Crunch Point
Brian Tracy

The Big Idea
In this book, success expert Brian Tracy presents 21 practical and proven techniques for overcoming setbacks inherent in our lives and jobs. These give you the motivation, techniques and confidence to solve problems quickly, decisively and effectively.

The 21 Secrets to Succeeding

1. Stay calm
Take a deep breath and refuse to become upset or angry. Lower your emotional flashpoint by asking questions, listening carefully and thinking only about possible solutions.

   Assert control immediately. If mental and emotional control is not immediately and consciously asserted, you automatically revert to the fight-or-flight reaction.

   Take a deep breath. This helps calm your mind. The natural tendency to respond negatively must be avoided.

   Recognize the two biggest enemies. The fear of rejection and the fear of failure can cause anger, depression or paralysis. How you respond to the crisis is essential.

   Your inner dialogue determines your emotions. About 95 percent of your emotions are determined by the way you interpret things that are happening around you. Seeing a setback in a constructive way allows you to stay calm and in control.

   Study the problem before you respond. Your job is to find any possible solutions. This can be done by fully understanding what has happened. The situation must be reviewed from every angle.

   Seek the valuable lesson. Within every problem is the seed of an equal or greater benefit or advantage. Looking for the good and seeking the valuable lesson allows you to remain calm, positive and optimistic.

2. Be confident in your abilities
Remind yourself that you have successfully handled all kinds of difficulties in the past, and you can handle this problem as well. Determine the worst possible outcome, and then make sure it doesn’t happen.

   You can do it. Negative feelings can be neutralized by saying to yourself, “I can do it! I can do it! I can do it!”

   The worry-buster formula.
   - Stop and identify the worst possible outcome.
   - Resolve to accept the worst, should it occur.
   - Determine what you would do, if the worst occurred.
   - Begin immediately to improve upon the worst possible outcome.

   The antidote to worry. You should decide to take action, no matter what form, to resolve the difficulty and get yourself through it. Setbacks or problems should never be taken personally.
3. Dare to go forward
Unexpected reversals and setbacks often stun you into a form of paralysis, triggering the fight-or-flight reaction. Instead of giving in to these feelings, think of specific actions you can take immediately to remedy the situation.

**Everyone is afraid.** In crunch time, fear should be mastered to make hard choices and decisions, and to do the things necessary for ensuring the survival and well-being of your people and your organization.

**Do the thing you fear.** Developing courage is done by facing your fears and doing the things you are most afraid of. Courage follows courageous behavior.

**Go into crisis mode.** You must act as though your business is on the edge of failure. Immediate action is essential.

**The two kinds of courage.**
- **Launch** - This is to begin, to start without any guarantee of success.
- **Endure** - This is to persist in the face of disappointment and temporary failure.

4. Get the facts
Events are seldom as bad as they first appear. Take the time to find out exactly what has happened before you make a decision.

**Facts don't lie.** When facing crunch time, proper decisions can only be made after an analysis of the real facts surrounding the situation.

**Ask the right questions.** These help you discover the real facts. The art of asking questions also keeps you calm, increases courage and confidence and makes you feel stronger and more confident about making decisions.

**Dig deeper for more clarity.** You should focus on getting the facts, understanding the situation and determining the specific actions you can take. Ask:
- What were our assumptions in this situation?
- What if our assumptions were wrong?
- If we were wrong with one of our major assumptions, what would that mean?
- What would we have to do differently?

**Correlation vs. causation.** Even though two events happen simultaneously or consecutively, this is not enough reason to believe that the two are related. You should ask questions without deciding in advance what needs to be done or not done.

5. Take control
Accept 100 percent responsibility for dealing effectively with the problem or crisis. Refuse to make excuses or blame anyone else. Don’t dwell on the past, which cannot be changed. Focus instead on what can be done in the future.

**Become a turnaround specialist.** This is the person brought in to save a company. He takes complete control of the organization, getting all the facts and acting boldly or even ruthlessly to do what is necessary.

**Take 100 percent responsibility.** Leaders accept responsibility and take charge. You should refuse to blame anyone for anything.
Confront the five stages of grief. These are denial, anger, blame, depression and acceptance. Understanding these natural events allows you to bounce back faster, take control and develop solutions.

How fast do you recover? During crunch time, your job is to rise to the challenges, minimize the damage and lead the organization into the future. Focus on action rather than blame.

Everyone makes mistakes. Even the best people make mistakes. When this happens, focus on damage control and on what can be done in the future. Then, let it go.

6. Cut your losses
Don’t cry over spilled milk. Practice zero-based thinking and ask, “Knowing what I now know, is there anything that I wouldn’t start up again, or get into, if I had to do it over?” Be prepared to walk away from a situation that cannot be saved.

Knowing what you know now. In zero-based thinking, you should stop, stand back and look at the business as objectively as an outsider would. You must be prepared to abandon any product or service that is draining time and resources away from more profitable areas.

A question to ask about everything. If there is something that you would not get into again today, knowing what you now know, you must move to cut it off and get out of it quickly. Failure to do this may potentially lead to the downfall of the business.

Starting again across the street. Downsizing, discontinuing or eliminating anything or anyone should be done immediately. Your willingness to make hard decisions and cut losses sooner can determine your eventual success or failure.

7. Manage the crisis
This is the “testing time” that always comes to leaders, adults and people in positions of responsibility. Take charge, make a plan and get busy resolving the problem.

Take charge immediately.
- Stop the bleeding.-- Practice damage control. Put every possible limitation on losses. Preserve cash at all costs.
- Gather information.-- Get the facts. Speak to the key people and find out exactly what you are dealing with.
- Solve the problem.-- Discipline yourself to think only in terms of solutions, about what you can do immediately to minimize the damage and fix the problem.
- Become action-oriented.-- Think in terms of your next step. Often any decision is better than no decision.

Practice thinking ahead. Crisis anticipation is done by looking into the future and asking, “What could happen to disrupt my business or personal life?” Carefully consider the possible consequences of problems arising and prepare accordingly.

Develop a contingency plan. You must know what steps you would take if something went wrong, including what you would do first and second. Efforts should also be made to ensure the worst possible outcome does not happen.

Prevent the recurring crisis. A repeating crisis is a symptom of a deeper problem, usually incompetence or poor organization. After resolving the existing crisis, you should do a thorough debriefing on the problem to avoid this.
Communicate constantly. Tell everyone who is affected by the crisis exactly what is going on. Practice a “no surprises” policy. Keep people inside and outside of your organization informed, and ask for input and assistance.

Deal quickly with money matters. Crunch time is often caused by a cash crunch. In this case, you must move quickly to stop the bleeding and to comfort and reassure the people affected.

Bad news travels really fast. Do not allow bad news to reach critical people in your business and financial life ahead of you. Be sure that you are the one to tell them first.

Adopt a leadership strategy. Sitting down with the key people in your organization and asking for input can mean the difference between success and failure.

Practice “no surprises” in financial matters. During times of financial problems, you must inform your bank, suppliers and creditors before they find out indirectly.

Be honest and straightforward. Telling suppliers and vendors straightforwardly of your financial problems usually causes them to relax and cut you some slack.

Lead from the front. You must be the one to speak with your creditors. This is a key responsibility of your leadership position. Cash inflow can be enhanced by asking customers to pay you immediately.

Get tough if you must. If your financial problems have been caused or exacerbated by nonpayment from customers, you must visit them personally to facilitate payment. Court action should be an option.

Identify your constraints. Determine the most important goal or objective you could attain to get yourself out of this crunch, and then identify your key restraint, the limiting factor that determines the speed at which you attain that goal. Focus on alleviating that single constraint.

Identify the main constraint. Ask yourself, “Why aren’t I already at my goal?” Knowing the answer allows you to take steps to alleviate the problem.

Do an internal analysis first. About 80 percent of constraints are found within an organization. The main constraint is often the fear of failure or the fear of rejection.

Test your excuses. To see if your excuses are valid, ask yourself, “Is there anyone else who has my same excuse but who is moving ahead and succeeding nonetheless?”

Identify external constraints. Even constraints caused by factors outside the organization can be addressed and dealt with in some way.

Focus on your main constraint. After identifying the main constraint in each area of activity, focus single-mindedly on removing it.

10. Unleash your creativity
You are a potential genius; you can find a solution to any problem you face. Think on paper. Define your problem clearly, develop as many possible solutions as you can, and then take action.

Consider the consequences. The value of an action can be seen by measuring the potential consequences of doing or not doing it. This allows you to set priorities.
Your creativity increases with practice. Like a muscle, creativity grows stronger with use. The true definition of creativity is improvement.

Organize your thinking. Using your mind in an organized fashion can unlock your potential creativity. Start by understanding the real problem you are facing.

Identify the correct solution. The more ways you define the problem, the more you can define the solution in better and more creative ways. Stating the problem and the solution correctly can increase the likelihood of solving the problem by many times.

Practice “mindstorming” on your problem. Take your main goal or problem, write it down in the form of a question and come up with 20 possible answers.

Take action immediately. After generating the 20 answers, select at least one and take action on it right away. Taking immediate action keeps your creativity flowing. There should be room for self-correction and feedback.

11. Focus on the key result areas
There are seldom more than five to seven key result areas in any job or company. These are the things that you absolutely, positively have to succeed in your business and your job. What are yours? How could you improve in your weakest areas?

Your success comes from a few things. Remember that 80 percent of your results comes from 20 percent of what you do. Being clear about the 20 percent of each area in times of crisis allows you to keep proper focus.

How are you different and better? One of your greatest responsibilities is to either determine or develop your area of differentiation, your competitive advantage, then focus all marketing and sales efforts in that area. Sometimes, just reverting to what you can do extremely well is enough to turn your company around.

Protecting your core. Like a besieged city, you have to withdraw step-by-step from the outer walls to the inner walls and finally your citadel, the core of your city. These can help determine your core:
  o Your citadel consists of your most important products and services. If you had to drop most of these, what are the one or two that you would hold on to if you wanted to survive and eventually thrive?
  o Identify your key people. Who are the employees, bankers, suppliers and vendors that are responsible for your success? What can you do to ensure their loyalty?
  o What are your core marketing activities? What are the things that you do that bring in the greatest number of qualified prospects and what do you need to do to focus more of your time and resources in these areas?
  o What are your most important selling avenues? What do you need to do to maximize your results from these?
  o What are your key profit centers? What are the 20 percent of your business activities that generate 80 percent of profits, and what can you do to reinforce these?
  o Who are your top customers? What do you need to do to ensure they are with you in times of crisis?
  o Think of your own personal skills, qualities and attributes. What is the one thing that you could do all day long to ensure survival and success? How can you reorganize your time to spend more hours doing this?
  o Identify the key result areas of your business and the results that you must achieve to be profitable. What can you do to reinforce and strengthen your weak areas?
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12. Concentrate on priorities
Apply the 80/20 rule to everything you do. Remember that 80 percent of results comes from 20 percent of activities. What can you- and only you- do that, if done well, will make a real difference? Determine the most valuable use of your time at every moment, and focus on doing that one thing immediately and well.

Think on paper. Writing things down is absolutely essential to take control of the situation. Before taking action, list down the things that you must do to solve the problem and get through the crunch. The simplest or most direct solution is often the best one.

Make a list. You should make a daily list of things to accomplish. The top seven items should be numbered and organized in terms of priority, then focused on to be accomplished in order.

Practice triage on your work. Effort should be focused first on problems that can be solved if acted upon immediately. Situation that cannot be solved should be let go.

What’s important here? To keep on track, ask yourself:
  o What can I, and only I, do that if done well, will make a real difference?
  o What is the most valuable use of my time right now?

13. Counterattack!
Once you have assessed the situation, gathered your information and made your plans, it is time to go on the offensive. Think exclusively in terms of actions you can take immediately to solve the problem and get through the crunch. Take command.

  ▪ **Strategy 1: Be clear in your objective.** This is the Principle of the Objective. You must be perfectly clear about your goals. Plans, schedules and the right people doing the right jobs are needed to achieve these.

  ▪ **Strategy 2: Take bold action.** This is the Principle of the Offensive. You must move forward boldly to confront your difficulties and solve your problems.

  ▪ **Strategy 3: Concentrate your resources.** This is the Principle of the Mass. Your best people, your best energies and your limited resources should be concentrated in the areas where the greatest victory is possible.

  ▪ **Strategy 4: Stay flexible.** This is the Principle of the Maneuver. You must try something new and, if it doesn’t work, try something else. Be flexible and creative, and keep all your options open.

  ▪ **Strategy 5: Gather all available information.** This is the Principle of Intelligence. Learn everything you can about the situation. The more and better information you have, the better and more effective your decisions will be.

  ▪ **Strategy 6: Get everyone working together.** This is the Principle of Concerted Action. Everyone on your team should be working together with common goals, common values and clearly understood work assignments.

  ▪ **Strategy 7: You’re the boss!** This is the Principle of the Unity of Command. During crunch time, your authority must be absolute and clearly seen. You must have a total commitment to success.
14. Generate cash flow
Most businesses and personal crises involve money in some way. Cash flow is like blood to the brain of the enterprise. Your job is to focus single-mindedly on preserving the cash you have and generating more. Let nothing distract you from solving a cash flow problem.

- **When revenues drop unexpectedly.** The major reason usually lies with the sales department. The fastest way out of this is to start selling more and getting paid faster. Sometimes, customer may also not be paying promptly or expected incoming funds do not arrive.
- **Carefully analyze your situation.** In times of a cash crunch, you should do an analysis to determine how much cash you have at the moment, how much you expect to receive in the next 30 days and how much is going out in coming weeks. All non-critical payments should be stopped.
- **Ask for breathing room.** Speaking with your creditors and explaining the full situation to them often allows you to have more time to take steps to generate more sales and cash flow to alleviate the situation.
- **Confront the situation.** Every business encounters fluctuations in cash flow. Sometimes desperate measures are necessary.
- **Look for cash everywhere.** Gauge everything you can do to possibly generate cash in the short term to ensure survival. Be creative and forget your pride; you must be absolutely committed to survival.

15. Care for your customers
The purpose of a business is to create and keep enough customers to ensure the survival and success of the enterprise. When your business experiences a crunch point, you must make every effort to keep your customers buying and paying.

- **The customer is always right.** Customers are like a moving target. You must continually adjust and modify your offerings and activities to satisfy your customers or they will go elsewhere.
- **Customers can choose.** Customers can buy from you, from someone else, or not buy at all. Your goal is to get people to buy from you, and to take such good care of them that they buy from you again and recommend you to their friends. When your customers become your advocates, your success is assured.
- **Get back to basics.** If your sales slow down, you must analyze the four key results areas of your business. You should be absolutely clear about your area of specialization and differentiation.
- **Focus on your best prospects.** You must define your ideal customer profile, and focus and concentrate on the customers who are most likely to buy from you.
- **Do more face-to-face selling.** Spend 80 percent of your time engaging face-to-face with new prospective customers. Sales, revenue and profitability can be increased by doubling or tripling the amount of time spent making direct contact with potential purchasers.
- **Answer customer questions.** You must be able to answer the two basic questions that customer will always ask, “Why should I buy this product or service at all?” and “Why should I buy it from you?” These two should be answered in the first 25 words or less in the first 30 seconds of contact. Customers will also want to know the cost and benefit of your product or service, as well as how fast they can get it and reassurance that they will receive what they pay for.
- **Ask the fundamental sales question.** This is, “What exactly is to be sold, and to whom is it to be sold, and by whom, and how is it to be sold, priced and paid for, and how is it to be produced, delivered and serviced?” Your ability to answer each of the fundamental questions posed here in a complete sales presentation and business process is your key to sales success.
16. Close more sales
Money in your customers’ pockets or bank accounts doesn’t do you any good. You must aggressively ask your customers to buy and pay for your products and services so you can get out of your cash crunch. Be determined and insistent.

There’s no other way. Cost-cutting alone is not sufficient. You must combine this with calling on more customers and making more sales. Selling is the key.

An art and a science. The seven steps in selling, which must be done in order to make consistent sales:

- Prospecting
- Establishing rapport and trust
- Identifying customer needs
- Presenting your product or service
- Answering objections
- Closing the sale
- Getting resales and referrals

You need to go closer. To survive and thrive, every business must have one or more people who are excellent at selling. They must be fully engaged every day in generating sales.

Practice the 100-call method. You must go out and talk face-to-face with 100 potential customers as fast as you can. This can have incredible effects on profits.

Ask for the order. The customer must be prompted to make a buying decision in order to close the sale. The best and most profitable companies have salespeople who are masters at closing.

Go back to the well. Your satisfied customers are the best source of resales and referrals. When facing a cash crunch, you should contact your best customers and invite them to buy from you again. Creating a sense of urgency and giving incentives to purchase are effective ways of getting immediate sales.

Sell more to each customer. In each sale, look for ways to increase the size of the sale. These include cross-selling, which is getting the customer to buy something else that complements the purchase.

There’s always more to learn. No matter how good you are, there is always a chance that increasing your knowledge will lead to superior performance.

Increase your sales quickly. The fastest way to increase sales is through upgrading the quality of your salespeople through continuous training. Never be afraid to ask; it can increase your profits dramatically.

17. Keep things simple
In a crunch or an emergency, you may find yourself overwhelmed with too much going on and too many things to do. But there are only a few things that really matter in the big picture and you must discipline yourself to focus on only those activities. Decide upon those things that you are not going to do. This is the key to simplification.

Consider the great question. Peace of mind should be your highest goal, and is an extremely valuable trait to have during crunch time. In the long run, nothing is worth destroying your mental and physical health over.
Practice the 10-goal method. Write down 10 goals and determine the one that would have the greatest positive impact on your life. This is your major definite purpose, and everything else should be organized around it. Set a deadline for achieving it.

Take continuous action. After identifying your major definite purpose, take action towards achieving it. You must have a single-minded focus on reaching it.

Imagine $20 million. If you had $20 million in the bank but only 10 years to live, how would you simplify your life? What would become more important to you, and what would be less important?

There are four ways to change your life.
- You can do more of certain things. What are the things that you should do more of to improve your life or your business?
- You can do less of other things. What are the things you should be doing less of if you want to simplify and get control over your life or your business?
- You can start doing something new. One simple step in the direction of a new goal can simplify your life considerably.
- You can stop doing certain things altogether. You can save many hours out of the day or week by discontinuing activities that are no longer useful.

Eliminate nonessential tasks. Setting priorities also requires setting posteriorities as well. These are things that you must stop doing to free up time for more important activities.

Spend your time differently. Your time is finite. Your activities should be reengineered to focus on doing fewer things, but of higher value.

Determine your hourly rate. Find out how much you want to earn in an hour, and refuse to do things that will not yield your hourly rate. If the task does not have to be done immediately, put it off for the future in order to focus on the present.

Plan in advance. Your time and activities should be planned out in order to simplify things. Working single-mindedly on your set tasks also allows you to increase your productivity.

Leave things off. This creates a zone of silence that allows your mind to become calm and clear.

Keep first things first. Put your relationships first. Take care of your physical health. Remember that when you feel you have no time to relax and simplify your life that it is imperative to do so.

18. Conserve your energy
Take excellent care of your physical health. Imagine that you are a champion athlete preparing continually for an important competition. Eat the right foods, get lots of rest, drink lots of water and exercise thirty or more minutes every day so that you can always perform at your physical and mental best.

Get lots of sleep. Nothing is more important in helping you get through a crunch point than rest. About seven to eight hours per night is needed if you live a busy life.

Recharge your batteries. The more emotional adversity you face, the more your emotional batteries are drained. This leaves your worn out and unable to function at your best.

Shut down completely. Sometimes, backing off completely is the best way to recharge your mental, physical and emotional batteries. Refraining from work for 36 hours during the weekend is a good way to do this.
Food is your primary energy source. While working, your brain consumes 80 percent of the energy used by your entire body. Eating high-quality foods allows the brain to perform at peak levels.

Get lots of exercise. You should exercise in chunks of 30 minutes or more. Exercise releases endorphins, which give you an enhanced sense of well-being and exhilaration, allowing you to remain calm and effective in times of stress.

Start your day right. The way you start your day sets the tone for everything that follows. Nothing is more important than your health.

19. Make your connection
There is a powerful universal mind available to you that can solve any problem and enable you to achieve any goal. All great people place their faith in this higher power and trust it to guide and inspire them regularly, especially in crunch time. Take an hour in solitude and listen for the “still, small voice within.” It will always bring you the answer you need at exactly the right time.

Tap into the unlimited power. You must develop an attitude of faith, an attitude of calm, confident expectation that all will be well. This is the catalyst that makes the greater mind activate and go to work in your life.

Trust in this power. The calmer you are, the more rapidly this power works to solve your problems and get you out of this crunch. The greater your trust, the more rapidly and predictably it works.

Keep your eyes open. You must remain alert and aware of all possibilities for solutions. Talking positively to yourself allows you to remain in the right frame of mind.

Seek the valuable lessons. This power brings you the lessons you need to achieve your goals and to be successful and happy. Your greatest blessings are often disguised as setbacks, problems and temporary failures.

Practice solitude. A person becomes great when he begins to take time to spend quietly with himself. Tuning into the higher power requires time spent in silence, praying or meditating in solitude.

Achieve the law of attraction. Prayer and contemplation turns your mind into a magnet that attracts ideas, people and information, and resources that help you solve problems and achieve goals. Every time you tap into this power, it becomes easier to do and results come faster.

20. Character is king
You demonstrate your true character when you are under stress, when you face setbacks, reversals and the unavoidable crises of adult life. Resolve in advance that you will rise to any challenge and that you will never compromise your integrity for any reason. Act as though everyone is watching, because they are.

Everyone is watching. During a crunch point, everyone is watching you and is sensitive to the things you say and do. Your emotions and behavior set the tone for everyone else.

Recognize your most valuable asset. In life and business, your reputation is your most valuable asset. It is the overall assessment of your qualities and character. Everything you do or fail to do adds or detracts from your reputation.

Rise to the challenges. Strong people rise to life’s challenges and confront crises in a straightforward way. As an example to people around, you must always remain calm, relaxed, alert and in complete control.
**Diffuse the crisis.** One of the most important things you can do in a crisis is to reaffirm your values and the values of your organization. The foundation of self-confidence is a commitment to values.

**Think about the solution.** Think in terms of specific actions that can be taken immediately. Refuse to discuss or worry about past events that cannot be changed. All energy should be concentrated on finding solutions.

**Pass the test.** Difficulties of any size should be seen as a test. Resolve that, no matter what the situation, you will pass that test and move forward to the higher grades of life.

**Stepping stones vs. stumbling blocks.** Your ability to handle a crisis effectively is the most identifiable characteristic of leadership. You should view problems or difficulties as special opportunities for you to become stronger and wiser, and more successful and influential.

**21. Resolve to persist until you succeed**
Your decision to never give up is the ultimate guarantor of your eventual success. You will face a continual set of problems and difficulties throughout your life, but as you face up to and surmount each one, you become all you are capable of becoming, and you’ll grow more surely towards the stars.
When your business hits a crunch point, you must make the survival of your company your primary consideration. Desperate situations often require desperate measures. You must be prepared to do whatever is necessary to resolve the crisis and save the situation.