melissa had given me some chores to do on a weekend and uh, one of those chores was to-to hang up TV on the wall. Now, um I went about it all, let it roll out, worked into the nitty-gritty of it but when I got to putting the TV up on the wall, I needed a particular type of plug that went on the wall.

And, um, because the one that was provided with the TV was sort of to- too big and the wrong one. So, um, I thought, right. Immediate thing, I'll ring the um, the hi-fi or what they call like a video, um, well a TV-type shop. Um, that specialize in home cinema TV, like that's their-their job. That's what they-they do. They know the ins and outs of, um, of putting these TVs on the walls and setting up, you know, home theaters and all that sort of thing. Now, I thought right I'd give them a call so before driving down, they just saw I don't waste my time, uh, and this-- and just-just ask them quickly if they could um, help me with my situation and, you know, described it.

Now, one of my debt phone call to the- to the um, uh, to the company. Uh, I was met- I was met with um, almost like I was an idiot for ringing and asking my questions that I had around this particular plug. Now, um, oh I won't get into the

whole conversation because it'll- it'll put you to sleep and you could be driving and I don't want you to run off the road but, uh, just-just um, the point with this is the way that I was greeted on the phone and clo—like the way I was quickly rushed off the phone, there was no way in the world they were going to help me to- to get a solution for my particular TV issue.

Now, the problem for them now is that I have in my mind that they are not very helpful people and they are not going to, so I formed my own perception now. My own assumption now based on the- based on the data that I've received from them.

So you get the-- assumptions work two ways and-and we need to be mindful of that too. You know what, the way we treat somebody else um, can also come back to bother us because they might assume that we are not very nice or very helpful people or, um, if we, you know, if we ignore somebody that comes into our business or if we don't address somebody that comes into our business and be as helpful as possible, then we maybe, um, really affecting our future business because we might assume that that person doesn't know anybody else and we might be totally wrong because nine times out of ten we are that they do know other people that could possibly want our business some time. So, you you're burning referrals, potential referrals, sources.

You're burning all sorts of opportunity in your business by making assumptions of people as they come into your, uh, into your business via your um, via phone, via uh internet and the website, via um face-to-face, if you- if you got a face-to-face brick and mortar business. Every time, uh, we make an assumption and we act on that assumption, uh, then we are potentially damaging our business. And, further to that, it's very easy to make assumptions and-and one of

the big areas that I have seen this happen or one of the big reasons I no—I have seen why this happens is that, it's a thing called the curse of knowledge and I'm not sure if you've heard of that but, the curse of knowledge is all about because we know something inherently, because we know how to do something extremely well and professional.

For instance in our business, we-we might know all there is to know about a particular, um situation, or product, or service that we sell but we can't assume that the customer knows the same amount of information but it's easy to assume, and this is the curse of knowledge, it's easy to assume that they do know as much as we know. So, what we know is really not that valuable but-but here's the thing. It is valuable and they don't know.

So, it is your responsibility, it's our responsibility, mine too, to help people to understand further their problems that they have and point um, and point them in the right direction to help them to get the solution that they need for their problem. That is fundamentally our job in marketing, in business, is really to talk to somebody, not judge them or make assumptions, talk to somebody, ask them questions about their problems, listen to their problems, listen to, um, what it is that the outcomes are and that they're trying to achieve. And then, our job is really to marry up all our knowledge and-and um, product knowledge or-or service knowledge or whatever it is that you do.

Marry that up to provide a solution to those problems that they have. And if we can help them, then it is our job to find somebody or-or know of somebody who can help them with that particular problem. And the better we do that, the better we are going to weld that person in that relationship to our business and help them and make their work better, and make their-their um, outcomes a lot

better. So really-really important that we- we drop those assumptions and we don't um, we-- so we don't hinder our- our growth and our business potential and growth.

If you're in the online space, it is exactly the same. The curse of knowledge can really- really bite you heap because in making assumptions, because when someone lands on your website, it's easy to assume that they know what they're looking for or what they want to do. So, it's our job to guide them to- to be able to- to flush out, so it's a little bit more challenging actually because we're not talking per se or that we may with video.

We may have a video on the- on the-on the- on the site or we may have live chat now which is really good and helpful. I love the—the sites that do live chat really well. I—When's-- When you log on, they pop up, and there is a human there uh helping you. That is fantastic. Um, that is really um, going-going out there and listening uh in a virtual sort of way on the website and- and very-very engaging way to- to bring customers in.

Um, but, when people come to a website, we have to um, we have to guide them. We have to be their- their guide. We're not the hero. We're just the guide. The customer's the hero.

So what we have to do is take them through-- help them navigate through our site and our content easily to find the solution that they are looking for and easily point them in the right direction. And we got to help them to be able to describe that problem that they have. A lot of times people don't know the problem fully that they have. They just know they have a, or just looking for a particular outcome but they don't know the depth or the- the um, the breadth of the- of the problem. So, it's our job as the guide to flush that out. So, if we're

making assumptions along the way, that they can see there that that makes it very-very difficult for the customer to get to- to get to-- have a smooth sort of selling, excuse me, they're not selling. We got a problem. [chuckles] It makes it very-very difficult for the customer to- to get the results that they're looking for.

So, that's really the sales and marketing area of assumptions in the business. I guess that there's a-- there's a million that we could do and talk about and I'm going to put some more content in the website on the blog actually because it is a scenario that I'm fascinated in.

As humans we all do-- we all make assumptions. We all- we all do this. This is not peculiar to any one person. Um, but I will-- I'd-I'd, I'm gonna put some more content up there to help people with this area because it-it I see it all the time in terms of the dollars that must be costing people in lost sales just from making the wrong assumptions about people and-and we're just going to drop them. We're just gonna-- just to go to neutral and actually ask the right questions and get facts, not make assumptions but ask questions and get facts, and then make decisions based on facts.

And speaking of facts, the other business I see people making a lot of assumptions and I see this on a daily basis um, with-with uh, the clients that I work within a coaching capacity, is um making assumptions, financial assumptions about where you-you are in terms of financial performance of your business and where your colleagues, etcetera are within um, within financial context of their business. And, what I'm talking about there, I'll just give you an example. Um, I had a client of-of-- I have a number of clients. This could do this is quite a recurring thing but, um and I-and I have to help them through this but, uh it's very easy. Uh, let's just say you you're at a dinner party Sunday night and

you're um, you're with friends and colleagues and you're in similar-type businesses. Their business may not be the same as yours but it's been going the same amount of time and similar sort of industry or whatever. But, um, similar sort of financial demographic if you like. Um, and you know, let's call him Ted. Ted and Mandy are sitting there and, you know, Ted and Mandy. "Oh we bought-- we just bought a new flash car.

We just did this and we just did that. And, we're going on a holiday to Europe next year for 12 weeks and da-da-da-da." Now, it's very easy, um, to sit and listen to Ted and Mandy and make assumptions about -- from that conversation, about the financial well-being and their--and how well their business is going. And, um, you know, um, the financial world is just so much more rosy than- than the nails. And, very-very easy to do that and I'm sure we've all had conversations with people where- where that happens.

And, I've got to tell you to be honest, years ago, many years ago now, um, I used to be like that too in-in a larger sense. Not so much jealous but questioning my actual financial performance based on a benchmark of somebody else's perceived benchmark of somebody else's financial performance. And, I've got to tell you, after the years of--I'm-I'm dealing with businesses, I'm looking inside business every single day of the week. Um, and, I'm analyzing numbers and I'm asking questions and I'm helping people to grow their businesses in a coaching capacity. I get to hear, see, and experience the real truth. When I start dri--drilling down and-and asking the right questions with-with uh customers and clients, I really get to hear the whole, full picture. And, I've got to tell you that just because something looks a particular way with a- with a particular, uh, um, business or what not, 99.9% of the time it is not. There's dirty laundry in there or something that is not as-as rosy as it would seem on the surface. Not all

the time. I mean there are businesses that are exceptionally great businesses. I'm not saying-saying that but what I'm going-what I'm going just because the grass uh always looks greener on the other side doesn't mean it- it is. Uh, and basically, you know, you need to run your own race when you're starting to benchmark your business or-or feel a particular way because someone else seems to. I-I couldn't tell you the number of times that I've-- I call it a pep talk. It's-it's the-it's the- the way I sort of frame it but, um, the number of times someone will come to me and say, "Why haven't I got this? Why isn't this happening for my business because I was talking to XYZ and they are doing this and they have this and they have that?"

Now, I can tell you now, I've had situations where I know, um, what XYZ and all the other people, I know their financial situation and-and the people that are benchmarking themselves against these people don't know that and I know it and I'm saying, obviously for client confidentiality, I can't say anything but I-- but I'm sitting there going, "Hey, don't do that." Don't go there because they're in a world of fine- in this particular area. Their world isn't as rosy as it seems and they're telling you. They're just telling you the good bits. Nine times out of 10 people aren't going to tell you the good bits. They're not going to tell you, um, they're not going to give you the real deal and-and the real underlying problems. So, the thing that I've learned a long time ago and I try to encourage my clients to do is to run your own race. Benchmark yourself against real data.

Now, if you've got industry statistics or anything like that on-- in your particular uh nature of the business area, get real numbers and benchmark yourself against the appropriate right numbers for your business. Don't make assumptions that other people are doing better than you based on some sort of circumstantial um gossip that they've given you about the wonderful world.

Because you might find that in their business, they stuff tighten or they've-they've gone an overdrive that you can't jump over. I've seen that before where the debt has been so high in the business is striving around in flash cars and everything looks so glistening and-and perfect. And behind it, um, you know, there's no substance. There's no financial re- re-capacity. I mean it just up to their- up to their necks in debt.

And so, you got to look at things in context and benchmark yourself against reliable data and reliable metrics that are-- that you've got, you-you know are-are true. And one of the easiest ways to do that is to look at your own past performance. I mean you've got your data, you've got your financial situation. Look at your um, financial metrics from past years. Are they improving? Are they growing? By what percentage are they growing? Um, so don't get into this--don't get into this trap of making assumptions about your business performance with-with um, uh, other people because it's-it's really such a dangerous um place to be and you really need to-to focus on, um, on the areas of your business that are, you know, are-are important and-and true, and you know what they are. Um, yeah, I just, argh.

I've seen it so many times and it-it just, it's just such a dangerous job. I had people come in and wanted to totally restructure their business because I've had-- I've been having a dinner party the night before and-and I've been out with friends or something the night before and basically, they're world were so much better that-- why have-- why have they got this and we haven't got this, and that sort of things and, um, entirely-- two entirely different circumstances say comparing apples and oranges, not apples and apples so.

Assumptions, that's what they're all about and um, I don't want you to make the um, I know I've stopped, uh, making them now. I-I try not to—I-I'm really trying to pull myself up before I'm assuming something then um, then I-then I have to ask myself what can I rely on? What's the truth here? What's the truth in what this person is telling me?

Where can I- where can I find the truth in-in-in this assumption. And that's the thing too. Assumptions are, I mean, it's part of human nature as if we got our senses working overtime all the time, bringing in data into our minds. So we're processing this stuff. Um, I'd like to-- I'm going to see- see where I can get a-- someone, a specialist in this space to come on the show and talk about what has happened but we're- we're processing all these data and a lot of the data is incomplete sometimes so we have make assumptions. But, when we're making decisions in our business we wanna make-- get that assumption and then we want to basically find-find some more concrete evidence around it. We wanna test-- we wanna get some more data that's more concrete and um, not so subjective.

So, um, we wanna basically get that data and make sure that we we're making as-as sound decisions as possible. And look as times in your business where you just have-- you just have to make assumptions you know when we're doing business planning and strategies going forward. You know, we're trying to project the future. We're trying to project what we want the business to do. We're making assumptions at that point but the trick with those assumptions once we make them is then go and get go and get some concrete metrics that we can put around them to make sure that those-those assumptions, um are not leading us down the wrong path. So, we're getting live data coming to us. Live information coming to us that's accurate and really um painting the right picture

for us because, you know, you could—you could make an assumption that your customers, um, only like to eat red apples and, um, uh, without actually going in testing that, um, and-and-and-and you know objectively testing it. And so with an open mind, we want to-- we want to test them do- do the customers really prefer red apples over green apples. Well, we have to-- we have to actually test that and ask your clients or customers, you know, what is they preferred-- preferred uh apple. And then when we're doing that testing and asking those questions um, we want to end processing that data. We wanna make sure that we don't put some form of confirmation bias uh, into our assumptions and into our processing of that.

So, by that I mean-- let's just say we've made the assumption that, um customers only like eating red apples. But we go along uh, and we ask questions that lead the cu-- lead the customers to say, um, you know wha uh, "Choose red apples over green apples." So we wanna - we wanna make sure that we're not forcing-forcing the data to confirm what we already assumed. Does that make sense? And that's confirmation bias. We don't want to—we don't want to be um, manipulating the results to-to confirm or-or support our theories. So we have a victory. Oh yes, so we're right. We our clients do prefer red apples when actual fact we didn't ask the right questions given-given the option of green or- or talk to them about green apples.

Anyway, we'll get-- apples are apples. [chuckles] We'll get off that topic. Uh, I think you get the point. Um, assumptions can be very-very powerful. Um, you need to use them wisely in your business and um, carefully and make sure you back everything up with sound data. And don't, in a sales capacity, make assumptions about your customers and their needs. Ask them questions, listen to the answers. It's uh, it's the old 2/3-1/3 thing. We have two ears to listen and

one mouth to speak. So we need to use it in that-- in that um, in that ratio. Um, we want to basically listen to the customer and actively listen to their problems and get-- marry that solution to the actual problems.

One way we can just quickly do that before I get off this is um confirm. Ask confirmatory questions. So repeat back what the customer's telling you. Um, if the customer says, um, again, um, "I'd like XYZ so what you're telling me customer is uh XYZ is an issue for you at the moment, so were asking confirmatory questions and um, that will help remove assumptions out of your day as well.

All righty. That's all I have time for. We're right about a half an hour and um, I've [inaudible] on, but I did-- I do feel this is an important area of your business. Um, it's an area I'm always looking for with customers. So I want you to, um, I want you to take this away and how about you write into me when uh, and let me know uh of assumptions that have gone wrong for you or where you- where you've made uh assumptions and they- they have backfired or-or things you've learned from making assumptions. Uh I'd love to hear from you. You can do that by writing to jason@businessmadeeasypodcast.com and um, we can have a chat about assumptions. And if I don't hear from you, I'll assume that you uh, you're all okay. Never mind, I'm just joking. All right, that's it for me this week. I'm going to hand you over to Mia and uh, until next week. I wish you every success in our business and you have a great week. Talk to you next week. All the best guys. Take us out Mia.

Thank you for Tuning In

We hope you enjoyed this episode.

If you have any feedback or questions about the content in this episode please don't hesitate to drop me a line at jason@businessmadeeasypodcast.com I would love to hear from you.

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Thank you again,
I appreciate you!

*Regards
Jason*