

### **Fatal Flaws in Small Businesses**

What's the most common reason for the failure of small businesses?

Our vote would be for owner/managers who are unable to "let go" or move away from direct involvement in providing goods or services to their customers. It's not hard to see why the boss would want to keep his or her hand in the way things are done in the shop. After all, their very first products were probably crafted by his or her own hands. It's probably what they know and do best.

Consider the client who asked us to help her increase the efficiency of production and delivery efforts that were moving at a snail's pace. Interviews of her employees and observation of the crews at work helped us identify the problem almost immediately. At every stage of the work the boss, our client, intervened and stopped the work to make corrections, change assignments, or expedite particular orders. She wanted everyone to perform the work in the very same way she had when the company first started.

While she was back in the shop making widgets (working "in" the business) who was up front working on business growth and development, or managing cash flow, or setting up the financing for the new product due for release next month? (We call this working "on" the business).

In every small business that has experienced initial success there comes a time when the owner/operator is faced with a tough choice. He can stay very small and stay close to the action on the shop floor or he can grow by learning to allow others to do the work for him.

Allowing others to do the work of producing the goods or services isn't easy. It requires different skills than making widgets. It requires the willingness to turn the successful recipe (specifications) over to others for their input and improvement. The demands of managing can also be alien and often distasteful. Managing involves working with people, not materials.

The failure to make the leap from working in the business to working on the business is evident time and time again in cash management crises, poor planning, ineffective delegation and the common complaint of key employees: "Why bother? The Boss is just going to do it all over again himself."

For more information on making the transition to management contact Tom Aranow at Harrington Daniels Advisors, LLC at 262-376-9507. Copyright Tom Aranow, 2005.