

Lessons from “The Profit”

By [Jim Cranston](#) on April 17, 2014

Have you seen CNBC’s show [The Profit](#)? If not, I highly recommend you take in an episode or two. Marcus Lemonis is an investor from Chicago who invests in and then promptly fixes failing businesses.

On last night’s episode, much to my surprise, a business in my old Orange County neighborhood was featured (for those who haven’t seen the show, this isn’t a good thing). Anyway, [Amazing Grapes](#), a high end wine store turned wine bar was completely focused on selling low margin, high end wines. After a few short days of investigation, Marcus “The Profit” determined that only 10% of the revenues were derived from the highest margin sales (the wine bar) and 90% of the revenues from the dismal retail wine sales. He quickly reconfigured the entire 1,800-foot space to maximize the high margin business. Revenues quickly doubled and the business was saved. Couldn’t one or all of the smart business owners have figured that out? Apparently not. As the show proves, many smart businesses owners can’t seem to see the forest through the trees.

Lessons law firm leaders can learn from The Profit:

- 1) Don’t be afraid to fundamentally change or shift the business model** - Marcus is not emotionally attached to the business model. Every episode I’ve seen, Marcus assesses the current state of the business and quickly makes fundamental changes to the business model. His rationale is simple; what you’re doing now clearly is not working.
- 2) Don’t be afraid to throw out or immediately sell existing assets** - Regardless of what an owner has spent, Marcus will sell or discard non-productive assets. If the current state of a past investment doesn’t produce, sell it and move on (property, people, technology, etc.)
- 3) Focus on maximizing the high margin business and reducing or eliminating the low margin business** - Sometimes the core business has low margins. Develop a strategy for creating complimentary services where margins are much higher, then maximize the volume of higher margin work.

What would Marcus say if your firm was featured on the show?