

BUSINESS OWNER INSIGHTS: HOW TO MAXIMIZE RETURNS FROM YOUR BUSINESS

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ABSTRACT

I'd like to talk about your most precious, but grossly undervalued commodities... Your Time! You see, most of us are taught that you've got to work long, hard hours if you want to be a "success". By the time you're through reading this article - it's going to become "crystal" clear to you that... Nothing Could Be Further From The Truth!

I'm going to share with you a portion of a highly effective system for working "smarter" not "harder". If you haven't figured it out yet, generating significant income has absolutely nothing to do with how "hard" you work. Let me try to be more specific with you. A renowned business consultant named Michael Gerber wrote a book called *The E-Myth* several years ago (which every single one of you should buy at your local bookstore and read immediately). Many, including myself, consider this book to be one of the most important business books written in the last 100 years. Although I strongly urge you to read it for yourself, I'd like to give you a brief synopsis of the invaluable lessons it taught me:

Most Business Owners Are "Technicians" NOT Entrepreneurs

Gerber explained that most successful employees figure to themselves that they could make far more money if they owned a business rather than working for someone else. So they go out, start their own business, and create a "job" for themselves. In most cases, these people end up working harder for themselves with less money to show for it because they now also have a dozen other "jobs" to worry about, and there are no other employees to do them. These business owners are worse off with their own business than they were working for someone else because they never truly understood what it meant to be an "entrepreneur".

Now for a larger and/or mature company the same phenomenon is demonstrated when the company continues to do its financial administrative,

strategic planning, and marketing planning in house the same way it did in its early years of operation. So the larger more mature company overloads its current management with too many ill-suited hats (working harder) and less focus on product development and distribution (working smarter).

You Must Work “On” Your Business Not “In” Your Business

If you truly want a successful business, you cannot and should not do everything yourself (or in house). Your job should be getting and keeping customers not ordering office supplies, doing your own bookkeeping, answering your own telephones, making copies, faxing, typing, developing and doing everything else your business requires.

If all of your time is spent doing administrative “detail” work, you will never have time to focus on the truly important things like marketing, getting new customers (sales), and keeping old customers happy (service and products). These are the areas that generate the income in your business, and are the areas that owners and management should maintain laser focus whether you’re a start up with \$0 sales or a budding regional/international power with \$100’s of millions in sales.

In Part II of this article I will talk about how to separate functions so that business owner(s) can return their focus to the Entrepreneur’s path and away from the Technician’s life and effectively grow their business. Business ownership as a part of the American dream is an expression of confidence, drive, and determination and it should be as rewarding as it is challenging. Business owners should strongly consider a team approach to ensure the business is well positioned for growth and an engine for wealth creation.

You Must Have Predictable “Systems” Set Up For Running Your Business

Every single business, no matter how large or small it is, must have a “systematized” way of doing things. Otherwise your business will operate in constant “chaos” which will ultimately lead to customer dissatisfaction, and probably the failure of your business. A great example of excellent business systems is McDonalds. They have systematized every single aspect of their business so that any new franchisee can open up a McDonalds restaurant and their customers will have nearly the same experience as they have had at any other McDonalds restaurant across the country. A burger, fries and a drink prepared to the same taste in two minutes wrapped in the same paper and bag whether its New Jersey or Los Angeles. Virtually every aspect of

your existing business can be reduced to a “step-by-step” procedure that is repetitive in nature.

There are very few things that will happen in your business that are totally new or unfamiliar to you. Understand that most aspects of business are repetitive in nature, and then set out to put together your own “operation’s manual” which explains how to do every function of your business in step-by-step detail. This way, when you start hiring new people, most of your training can be done by handing them your manual and telling them to read it. It will make running and growing your business much easier when everyone is working from the same book. Now, let’s talk about “Maximizing Returns,”

What Does “Maximizing Returns” Mean?

A famous copywriter and marketing expert named John Carlton coined the term “money suck”. What he meant by this is that the goal of every entrepreneur or business owner should be to literally “suck” the maximum amount of money out of every minute they spend working. To be more specific, he explained that most entrepreneurs have a difficult time differentiating between \$6/hr.-\$8/hr. work and \$150/hr. work. In other words, every time you make a copy, send a fax, answer your own phone, order office supplies, do your own telemarketing, or bookkeeping you are “hiring” yourself to do \$6/hr.-\$8/hr. work.

If you are saying, “I don’t have the money to pay someone to help me do these things - I’ve got to do everything myself” you may need to readjust your thinking. For a start up this may be true on a very short-term basis and if so part of your Strategic Planning should establish a clear date and cost structure in the near future to end this money-losing situation. Secondly, if you cannot design and execute a plan to generate cash flow to stop doing \$6/hr.-\$8/hr. work, then your business is *really a hobby*.

Now to the business owners still doing it all... **You’re Losing Income trying to save Money!** Every hour you spend doing \$6/hr.-\$8/hr. work is a “working” hour you can’t spend doing \$150/hr. work. Since most owners work at least 10 hours a day, every hour you waste is income lost that you can never regain.

I don’t care what type of business a person is in or how large the company, there are only two categories of business activities:

- **Income Preservers:** Typically, these jobs are clerical & administrative work, accounting & bookkeeping, and other support services. This type of work cost the company money however it is valuable because this work *preserves* income by keeping clients and customers satisfied. These jobs must be done to run a business just remember without sales, these jobs are useless.

- **Income Generators:** These jobs are sales, marketing, establishing joint ventures and strategic partnerships, and development of your products and services. All of these activities bring money into the business. These are the \$150/hr. jobs. So keep this in focus when delegating work to your staff and if you haven't figured it out yet...

These Are The Only Jobs You Should Be Doing!

You see to turn your business into a thriving enterprise you must:

- 1) Be focused on growing the business and not each of its individual activities.
- 2) Clearly separate the organizations functions as type I or type II.
- 3) Set up systems that make the business continually more efficient.
- 4) Delegate – that means handoff work and/or hire someone else who is probably far more capable in that area than you are. The true definition of an entrepreneur is a “Rainmaker” and a CEO is “the visionary” responsible for seeing that job gets done not necessarily the person who does the job.

Always ask the question, “Can someone else do this job cheaper and more effectively than I can?” If the answer is “yes”, then immediately handoff the work or pay someone else to do it! The only, and I repeat the only thing you should do is focus on better methods of getting new customers in the door, and overseeing that existing customers are happy so they keep purchasing from you. All other jobs should be hired out – period!

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