

An Excerpt From

***Run Your Business, Don't Let It Run You
Learning and Living Professional Management***

by Clay Mathile

Published by Berrett-Koehler Publishers

LEARNING & LIVING
PROFESSIONAL MANAGEMENT

**RUN YOUR
BUSINESS,**

**DON'T LET
IT RUN YOU**

AILERON'S PRACTICAL GUIDE FOR
HELPING BUSINESSES GROW

CLAY MATHILE

**RUN YOUR BUSINESS,
DON'T LET IT RUN YOU**

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LEARNING AND LIVING
PROFESSIONAL MANAGEMENT

CLAY MATHILE



BK[®]

Berrett-Koehler Publishers, Inc.

San Francisco

a BK Business book

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BK

Berrett-Koehler Publishers, Inc.

235 Montgomery Street, Suite 650

San Francisco, California 94104-2916

Tel: (415) 288-0260, Fax: (415) 362-2512

www.bkconnection.com

Ordering information for print editions

Quantity sales. Special discounts are available on quantity purchases by corporations, associations, and others. For details, contact the "Special Sales Department" at the Berrett-Koehler address above.

Individual sales. Berrett-Koehler publications are available through most bookstores. They can also be ordered directly from Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626; www.bkconnection.com

Orders for college textbook/course adoption use. Please contact Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626.

Orders by U.S. trade bookstores and wholesalers. Please contact Ingram Publisher Services, Tel: (800) 509-4887; Fax: (800) 838-1149; E-mail: customer.service@ingrampublisherservices.com; or visit www.ingrampublisherservices.com/Ordering for details about electronic ordering.

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First Edition

Paperback print edition ISBN 978-1-60994-895-5

PDF e-book ISBN 978-1-60994-899-3

IDPF e-book ISBN 978-1-60994-897-9

2013-1

Interior design: Laura Lind Design. Copy editor: Elissa Rabellino. Cover design: Richard Adelson. Proofreader: Henrietta Bensussen. Author photo: Pianki Photography. Indexer: Stimson Indexing. Production: Linda Jupiter Productions.

*This book is dedicated to my heroes—
business owners, whose noble acts of placing
their personal capital at risk and creating jobs
raise the quality of life for all.*

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*Dream no little dreams for they have no magic to move
men's souls.*

—JOHANN WOLFGANG VON GOETHE

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PREFACE

The greatest myth about running your own business is that you have to do it by yourself. Coupled with the belief that all it takes to succeed is a fierce desire for independence and the willingness to work hard, this myth motivates many of us to roll up our sleeves and do whatever it takes. We focus on the tasks at hand. We're diligent, and we don't give up until the work is done. Sometimes it almost seems easy, taking on its own momentum. From all the effort and dedication, you start seeing results; suddenly you've got the business growing.

Maybe it's grown fast and you're losing confidence that you can keep handling the pace. As it gets harder, you dig in, keep doing the same thing you've always done, muscle your way through. But after a while, that's not enough. You are hitting a wall, or maybe you can see that wall coming. You have an indication or intuition that there's some danger ahead of losing key employees, customers, or vendors, and it feels as if there are other problems on the horizon. You realize that what got you and your business to this level of growth and success won't get you to the next levels. That's disconcerting, to say the least. Something has to shift. You keep thinking that there's got to be a better way.

Your intuition is right. There is a better way, and something does have to shift. It begins with your mind-set—your intentional choice to work *on* your business, not *in* your business. That may be an unfamiliar construct that you can't fathom right now, but it is the key shift. And like turning the right key to open a door, it will help you to forge a new path on which you will set a course for your company

and regain the freedom, confidence, and control that you may have felt slip away.

What's Ahead

This book introduces Aileron's Professional Management System for applying and maintaining professional management in your business in a way that works for you. Aileron is a nonprofit organization created to help privately held businesses grow. Professional management is a well-known, established approach of employing proven fundamentals in the running of a business. It is not hiring an outside company to run it. It is learning how to incorporate proven fundamentals—principles and processes—into the everyday workings of your enterprise and applying them to achieve your goals.

Aileron's Professional Management System is based on the principles of professional management as explained by many thought leaders. What distinguishes it is the DOC (Direction, Operation, Control) structure. It simplifies professional management and makes it practical for private businesses. This book is for you, the business owner, unsatisfied with the status quo and eager to better your business, to learn a new way to grow your company. And it is for your team—senior leaders, managers, advisors, and even your family. Our experience is that although you will be the champion of the process, you will want to get the early buy-in of everyone.

Each private business owner has a unique perspective and specific needs. To make it feasible to incorporate professional management, I think each business and each

owner needs to start right where you are, identifying a place to apply it in a way that works for you and in a way that solves a problem as soon as possible. There is no one-size-fits-all way to do it. The principles provide a framework, and you adapt that framework as you implement professional management in your business and your life. If you choose to adopt this approach to running your business, I believe that it will be more profitable and successful, and you will have discovered a way to run a sustainable business, just as I did with The Iams Company for many years.

Throughout the book you will meet real business owners, many of them Aileron clients implementing professional management. In our interviews with them, they shared stories of the challenges and fears they faced, as well as the learning, discoveries, and successes they experienced. Their stories won't be exactly like yours, but I think that you will see yourself and your own company's challenges in many of them. They are here because I think it helps to know that you are not alone. There are business owners all around the country who share your heartfelt aspiration for building a successful business that stands for something, and they share your struggles. They understand what you are going through—the real problems you face, your desire to grow your business, the risks you are taking, and the fears you are feeling. They have made the shift, and they are developing vibrant, sustainable businesses through the learning, awareness, capacity-building processes, tools, and support of professional management. Their stories exemplify the ways they have incorporated this system into their companies and the difference it has made in their lives, as well as the lives of their employees, families, and communities. You will meet people like these:

- Tessie and David, whose adoption of professional management has helped them to manage growth, while inspiring innovative controls to ensure high-quality service by employees who love their jobs.
- Christopher, whose company doubled its growth quickly. He was afraid that he could lose it all if he didn't learn how to manage the next wave with timely systems and processes.
- Wes, whose investment in developing his people has resulted in his having the time and the freedom to work on setting the company's future direction and taking family vacations without sacrificing the smooth running of his business.
- Mike and Jeff, who are always balancing freedom and authority with accountability.
- Dan, whose board members helped him learn how to articulate his dream, then strategize a way to achieve it.
- Jim, who worked hard with his executive team to create a strong, authentic culture that drives his business.
- Tony, who incorporated his high-priority value of family into his business culture, which resulted in an invaluable experience for him, for his son, and for his management team.
- Peg and Mark, who needed relief from the 24/7 demands of their business and an exit strategy that would help them meet other goals.

This book is a guide to Aileron's Professional Management System. Part 1, "A Better Way to Run a Business,"

proposes a solution to the problem of running a business that depends greatly on you in all matters critical to daily operation. It introduces the DOC, its fundamentals, and the shift it requires in your role as leader—stepping back for perspective to look at the bigger picture and to set a long-term direction for the future. Part 2, “Learning Professional Management,” goes into more depth on each of the fundamentals, focusing on how you can apply them so that they make sense for you and your employees, and how they can help all of you achieve your short-term and long-term goals. Part 3, “Living Professional Management,” is about your intentional interaction with your family about business matters, your awareness of the impact the business has on them, and the importance of a succession plan as part of the legacy and sustainability of your company.

We’ll be covering a lot of new ground. As you read what follows, I hope you will experience a shift in your thinking—gaining a new understanding of how critical it is for you to spend the majority of your time working *on* your business instead of *in* it, and beginning to understand the potential impact of professional management. Then I hope you will take a step further and pursue professional management. It all begins with your willingness to shift your focus from the short term to the long term so that you can influence movement in the direction of your vision. I hope that you will begin to feel a sense of what it will be like to be engaged in this process that helps you to get everything going in the same direction. This process isn’t easy; in fact, it’s hard. You will be challenged to dig deep and to analyze and reflect on a variety of critically important aspects of yourself and your business. But it really works. I believe you will find in this book a sense of something better . . .

a better way to run your business that makes it possible to involve more people and live your values as you achieve new levels of growth, innovation, contribution, profitability, and sustainability.

But my commitment, what drives me to encourage you to pursue professional management, goes deeper. Despite what is happening all around us in the world, I believe in my heart, my gut, and the depths of my soul in the power of small businesses and entrepreneurs as the lifeblood of our communities. To me, nothing is nobler than the business owners' willingness—your willingness—to put your capital at risk to create jobs for others and to invest in the realization of your dreams to grow businesses that stand for something, that will provide a better life for your families, your employees, and your communities. The way I see it, small business is about more than fulfilling the dreams of the owners and their families. You create jobs that give people hope, opportunity, the dignity of work, respect, and valued contribution. Private businesses have the power, one business at a time, to transform the communities in which you do business. You achieve it through personal growth, which fuels organizational growth, which in turn fuels community growth.

NO MORE 16-HOUR DAYS

When Tessie was a young girl, her godfather, a diabetic, underwent a series of amputations. With the help of home health-care professionals, he learned to walk again. Witnessing this process, Tessie was in awe, and it inspired her to want a career in home health care. After working for a home health-care company to gain knowledge and experience, Tessie felt that she understood the inner workings of the business. She was ready to launch her own company.

She got together one evening with her friend David to talk about it. They'd been thinking about this for a long time. That night they sketched out a "business plan" on the back of a napkin and became business partners. Four months later, they were up and running with 20 employees. Tessie said it felt easy in the beginning. "We worked hard contributing everything we had, and the business grew as if by its own momentum. In those years, I don't think we knew enough to understand we were actually running a business. We just went at it knowing we both had enough to contribute. Then it hit us like a ton of bricks."

The turning point for Tessie came with the frightening realization that her business wouldn't continue to grow

unless she and David did something differently. What that something was, she had no idea.

We were successful based on our growth, but we weren't managing it properly. We were not running our business; the business was running us. We needed to change, but we didn't know what needed to be changed or even how to figure out what it was that needed changing. We felt all along that the two of us could make it happen and that we didn't need any help to get through it. But we were feeling exhausted. We were starting to have uncomfortable conversations. We were asking ourselves: "What are we going to do? How are we going to get through the next day and keep up the pace we set for ourselves?" We had just been going on, day after day after day, never taking a look at where we were going. Finally, we hit a wall.

Freedom—Lost and Found

Like many, maybe even most, business owners, Tessie and David were driven to own their business for the freedom it would afford them personally and professionally to be their own boss and to create the kind of quality business they envisioned. Their success in the early stage of building their business didn't prepare them for the struggle to keep up with the pace of growth. Hard work is something you expect, but reaching a point where it feels like you may be jeopardizing what you've built can be scary. Like Tessie and David and many other business owners who have arrived

at a similar place 5, 10, or 15 years down the road, perhaps you are thinking, “I don’t know how I can keep this up. This is not what I signed up for.” Or maybe you can see the potential of that wall coming, and you want to avoid the crash. What gets us to this point?

Driven by a fierce desire for the freedom that owning your own business promises, you jump in, energetically rolling up your sleeves and giving it your all, confident that your knowledge and hard work are all you need. Your dream begins to take shape. Suddenly you have more business than you can handle, along with all the accompanying responsibilities and problems. You are holding on tightly to the belief that you can do everything yourself, not feeling that you can trust anyone else. There’s too much at risk. Although it is getting harder and harder, you feel that you have to hold everything together, or it might fall apart.

You fear that if you were to bring someone else in to help you, he wouldn’t care as much as you do. Besides, who would that be? How could you find the right person with the right combination of knowledge, experience, and skills, along with genuine caring? He might try to change everything, especially the “secret sauce,” the alchemy of ingredients that has made your enterprise unique in your field. You feel alone, stuck, at a loss for how to do things differently. You can’t see a way out. You feel trapped. The more you try to manage and control everything and everyone, the worse it gets. Yet it’s all you know. You realize that you have to do something differently when something crucial happens, such as one or more of the following events:

- You lose a key employee.
- You lose an important customer.

- Your bank pulls your line of credit or won't approve a loan you need.
- You're having trouble controlling costs.
- You can't hold people accountable.
- You feel the bind you are in; you can't handle the growth you've had, and you need to grow in order to keep going.
- You are tired; you realize that your business isn't good enough to sell, but it isn't bad enough to close.

The freedom you sought by having your own business is fleeting, and your confidence is going with it. Instead, you feel more caged in and stuck in a frustrating cycle. During the day, you are doing your best to keep up with whatever demands arise, while at night you are losing sleep, fearing failure, worried about letting others down, and knowing that all the hard work and determination that got you to this point will not get you out of it. You keep saying to yourself, "There's got to be a better way."

There *is* a better way. I know it will sound ironic to you now, but that tight-fisted control you've been using to run everything, to hold everything together, and to keep it all going one day at a time is limiting your growth potential. It's putting a cap on that potential and locking it down. Although your solo command-and-control style used to work, maybe even was necessary in the beginning, that same tactic won't serve you now that you've grown your business, and certainly not if you want to expand it or sell. You don't have to be the one-man band, doing it all yourself. In fact, if you want to grow, you will need to enlist some other musicians.

When I admitted my own fear, and I realized that I owned the business but didn't know how to run it, my astute wife, Mary, said in her straightforward style, "I guess you'd better learn." I knew she was right. After much reading and research, I discovered *professional management—a way to run a business employing proven fundamentals and disciplines that empower a business to continually reach new levels of growth*. I learned that you don't have to do everything yourself. In fact, if you want your business to grow, you *can't* do everything. You need to include other people—talented, skilled people—and you need to involve everyone: engage them at every level, trust them, and give them responsibility and freedom. *You need to let go instead of holding on so tightly*. This is a big shift—a shift in how you think of your role as the business owner and leader, as well as how you think of the roles of your employees and customers, and of vendors, distributors, and others. More important, it's a shift in how you behave—in what you get up in the morning and do each day.

Professional management helped me to successfully run Iams and to increase sales from \$12.5 million to \$1 billion over time. And it is helping thousands of others to regain their freedom, confidence, and control, and to run successful businesses. With knowledge collected from some of the nation's foremost business strategists and many owners of privately held businesses who have lived and studied professional management, Aileron has developed a unique system that has been designed to guide and empower private businesses—the owner and the entire organization—to live professional management. We say "live" professional management because it is a values-based system that, once em-

bodied, flows into and benefits your whole life, not just your business.

The system is practical and adaptable, not theoretical. Just the opposite. We want it to make sense to you. And because we want you to be able to apply it right away and be successful, we provide a built-in platform of support. You do the work, but we guide you, help you to find the resources, and hold you accountable. We call it Aileron's Professional Management System, also known as DOC.

We have learned how to distill and teach professional management in digestible pieces. We break it down so that you can learn the fundamentals and implement them in your business. The purpose of the system is to help you get everything going in the same direction and sounding more like a well-orchestrated symphony than a one-man band. This approach helped Tessie and David and thousands of others to discover a better way to run their businesses, and in the following chapters, we hope you will discover it, too.

PART ONE

**A BETTER WAY
TO RUN
A BUSINESS**

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IS YOUR BUSINESS RUNNING YOU?

Wes started his IT business as a way to raise money to go to medical school. He never thought about it as his career or his future until he was in the midst of it. The business took on a life of its own with growth through what he described as “brute force.” Wes was energized by every opportunity that came his way. He snapped up every new project despite the pressure that it put on his resources and the toll that all this growth had on everyone. His employees went home drained at the end of each day. Wes knew that he risked losing key people if he kept pushing them, and his family barely had any time with him.

Jim’s experience as president and owner of a security services firm had all been growth. He’d never known anything but the upside until October 1, 2008, the first day of his fiscal year, which happened to coincide with the beginning of the Wall Street meltdown and an economic recession. His phone started ringing incessantly, and every caller had the same message: “We need to cut our budget.” His company lost 18.5 percent in a matter of months. He had no idea what to do during those market conditions, no experi-

ence, no plan, and no one to advise him. He felt powerless and alone. His fears of failure and his isolation mounted daily. Although no one else knew it, he feared that he'd fail to make the payroll. Lying awake most of the night and retreating from his family, he was spending all his time at work worried.

Christopher had doubled his business, bringing it from \$10 million to \$20 million in a relatively short time. Despite the fact that he was doing well, he feared that he could fail and lose it all. In a way, this fear was a good thing because it was a signal to him to look for help before trying to take the company to the next level. Christopher had grown up in Cameroon, Africa, where, he explained, it was common for the life span of a business to be very short—four or five years—because of a lack of business systems. He was concerned about managing his company's fast growth. Would they be able to make timely changes? Did they have the right people? Did they need training? Was his leadership up to the demands?

Tessie and David, Wes, Jim, and Christopher are like so many business owners who have to experience a big setback to realize that if they want to be sustainable, they can't keep managing their business the same way they have been. Others instinctively know this before they suffer damage. But often, they don't understand why or what has to change.

These business owners aren't alone. Their stories echo those of business owners across the country and around the world. More often than not, business owners find themselves caught in a frustrating cycle of putting all their time, energy, effort, and resources into keeping up with current demands, and this prevents the business from growing to

the next level. It's kind of a bait and switch. Much of what you did to build your company to its current level of growth just won't work for you anymore. You've reached a ceiling, or you know that you will if you don't change things before the next wave of growth.

You may already be experiencing some debilitating issues: the loss of a key employee or a vendor, lack of employee engagement, trouble holding employees accountable, or the potential loss of a big customer because of encroaching competition. It is clear that you are not in control, although you work hard to hold on to it. *Despite your firm grip, you are not running your business; the business is running you.* But you don't understand why. You can't step away from the immediacies of the day-to-day demands to get perspective because you don't have time. If you could, you might be able to see that many of the problems you and your employees face are due to a *lack of focus on fundamentals—Direction, Operation, and Control (DOC)*—that can give your business more structure and the opening you need to go to the next level, to be profitable, and to be sustainable.

Setting Direction

When your business isn't achieving what you hoped and expected, do you know why? In many cases, this is because of a lack of clear *direction* for the business. Clarifying direction takes careful thought and communication. Since you are so busy working in the business, doing everything you can to help it to be successful in the short term, you can't carve out any time for the luxury of thinking about and working on a long-term direction for the company. While that would make a big difference, it would take valuable

time, and your day is pretty full providing a different kind of direction—micromanagement for employees, customers, vendors, and business partners. You are wearing a lot of hats; there just isn't time to step away to think about the future. With all there is to do, you're feeling lucky to make it through the day without a crisis and relieved that you can keep your head above water.

Setting direction is not only about long-term planning. It's imperative for the short term too. I like to think of direction as a road map for a trip. You need to think *long term* by asking yourself questions such as these:

- Where do I want to go?
- What do I want us (the company) to be when we get there?

But you also need to think about the *short term* and grapple with these questions:

- Who are you (the company)?
- Where are you right now?
- Who do you want your company to be on the journey?
- How do you want to do business while you are on your way?

Setting direction is about being aware of, articulating, and communicating what you do every day, as well as what you want your business to look like in the future. To that end, you need to learn to stretch your thinking by asking these questions:

- How will your business fit into the marketplace?
- How will you provide the needed leadership?

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