

Working “On” Your Business Rather Than “In” Your Business

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If you're a business owner, chances are good that *you* are your hardest-working employee. You may even be your *only* employee. You answer the phones, respond to incoming email messages, and perform all business functions.

It's probably you who handles the marketing, business development and sales, bookkeeping, customer service, shipping, receiving, inventory management – in addition to developing and offering products or services of value to your customers.



That's what we refer to as working *in* your business. Without you, the business would fold, and if you ever wanted to sell your business, you'd find yourself in an *acqui-hire* scenario, which is a common way of saying that the business is being bought primarily for your skills and expertise, because *you are* the business.

Imagine This, Instead

You've built a business that practically runs itself. You have systems, procedures, and policies in place that provide clear guidance on nearly every aspect of your business. You have a

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well-trained staff that’s capable of running the business even when you’re not there. You’ve managed to delegate nearly every essential task. You’ve essentially promoted yourself from employee to CEO.

Your focus now is on improving and growing the business – analyzing data, learning more about the sectors and verticals you serve, identifying new opportunities, coming up with new ideas, and developing your overall approach to business. You know, the fun stuff! You meet with your business manager once a week to answer questions, address any problems, and discuss ideas and plans.

You have more flexibility in your schedule and more free time to enjoy life and pursue other interests, more time to spend with family, fewer worries so you can be more present for your loved ones. Your business continues to operate smoothly whether you’re there or not.

You’ve created a self-sustaining business entity. You can sell the business whenever you want for a great price (assuming it’s profitable or has unique assets) and walk away without diminishing its value in any way.

That’s what you get when you work on your business instead of *in* it.

Beginning with the End in Mind

Most business owners start with little or no forethought or planning. They don’t think ahead about what they’ll be doing daily or what will happen when they retire or decide to sell the business. Before they know it, they’re too busy to devote the time it requires to think about how they can make the business more profitable and less demanding.

In his book *The 7 Habits of Highly Successful People*, Steven R. Covey encourages readers to “begin with the end in mind.” In other words, before you start a project, envision the desired outcome. In the case of your business, think about what you want out of it and how it fits into your life. Will your business be your life, or will your business provide the means for *enriching* your life and enjoying it to its fullest?

To demonstrate this thinking, let’s compare two distinctly different approaches to building and operating a hamburger restaurant.

Approach No. One: Jackie’s Hamburger Stand

At Jackie’s Hamburger Stand, Jackie *is* the business. She’s hands-on, working it every day along with a small number of employees. Why? Because that’s the vision she started with – the end she had in mind. She envisioned herself ordering supplies, grilling burgers, frying fries, buttering buns, serving customers, ringing up sales, hiring and scheduling employees, sweeping floors, and wiping down counters. And while she may hire people to help with those functions, Jackie is more than willing to do each of them herself.

Jackie took the term “owner-operator” quite literally and now is so wrapped up (*trapped up* is more like it) in daily operations that she can’t imagine any other way to run it. At some point in her life, she may be able to sell the business, but her leaving would significantly diminish its value. Quite possibly, the business would fold.

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Approach No. Two: McDonald’s

When Ray Kroc opened the first McDonald’s franchised under a partnership with Maurice and Richard McDonald in 1955, he had little interest in working in the restaurant itself. In fact, at that point in his life – while he had sold hundreds of milkshake mixers to diners and hamburger stands – he had never made a hamburger. Instead, he began with a vision of a hamburger business that would make him filthy rich by creating more McDonald’s locations around the world than there were gasoline stations, with each doing the same thing in a predictable manner.

He wasn’t going to work *in* the business but *on* it. The business would have to function without him! To achieve his vision, Kroc developed processes and systems structured around how to hire and train people, how to design the restaurants (including the color scheme and dining room layout), the most efficient floorplan for the kitchen and checkout areas, and the way locations should be managed, right down to the process they should follow to heat burger buns. Kroc had a vision and a detailed plan to implement it. That’s it. He delegated the daily operations to others.

The Entrepreneurial Myth

Most businesses are started by entrepreneurs is a widely held belief, but a false belief. In other words, it’s a myth. Ask around and you’ll find that most businesses are formed by a person suffering from delusion. Instead of creating a business that provides the means for pursuing one’s dreams, they instead create a business that consumes *them*, and therein lie the delusion.

But it doesn’t have to be that way. There’s an alternative approach, and that’s to start with the end in mind. What do *you* want out of the business? Even if you’re already in business for yourself, here’s a short list to get you started:

- Rewarding work
- Money to finance your needs and desires and those of any close family members
- Free time and money to pursue other interests and enjoy life
- The respect and appreciation of others
- Enough money to retire comfortably
- To serve a higher purpose, such as reversing climate change or improving the quality of drinking water around the world

The simple fact is that most businesses fail or never reach their full potential because their owners spend too much time working *in* the business instead of *on* it. Sound familiar? They focus too much of their own time *in* daily operations and not nearly enough on improving and growing the business through an informed approach to business management.

Working on your business starts with creating systems, procedures, playbooks, and policies and guidelines that define and guide daily operations. Think of these as forming an operating system – like an operating system for a computer, but for your business instead. Your

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business’ operating system provides the detailed instructions the people in your organization need to do their jobs in ways that support your goals and objectives.

Focus on the Two P’s: Procedures and People

If you hire the right people and provide them with the procedures (information and guidance) they need to do their jobs, your system has the potential to be infallible. Take the following steps to start systemizing your business:

1. Catalogue everything you do to operate your business. For example, if you have an advertising firm, your list may look something like this:
 - Business development activities that allow you to find new clients
 - Manage website/blog
 - Invoice clients and perform accounting tasks
 - Account management
 - Schedule appointments and projects
 - Submit proposals
 - Plan advertising and marketing campaigns
 - Plan and purchase advertising media
 - Conduct research
 - Write copy
 - Produce graphics
 - Quality control
 - Manage HR functions
 - Business planning
 - Facilities management
 - Order supplies
2. Now, split the list in two, so you have one list for tasks you feel comfortable delegating and a separate list for those you feel you need to or want to do yourself.
3. For every task you feel comfortable delegating, write detailed instructions or procedures, including job descriptions; policies, procedures, and guidelines; and playbooks covering the rules of the road, according to how you plan to differentiate your business from others.
4. Delegate or outsource tasks that you feel comfortable assigning to others. Be sure to delegate to people who are qualified to perform those tasks.

Don’t stop with business-related tasks and responsibilities. Look for opportunities to delegate some of the work in your personal life, such as cleaning your house, shopping for groceries, wrapping and mailing gifts, and so on. If you can hire someone to do a job you don’t like doing for less money than what you earn, you’re silly not to.

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Take a Gradual Approach

At first, you don’t need a complex business plan with formal policies and procedures that cover everything. Start by hiring an assistant or outsourcing some of your workload. The gig economy has made it easier than ever to outsource work to freelancers who are experts in their field, including those who write company HR policies and guidelines.

As your business grows, you can begin to develop a more formal structure for your company and start assigning certain tasks or responsibilities to specific individuals, or even form separate departments.

Explore Ways to Make Your Business More Efficient and Effective

How you do business can be just as important as *what* you do. As competition heats up and customers have more choices, they expect more and better products and services.

Review your systems regularly, looking for anything you can improve. This can include everything from answering the phone by the third ring and greeting customers with a smile to improving the products and services you offer or doing a better job of informing customers about the products and services you offer and their features and benefits.

Generating Ideas for Improvement

Here’s an exercise you can do alone or with others on your team to develop ways to improve your business:

1. On a whiteboard (if you’re doing this with your team) or a sheet of paper (if you’re doing it alone), draw a large square in the middle and label it “System.”
2. On the left side of the square, draw an arrow pointing toward the box and label it “Input.”
3. On the right side, draw an arrow coming off the box and label it “Output.”
4. Use the diagram to analyze existing systems in your business. Here are a few examples:

Input	System	Output
Customer calls requesting a price	Answering the phone	Customer places an order
Customer arrives	Greeting customers	Customer buys something
Customer complains	Handling complaints	Issue is resolved
Product or service	Quality assurance	99.9 percent satisfaction

5. Explore ways to change the system to improve the output. In many instances, you can’t change the input, so the only way to improve the output is to improve the system. (*One major exception is manufacturing, where the inputs are often raw materials, for which there is frequently an abundance and variety.*)

Here’s an example: Suppose a customer calls and asks, “What’s the price of your top-of-the-line widget?” In the current system, the team member simply responds with the price.

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Unfortunately, most customers just then say, “Okay, thanks” and hang up. Your desired outcome has a low success rate.

The only way to change that situation is to change the system – how the team member handles the call to generate a qualified lead, order, or sale. In this example, instead of stating the price, the team member may respond with something like, “We have a number of widgets that could serve your purpose. Do you mind my asking how you plan to use it?” This could lead to a discussion that would lead not only to the sale of the widget but also to the sale of other products and services your business offers.

Repeat this exercise for every key system in your organization.

How We Can Help

Unlike many firms that offer bookkeeping, payroll processing, and tax filing services exclusively, here at [SWC](#) – *Southern California’s independently owned tax planning and financial services advisory firm for small business owners, real estate investors, and high net-worth individuals* – we go the extra mile for our business clients by offering consulting services, as well.

You may not have the time, perspective, and expertise to analyze your business objectively and transform it into an organization that operates independently to enrich your life, but we do. We can help you shape your business and enable you to operate more independently and more informed, thereby making it more profitable and less work-intensive for you, while increasing its value for whenever you decide to sell it or pass it along to your heirs.

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