

Scalability, Power, Control and Risk

Along with his wife, Mark is co-owner of a \$1.8M retail establishment that they built from the ground up by investing their own monies and getting two SBA (Small Business Administration) loans. One is a "7A" loan designed to make initial investments into the business. Of the initial \$320K, after 2.5 years, Mark still has \$220K of that money sitting in a bank account.

Mark has a difficult time trusting other people. His father abandoned him at birth and his mother died when he was twelve years old. He's on his third marriage (this is her second) and working together in their business over the last few years has taken its' toll on both of them. Because it is a retail business, they have been at their business seven days/week for over two years. By all appearances, they are not doing well. The jury is out on whether or not their marriage can survive working together in the business they have built. It is profitable and growing. But the personal toll it has taken on them is substantial.

As a business grows, more managers need to be brought in to run parts of the business. You don't hire good people to tell them what to do, you hire good people so they can tell you what to do. Mark is good at hiring good people, but then he micro manages them right out of the business. He always blames them for his failures. Mark is a moving target with his directives and selectively enforces his rules. His employees don't like him and don't like working for him. They avoid him as much as possible, which can be difficult to do when he is roving around the store all day.

Mark wears multiple hats – marketing, floor manager, cash management, vendor relations, facilities manager and so forth.

It appears that he loves working all the time. But again, their business is killing their marriage.

Mark and Nancy have reached the “Transition Point” – the point at which they need to either be happy with the size and scope of their business or they need to let go and allow someone else to run their business. They readily admit that they are unable to “take it to the next level” yet they won’t let go of simple spending decisions, hiring decisions or firing decisions. They have hired an outside consultant to be their CEO, but he is CEO in title only. They simply won’t step back and allow others to make important decisions. “If he (the hired CEO) fails, we’re the ones left holding the bag”. They’re right.

From my perspective, their most important priority here is their marriage. Businesses come and go, but marriages do not (or at least, *should* not). But since their life savings is wrapped up in this business, it has become the core of their marriage. If the business fails, they lose everything – their marriage, money and livelihood. At age 60, they will not be able to recover from such a failure.

So, what should they do?

First, they should take time away from their business to work on their marriage.

Secondly, they need to make a basic decision about growing their business vs. selling it. If they choose to grow, then they need to choose to trust other people to make decisions with “their baby”. If they choose to sell, it will take at least a year to get the business ready for sale, which means they will need to continue to work in the business long enough to sell it. They put at risk their marriage by doing so.

Thirdly, they need to develop some personal, outside activities so that they are growing personally, not always being together every hour of every day.

Lastly, if they choose to keep their business, they need to learn to step aside and let others run their business. They need to stop micro managing every aspect of their business. The problem they will face here is an emotional one: can they let go and trust? Can they manage the anxiety this step creates in them in a positive and mature way?

The worst situation for them is what they have now: they have hired a CEO but won't get out of the way and let him manage their business. They won't let go. They won't risk. Mark is too tied emotionally to the \$200K as his security. The CEO is unable to make sensible infrastructure investments, so they continue to struggle with manual processes fraught with mistakes. They have weekly power struggles, paying good money for a highly talented person whom they are micro managing. He won't last long – he's too talented and smart to be micro managed. But without a true leader in their business, it won't scale up and while they might win the power struggles (because they are, after all, the owners), they will have defeated themselves.

If you're a Christian Business Owner and you find yourself in a similar situation, it's imperative that you learn to trust others and let go when needed. Good stewardship sometimes requires us to trust and allow others to lead in our business. Only then will you find yourself able to scale up your business and increase it as God asks of us in Luke 19.

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