

Who's Minding the Store?

10/03/05

What happens to your business if you can't come to work? This is the second of two articles on disaster preparedness. Every year thousands of businesses lose their top executives for anywhere from a few days to a few months, often with little or no advance warning. If you, as the owner couldn't come to work, would your employees know what to do in the hours, days and weeks following your absence?

This is a very real question. I know. In January, 2004, I slipped, fell, and went directly to the hospital for surgery, followed by a rehab. This first immobile, 4 week phase was followed by 6 months of learning to walk again. Recovery took so much effort, there was little energy left over to think about, manage, or plan. I had to turn the business over to my employees; I had no choice. And they did it – they kept the company going, handled customers, paid bills, collected receivables, made decisions, and kept me up to date.

Let's talk about what you can do to plan for your absence from the business. Think of the business as a corporation, rather than an extension of yourself. Build management and operating depth in your company. Develop a plan of action. Practice trial replacements. Be willing to let go and get out of the way.

The first step in preparing the business to survive your absence

is to think of it as a corporation. Most privately held businesses start out as an extension of the owner – something the owner loved doing, and in which the owner remains highly involved. However, if the business is to survive an owner's absence, it is helpful if everyone sees it as a corporation, with a life of its own, separate from you, the owner. Train people to make decisions, handle issues, and plan with the best interests and survival of the corporation at the forefront of their thoughts.

To get ready, you want to evaluate and strengthen your management team. Divide up the tasks that currently land on your desk, and ask others to be your back up. If you have concerns about the actions taken by one or more of your managers, now is the time to work to fix those concerns, while you are around and fully functional. Try rotating assignments, so that more than one person can back you up.

Resist the temptation to step in and rescue people if they are struggling with problems. Be available to answer questions, but don't do it for them – they have to learn. Most importantly, spend time with your staff, at regular meetings, talking about why and how you take the actions you do. Couch your explanations in terms of the corporation's well being. Ask them if they understand your decisions. Ask

how they would differ, if they were the ones making decisions.

If someone is having difficulty taking action, consider the source of the problem – level of preparedness, or ability to step up to the plate. The first you can work on, by clarifying expectations and practicing. If you have someone who is unwilling to step up to the plate, don't wait to fix that problem. Assign the job to someone else, who can act. Remember, in time of crisis, inability to act may spell disaster for the company.

There are a few formal assignments to work through: signature authority on the company's bank accounts, ability to sign as a corporate officer. If you want to increase security, require double signatures over a certain amount. Look to your accountant, attorney, or board of advisors, as well as employees, for these highly responsible functions. Specifically designate persons who can hire and fire in your absence. Decide now who can commit resources and make major strategic decisions. Prepare a list of decisions, and who has the authority to act on them – something like an organization chart, that people can follow.

Have an emergency plan of action, in writing, to which everyone can refer. Thinking through actions, delegating authority and putting plans in place takes some of the pressure

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off, in times of emergency. Keep these documents in a procedure manual or emergency preparedness binder, and regularly review its contents with your managers and staff.

Practice trial replacements by handing the company over to your staff for a week, while you stick around to monitor their progress. The best time to learn to handle the stress of an emergency is when there isn't one. Each time you practice, you'll find new kinks to work out, and your management team will get stronger.

Don't forget to look down in your organization more than one layer. As people step up to replace you, they will have less time to do their old jobs. That means they, too, need replacement plans. Strong corporations are always encouraging employees to grow their replacements, and to have one or two people ready to step up, at every level.

Finally, let go and get out of the way. Be absent. Let them act. Vacations are the best time to practice, as you are often only a phone call away. The best outcome is when you come back from vacation, things are still running smoothly, and no one had to contact you for a decision in your absence. As you staff handles a week successfully, increase your away-time to two weeks, then three, then four. Is it hard for you to imagine being

away for four weeks? Now is the time to practice. Better to practice with vacations, than real emergencies.

Looking for a good book? Try *The Small Business Owner's Guide to a Good Night's Sleep*, by Debra Koontz Traverso.

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