Making a Company Self-Sustaining

By Chuck Walsh

I consistently run into businesses that have been successful, but have been entirely dependent on the owners for their success up to that time. The owners now want to prepare to sell the company, grow the company, maybe consider franchising or in some other way wanting to have the company less dependent on them. Where there are many articles and books out on Business or Marketing Plans, this particular problem is actually an organizational issue. You need to develop an organization that can run without depending wholly on the owner for decision making. If done properly, the organization itself can be the main growth engine for the company, actually complementing the owner's own capabilities.

1. Overview

To make a company *self-sustaining*, you are looking to instill in the various individuals (your team) an identity with the organization, then an identity with the jobs and roles they fill. To accomplish this, we need to do the following items:

Define the Company
- *Mission/ Culture* to guide the business.
- *Roles & Responsibilities* so everyone knows their function.
- *Hierarchical Management Structure* so each knows his/ her mission and is responsible for it.

Define the Operations
- *Processes & Procedures* so that redundancy of operations support can be maintained. It also establishes a baseline against which improvements can be made.
- *Metrics & Controls* to measure everyone's success and ensure goals are being accomplished. This might also include a customer feedback form.
- *Financial Controls* to provide real information on the status of the company and its individual operations.

Establish Goals, Objectives and Plans for meeting those goals and objectives so everyone understands how the team needs to operate.

Reward people for productivity and quality.

On the next page, you can see how these interact. Remember, the objective is to provide perspective for your employees so that they can make decisions within their own position as well as see how they fit as part of the team.

2. Defining Your Company

The object of defining the company is for your employees to understand that they are working as part of something bigger than themselves and to also understand their roles in that organization.

2.1. Mission/ Culture

This defines your company. It might include what the company does, who it services, important qualities it wants its customers to see, how it treats employees, what is expected from employees, etc. It is meant to provide a snapshot picture of the company and provide an employee with the feeling that (s)he is part of something bigger to which they need to contribute so as to further the health of the company so that they are basically adding to their own value. We are looking to begin *self-actualizing* the employee, that is, make the employee self-motivated and seeing something beyond just a job, but also understand what we want the company to look like to others.

2.2. Roles & Responsibilities

Define positions and their responsibilities. People should not be doing tasks; they should be filling positions of responsibility. They should know what they are to accomplish and what their expectations are and how they fit in the team. The expectations also provide the basis for evaluating the employee for future performance and possible promotions.

2.3. Hierarchical Management Structure

In order for an owner to have some flexibility, (s)he needs to distribute the responsibility. People need to be identified and trained to be responsible for others. The ultimate responsibility is still the owner's, however, you need to have others that know the standards and expectations and who can run much of the show in case it is needed. This also goes to the Missions/ Culture for providing guidance in decision making.

3. Defining Your Operations

This is a description of how operations work in a company. They should match to people who are responsible for them.
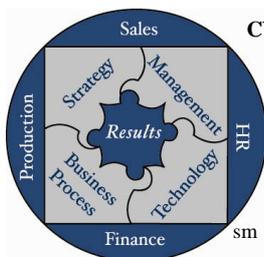
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3.1. Processes & Procedures

The easiest way to train people into new positions is to have well defined processes & procedures for them to refer. Having been shown once, a task not repeated in weeks or many times will need a refresher. Also, if you are cross-training personnel, when a desk has to be covered, a policy & procedure document
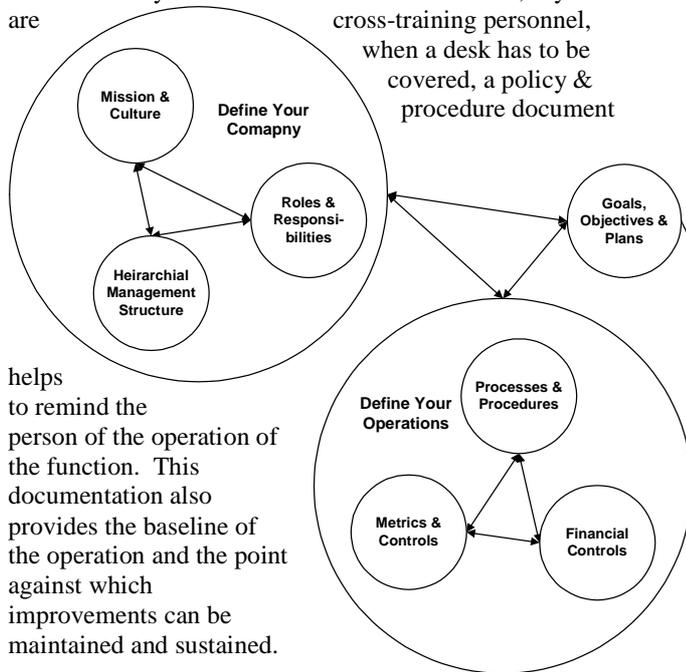
helps to remind the person of the operation of the function. This documentation also provides the baseline of the operation and the point against which improvements can be maintained and sustained.

3.2. Metrics & Controls

There is a saying in management that "if you can't measure it, you can't manage it." Which jobs are profitable? What is the productivity of your people? Do special services pay? Are Sales people making their quotas? Are technicians being productive? How is the quality of your work? These are all metrics or measures. For controls, we have processes that ensure that jobs that are completed are booked, billed and collected. We have some elementary means of ensuring the data being collected is accurate. An example may be that the claimed work done by individual people does not exceed the work done and billed by the company. Especially as you depend more on others, you need measures to determine whether those individuals are having problems and if they are being successful.

3.3. Financial Controls

While there is overlap with metrics & controls, I would add such things as ensuring that job or customer profitability goes to the bottom line. Understand what expenses are fixed and what are variable (goes up and down per job). Understand what the break even point is for work so as to cover overhead or fixed expense. Know the profitability of individual jobs and individual maintenance contracts. Separate different businesses. You need to understand what parts of the business are supporting other parts of the business. From where does your profit really come?

4. Goals, Objectives and Plans

There are plenty of books and articles on this subject. The importance of this step is so that everyone understands what the company is trying to accomplish and how the various people in the company are expected to come together to accomplish these tasks. This is the point where goals and objectives are set for the company as a whole. The various parts of the company receive their goals and objectives based on the overall. If done properly, the interactions are sufficiently defined so that the company can work as a team in accomplishing them.

5. Rewarding for Productivity & Quality

If you are paying a person for the time (s)he spends on the job, you are paying them for time spent and not work accomplished. Depending on the position, incentives should be developed to encourage people to be more productive, more knowledgeable and ensure quality. As an example, for labor oriented tasks, paying by the task would accomplish the following:

- It encourages productivity because it pays for work done and not just for showing up.
- It enables people to make more by doing more.
- If you pay more for higher level activities, it encourages a person to upgrade his/her skills.
- If the person is responsible for re-do's for bad quality, they will focus on good quality.

Various approaches can be developed to accomplish this goal, however, there are a number of steps that need to be taken before proceeding with this. However, the implementation will probably be very beneficial to you and your company.

6. Summary

People are successful if they understand the roles they play for a company and how they fit in the team. By setting the standards for those roles, they understand what is expected in those roles. By defining the operations, each person knows what (s)he must do and improvements can be made. By making employees accountable, employees know they must meet those expectations. Successfully pulling this together makes not only your employees successful, but your company also.

CW Business Support Associates, LLC, through Chuck Walsh, provides a Business Support Program sponsored by the Institute for Independent Business using a few hours a week to assist Small and Mid-sized Businesses (SMB's) with their ongoing development.