

Owner Involvement

Introduction

There are two approaches to the question of what is the role of the owner / executive in a small, fast growth business. The first is to do what you are comfortable with and make the organization match your approach, or second is to match your involvement with the current need. Our experience is in the most successful businesses the owner / executive's role is driven by the situation.

What You Need to Know

This Executive Summary will cover the 3 Roles of Owner Involvement:

1. Direct Supervision
2. Management of Processes
3. Management of Results

1. Direct Supervision. This is most appropriate for the early phases of business growth. It includes before you start when the business plan is created and resources assembled as well as when the business opens its doors for sales. The key issue during this period - employees need somebody with the expertise to direct work and the Hub and Spoke model works well. The goal is to create revenue and prove the business idea.

2. Management of Processes. This is most appropriate for the middle phases of business growth. Up to this point everything has been about the owner's ability to direct traffic and provide employees instruction on how to do the job. Once the organization has grown beyond 10-15 employees, there is not enough time to provide PROMPT direction. What was once a strength is now a weakness because people idle waiting for instruction. This is when a growing business hires a layer of managers between the owner and the work, and the owner changes their involvement from telling employees what and how to managing how well managers are implementing processes. The goal is to drive down costs and improve margins.

3. Management of Results. This is most appropriate for the late phases of business growth. The owner / executive (the owner might not be running the business at this point) shifts their involvement from managing managers who are responsible for processes to managing them for results. The goal is to maximize profitability and prepare the business for sale or for reinvention.

What You Need To Do

1. Direct Supervision. Owner / Executive controls the business by taking responsibility for the work of others. Most appropriate when taking the business from Start-up to Sufficient Cash Flow:

- Hire / Select the Best People available for Key Roles – able to work under minimum supervision;

- Create a sense of urgency to perform quickly and “good enough” - don’t allow good to be held hostage by perfect, drive employees to deliver early and under budget;
- Get close to early customers, delight them, learn about their experience with your company, then make sure that knowledge is used immediately.

2. Management of Processes. Owner / Executive controls by specifying work content in rules or routines to be followed. Coordination occurs before the activity is undertaken. Most appropriate when taking the business from Sufficient Cash Flow to Building Growth Capacity:

- Hire / Select Functional Experts to Manage Core Processes – use their prior process management experience;
- Map Core Processes and Remove Non-Value – achieve Lowest Cost Producer in your market or industry;
- Create SOP’s (Standard Operating Procedures), create manual of “best practices” to remove variation and waste from core processes.

3. Management of Results. Owner / Executive controls by communicating and clarifying expected results. The actions required to obtain a goal are not prescribed because processes have been established. Most appropriate when taking the business from Building Growth Capacity to Optimizing Profit:

- Implement Business-wide Measurement System, create a backbone of appropriate metrics – Balanced Scorecard;
- Implement Performance Management System, based on Measurement Dashboards and Scorecards – create performance expectations and provide timely feedback;
- Implement Pay for Performance System, based on Measurement Dashboards and Scorecards – incentivize “right behaviors” with pay for performance, think like a sales manager.

Where You Can Get Help

1. Direct Supervision. Understand the 5 types of Owner / Executive Involvement necessary to grow the business and drive performance and results - Click [GreenMark Consulting Group](#) and download our Involvement Matrix.

2. Management of Processes. Understand how to map a process, remove non-valued added activities, and creating SOP’s - Click [GreenMark Consulting Group](#) and download our Process Documentation Tools.

3. Management of Results. Understand how to create a business-wide measurement system - Click [GreenMark Consulting Group](#) and download our Measurement Tool.

Summary



All of our research and experience is the owner / executive’s role should be determined by the situation. It is about smarter control, not loss of control. For more information [contact William Eastman @804.433.3886](#).