

The Road to Irrelevance: Transferring Your Responsibilities to Management

Longtime readers of this newsletter know that one of our favorite instructions to business owners is: Make Yourself Irrelevant!

Newer readers may find that recommendation off-putting so let us explain. Unless your business can run *without you*, your business has little value to a prospective buyer.

If making yourself irrelevant is the goal, how do you do that?

In our experience, owner irrelevance doesn't happen by accident or overnight. It is the result of careful analysis and action.

Analysis

In those rare moments when owners think about their key employees running their companies, they often put on their rose-colored glasses. They expect, that with a few tweaks, their employees can easily run the show.

To those owners, we recommend: Take a trip for a few weeks, preferably to a remote island with no cellphone service. When you return, you will be in a better position to coolly assess your employees' performance.

Don't be surprised if you find that:

1. There is no leader on your management team. There isn't one person with the charisma or personality to inspire both managers and employees.
2. There is no decision maker. When disputes arise among managers, there is no one or no mechanism in place to resolve them. In fact, this vacation exercise often illustrates that the members of your management team don't even respect each other.
3. You have created a work (or learning) environment very different from the one you experienced as you gained management experience. Most owners acquire their skills through trial and error. When (not if) they made mistakes, they fixed them and moved on. But these same owners unintentionally create a "no error" environment for their key employees. If key employees make a mistake, they are



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fired. Is it any wonder that management teams are replete with “yes men” rather than creative, entrepreneurial do-ers?

Action

After unpacking and dumping the sand out of their suitcases, how can owners address these issues and work toward owner irrelevance?

First, accept the challenge. It isn't the management team's job to fix the problem. It is yours. We encourage you to contact us for help in creating an action plan, but the job of becoming irrelevant is yours alone.

Second, make a list of all the activities that are involved in getting orders in and your product or service out the door. If you need help with that list, we can help as well, but the point is to write the name of the person responsible for managing that task next to each activity. One owner who employed Vice Presidents of Operations, Manufacturing and Sales, found that he was responsible for 94 of 136 tasks. That owner was far from irrelevant.

Third, consider hiring an industrial psychology firm to assess members of your management team to see if they possess the intangible skills necessary to run your company. If you learn that members do not have these skills, you may choose not to devote the time and effort necessary to train them to assume the technical responsibilities of their positions.

Fourth, once you've determined which employees have what it takes (or you have hired new people) to run your company, you must create a training plan that includes three important characteristics:

1. It clearly establishes your expectations for job performance or standards for success.
2. It provides the training necessary to meet performance expectations.
3. It provides accountability. We don't recommend that you hand over control of your company with a hope and a prayer. Instead, we suggest that owners set up measures of accountability. You must walk the fine line between staying involved and allowing employees to lead—and make mistakes.

There are a myriad of ways to transfer management responsibilities to your employees, but before embarking on any one program, we urge you to use these guidelines in your choice of the best method for your company.

Again, if you would like help on your Road to Irrelevance, just give us a call.

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