

## DO YOU OWN A BUSINESS - OR A JOB?

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Over the years, I have watched several different management styles. Some business owners, or senior managers, have their finger in every slice of the pie. Others have adopted a more passive approach to ownership; even to the point of becoming an absentee owner. I am not going stick my neck out and say that one approach is right and another is wrong. Rather, I will gear my comments toward what is sustainable and what is not. If I could further the point, I would have to include - what is sellable and what is not.

Since I have been teaching and coaching, I have run across several distribution owners looking to hang up the cleats after a long and relatively prosperous career. They rode the waves and weathered the storms. Miraculously, they are still standing - a little tattered, but wiser just the same. Many of them have pulled me aside in confidence asking me if I knew anyone interested in buying a business like theirs. They have reached the time to cash out and need some help finding a suitor. While there are suitors out there, the biggest question remains: is the business ready to sell?

One particular example comes to mind. For the sake of anonymity, let's call the owner Dave. Dave is the owner of a small industrial supply company doing around 5 million annually. Dave has been in business for over 25 years and continues to be the face of the company to the customers. He is the lead sales person and the relationships reside with him. There are other sales people, but none of them have even close to the book of business held by Dave. At a convention, Dave pulled me aside and asked me if I knew anyone

that would be interested in his business. He was in his late sixties and wanted to be out of the business in a few years. He and his wife, who had been doing the books all these years, wanted to retire.

I considered Dave a friend and I really wanted to help him find a buyer, but I had to be very honest with him. The business was not ready to sell. Could the assets, and a little blue sky for a customer list, be sold? Sure. But the compensation would not come close to the blood, sweat and tears spent in 25 years of business function. He had fallen into the trap that many entrepreneurs wind up in - he was the business.

Regardless of your intentions to sell or stay in the business, every business should be a sellable entity. By sellable, I mean that the business should be able to function without the owner in a daily operating role. Here is a little test. Can you go on vacation for 1 month without any noticeable drop in revenue? Will you come back to chaos and a mountain of tasks? If you can leave your post for a month, and the business machine continues to churn, it's a good bet that you are the owner of a sustainable business. Have I struck a chord?

The first step in creating a sustainable business is become willing to delegate responsibility. For self professed control freaks, this is no easy task. Let's face it, this is your baby. It's hard to let go. Unfortunately, this type of behavior tends to result in high blood pressure and rides in ambulances. Delegation means that sometimes tasks will be done differently than you would have done them. You have to be

ok with this. Remember, the end result is what we are looking for.

Years ago, I read a book on the management philosophy of the US Marine Corps. What I took away was the concept of managing by the end result. In one of the examples, the end result was to paint a corridor. A micro-manager would give the men the paint, brushes and tape. He would then tell the men where to start, when to use a brush versus a roller and the most effective stroke pattern. In the end result philosophy, the officer would give the men the paint, brushes and tape. Then he would explain to them that the corridor needed to be painted. The end result was the same, but the delegation style was very different. I guess that it also helps when you can tell team members to drop and give you 20.

Once you have become comfortable with delegation by the end result, the next step is to build a solid bench of talent. Quit hiring the lowest common denominator into the organization. Minimum wage and a heartbeat is not going to get you where you want to go. Since many organizations value the internal promotion philosophy, they need to pay particular attention to the way they attract entry level employees. I urge companies to develop a recruiting versus hiring mentality. In recruiting, you sell the candidate on the benefits of working in your organization. In recruiting, you are going for a higher caliber of candidate so you need to have something to offer. Monetary compensation is not always the highest priority for upwardly mobile candidates. Many are more interested in a strong progression. In order to get into this frame of mind, you might want to take a look at couple

of my recent articles: Are You Hiring or Recruiting New Employees? and Building a Solid Bench of Talent.

Once you have begun the process of upgrading your talent, it is time to work on your management structure. Some business owners pride themselves on a flat organization meaning that there are few layers of management. I see this as an excuse to retain control and an inability to let go of the daily operation. Managers are there to oversee the daily functions of the organization. As a company matures, the owner should strive for fewer direct reports. The structure could be defined by functional responsibilities (sales, operations, finance), business unit or territory. The proper structure will depend on the make up of the entity. Regardless of the structure, the goal is to allow the owner more time for strategic vision. Rather than focus on where the company is today, the focus is on where we want to be in the future.

Every team member needs professional development. Managers are interested in end results. Leaders are interested in the people that generate those results. Leadership skills are a critical element to developing a sustainable management team. Learning how to coach and mentor are not always innate skills. Sometimes they need be learned. Although this may sound incredibly self serving, many owners would do themselves a great service by bringing in a business coach for a period of time. This professional has seen several different operating environments and has less emotional attachment to organization. They will help you develop the best structure for your organization and keep you accountable to the change. Without some outside accountability, many business owners slide back to being professional fire fighters.

I would be remiss in not mentioning how an outside board of directors can help drive the owner to be more visionary. Much like a business coach, the job of the board is to provide some measure of accountability and guidance to the executive team. Be careful not to load the board with family members, the family accountant, the family attorney and family friends. Members should be proven business leaders with the ability to give objective feedback. There is a perception that boards are only for big companies. This simply isn't the case. Every organization, large or small, can use a little outside perspective.

Making modifications to your structure is not an overnight task. It may take a long time to mentally give up control. By reviewing this article, my sincere hope is that it gives you pause to think. Is your management style reactive or proactive? When was the last time you took a real vacation from the company? Do you own a business or just a high paying job? If you need help getting started, or are just looking for a sounding board, remember that I am just an email away. Good luck.

About the Author:

*Jason Bader is the principal of The Distribution Team. He is a holistic distribution advisor who is passionate about helping business owners solve challenges, generate wealth and achieve personal goals. He can be found speaking at several industry events throughout the year, providing executive coaching services to private clients and letting his thoughts be known in an industry publication or two. He recently launched his first podcast, Distribution Talk. Episodes can be found at [www.distributiontalk.com](http://www.distributiontalk.com). He can be reached at (503) 282-2333 or via email at [jason@distributionteam.com](mailto:jason@distributionteam.com). You can find additional resources on his website: [www.thedistributionteam.com](http://www.thedistributionteam.com)*