

Working With an Advisory Board Can Help You

WORK ON YOUR BUSINESS, NOT IN IT

By Mike Ferraro



HAVE YOU EVER

heard a consultant, a colleague, a family member, your banker, or maybe even your CPA say that as the business owner you should be “working on your business not in it”? Have you ever wondered what that means? Have you ever performed an honest assessment of how much time you spend on your own business versus in it?

What does it mean to work on your business not in it? What's the difference between working on your business versus in your business? The most common example is your own employees. You hired them to work in the business, not on it. Most have specific duties and tasks to accomplish every day. Most know what to do and what is expected of them, and more likely than not it's how they are evaluated and compensated.

But as the owner, you are management and "the boss." Is your path to effectiveness as clearly defined as that of your own employees? Who evaluates you? Who do you go to for advice? Where do you continue to get your training to make you better? The truth is few owners were trained to be bosses. If you started your own company, you became the boss. If you worked in the family business, maybe you were given, or inherited, the title along with the authority and the responsibility to be the boss.

The owner's tasks are typically self-appointed and are often quite varied from owner to owner. Like fingerprints, no two businesses are alike, though all businesses have the same common attributes. We'll explain that later. The result is that many owners spend more time working in their business and have difficulty finding the time to work on their business. Oftentimes they are left to react to business matters that become a priority, with little time to think it through. They feel like they are always putting out fires.

With the boss spending much of his or her time fighting fires, they become crisis managers. If you find yourself sitting in your office waiting for someone to come through the door with a problem that needs immediate attention or resolution, maybe it's time to change the strategy. Maybe it's time to set your schedule to include time to work on your business.

One way to do it might be to engage your advisory board to help you set in motion a business strategy, a road map to help you identify the areas that present your greatest challenge and threats, along with some of the nuisances. Consider developing a road map by area, complete with duties, responsibilities, and due dates. Start working on your business.

Owners become pretty good at handling crisis problems. Some call them "opportunities," but the reality is that some owners have trained their employees to bring all the problems that require immediate attention to the owner. Their reaction requires your reaction. That often turns to habit and becomes a crutch. This, of course, takes the responsibility to resolve problems away from the employee. It puts the responsibility to resolve problems squarely on the owner's shoulders.

An example is when a facility needs to be remodeled or expanded; the owner becomes the construction foreman, the architect, the designer, and the one who knows where all the materials can be found. Through it all, the store keeps on running. Sales contin-

ue, inventory is ordered. Each department does its tasks. The employees know what to do on a day-to-day basis while the owner focuses his or her attention on the task of remodeling the facility. Everyone is working in the business.

"With no one focusing on the big picture, everyone including the owner is down in the weeds."

The problem is EVERYONE is working IN your business.

You might wonder, "What's the problem with that?" After all, things are still running.

The problem is, there is no leverage. There is no long-term planning. No one is looking at what could happen (or should happen) next year or three years from now.

The owner often has no time to continue his or her education. They lose the ability to keep a pulse on the market and the industry. The owner begins to get little input other than from staff members. The input he or she gets is usually mostly negative and usually requires constant problem-solving. Soon the owner's skills and outlook get stale. The owner is left with no time to "sharpen the saw."

With no one focusing on the big picture, everyone including the owner is down in the weeds. All the focus is inside the four walls of your own operation. You and your people might not be spending enough time visiting with customers, vendors, or industry professionals and using that feedback to improve and evolve. No one is tracking the competition to see what is changing.

Spending all your time working IN your business can harm it. Why? Because it's not about what you're doing. It's about what you're not doing.

HOW TO WORK ON YOUR BUSINESS

Okay, so what would start to change if the owner started working on the business?

Although your business is unique to you, the truth is, every business has the same attributes without exception. For purposes of this discussion, we believe every business has these eight common characteristics:

8 Common Characteristics on How to Work On Your Business



Business (Strategic) Planning,
Corporate Mission, Strategy



Leadership, Owners, Management
Team, Organization Chart



Finance, Accounting, Banking



Operations



Sales



People, Human Resources



Marketing, Branding,
Industry Positioning



Legal, Corporate Structure,
Regulatory & Compliance

A great place to start is to think of our business in these core areas. Assess and give yourself a quality ranking in each of these areas. Every area has a host of subcategories that define it. As you think of each area, you and your advisors can begin to take a deeper dive and assess and score them.

First, the owner would not be the first one in and the last one out. He or she wouldn't necessarily come to the store or office every day.

The owner would be circulating in the community, making contacts with other owners of small businesses getting ideas. He or she would seek out organizations made up of like-minded business people in the community. He or she would be joining industry associations or local associations like the Chamber of Commerce, the Rotary Club, and the Lion's Club. Once a member, the owner would be attending regular meetings to become an integral part of the community.

The owner would be expanding his or her circle of associates and, yes, even friends, outside the industry. He or she would be spending "think time," that quiet time spent thinking about the future. The owner would be finding ways to use all that knowledge bottled up inside but not exercised because of day-to-day pressures.

A common complaint from business owners is that they don't get as much time to do the things they like to do. Many say they are working longer hours, while a few are even expressing signs of burnout. Many fear that they have not properly planned for an exit.

Why is this? Because many owners have been spending too much of their time solving other people's problems. They have reluctantly come to accept it as a normal part of their business. It doesn't have to be that way.

Your quality of life will improve when you convert time spent working in the business to time spent working on the business. To do so you have to improve the quality of your business, which is likely your largest asset and the thing keeping you awake at night. The reality is, you have to let some things go. The bet is when you do, you will see your business take off and your personal life feel a greater balance.

Owners often discover that once they give their employees more latitude to make critical decisions, those people rise to the occasion. They become better managers. Expect them to make mistakes, but that is where you come in. They won't learn by doing repetitive work; they'll learn by making judgment calls that are not always right. They learn by being given the authority and responsibility to do a better job.

NEXT STEPS

As an owner, it is your responsibility to mentor and coach your managers. Give constructive feedback. Have them do the same for those who report to them. There is an adage that says, "If it can be measured it can be managed. If it is measured it can be improved."

Working on your business should mean that you have the tools to measure and manage. Just as importantly, your managers need the training and tools to measure and manage those who report to them.

Computers and phones have evolved, freeing you up to be out of the office more. Software gives us reports and data that just five years ago we might only have dreamed of getting. Now your business must evolve. You have the hardware. You have the software. Now, as the owner, you must learn what those digital reports mean. You must learn what you need to do to implement and monitor them.

On the people side, you need to hone your mentoring and coaching skills. Fact is, your staff is closer to an extended family than a working team; however, you shouldn't be the sole fireman. This is what it means to work on your business not in it.

ENGAGE YOUR ADVISORY BOARD

So you might be saying to yourself, I have no time to perform our quality score. I'm not good at all these core areas. Who should have input? Will I be able to provide myself with totally honest answers? How long will this take? How much will this cost? What will I do with all of the results?

ESTABLISH YOUR ROAD MAP

If you begin somewhere, you can eliminate risks, improve operations, drive up the business value, and perhaps plan for a comfortable exit. In the end, you'll have a road map to follow and have a better chance of getting to your destination. **LC**

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