


HIDING OUT

P A R T 1

Are you avoiding the most critical aspects of your business?

By Chuck Violand





Most of the challenges business owners face as they grow their companies can be traced to a handful of entrepreneurial behaviors they bring to their companies.

Whether it's the quality of the products or services we produce, our competitive position, employee turnover or even the financial performance of our companies, drilling a little deeper into these problems frequently reveals that these are merely symptoms of their underlying behaviors. Trying to correct these problems without addressing the behaviors that led to them is a losing battle. The problem appears to go away at first, but it usually resurfaces later.

This two-part series addresses one of these entrepreneurial behaviors: hiding out. We first explore some of the symptoms and underlying causes of an owner or employee engaging in hiding out. In Part II, we discuss the consequences and offer suggestions on how to overcome the behavior if it exists or how to avoid it if it doesn't.

My introduction to the concept of business owners "hiding out" was early in my consulting career when I was working with a commercial construction contractor. This particular contractor had tons of trucks and heavy equipment and dozens of employees. Being in commercial construction in a northern climate, their season pretty much wrapped up by early December. As is a common case with construction, their cash flow always felt like it was flowing out rather than in, and their margins were paper thin. To make things worse, they never tracked their numbers throughout the year. It wasn't until the end of the year, or even the beginning of the following year (when they were preparing their taxes), that they looked to see if they had made any money!

As I worked with more and more companies and their owners, I discovered this behavior was not all that unusual. When I'd ask to look at their financials, I'd hear comments like: "Oh yeah, we're still working on them" or "We haven't closed out last year yet" (and this is in June). In some cases, I'd just get blank stares.

The owners who were hiding out had worked like crazy all year long, flying blind until their accountants, after preparing their taxes, would announce whether they had made money that year or not. Regardless of the verdict, the owners were never pleased. If they lost money, they would be emotionally crushed, wondering how they could have worked so hard and not made any money. Then they became stressed, wondering if they would still be in business the following year. If the news was good because they had made money, the owners' responses weren't much better: "If I made all this money, where is it? Where's the cash?" they'd cry. "And now the government wants their cut?!" There was just no winning.

Avoiding the financial performance of our companies is just one of the ways business owners play a sophisticated game of hiding out. We do the same thing when it comes to confronting people about performance issues or business problems. In some cases, we try to explain away our behavior by telling others that we're not "numbers guys," figuring this gives us a pass on tracking critical numbers in our companies. Or we say "I'm a nice guy," as if we have to choose between being nice to people and being firm.

Hiding out from the financial performance of your company or kicking tough conversations down the road in the hope that they'll resolve themselves have the same effect on your company as driving a car with the dashboard gauges covered



“We become experts at wrapping highly emotional issues up in tight little packages and keeping them hidden where we think we don't have to deal with them.”

up. You can only operate this way for so long until something is going to break down or you run out of gas. What's more, hiding out from short-term performance measures may cover up long-term, more serious problems that can destroy your company.

SYMPTOMS

I'm sometimes asked: "How do I know if I'm hiding out?" The visible symptoms are usually pretty easy to spot: confused expressions, making excuses for not having important information such as financials or denying that they're important in the first place.

Other symptoms can be even more conspicuous, such as closing the door to your office to avoid having to deal with people or business issues, not getting back to an irate customer for fear of getting yelled at, or leaving important business documents unattended or buried under piles of papers on your desk.

Other symptoms of hiding out can be a little harder to identify.

We major in minor things. When we want to avoid making tough decisions or addressing uncomfortable issues, it's easy to wrap ourselves up in the secure feeling of being busy, even if our busyness mostly involves mundane tasks that bring little value to our companies or our customers.

We engage in analysis paralysis. Don't confuse this with paying attention to the details or doing your due diligence before making a decision. Taking care of details and researching potential hazards can be critical to success. Analysis paralysis involves endlessly obsessing over inconsequential details that will not measurably contribute to the value of a decision. It just lets us delay making one.

We fail to measure performance. I'm talking about front-line performance as it relates to every area of your business: administration and accounting, sales and marketing, operations, employee turnover and retention — even figuring the true cost of producing your product or delivering your service. You won't stay in business long if you're losing money on everything you produce while deluding yourself into thinking that you'll make it up in volume.

We default to familiar activities. Sometimes the growth of our companies forces us into positions we're either ill-prepared to perform or we're just not comfortable doing. To avoid this, we occasionally resort to performing jobs or engaging in activities with which we're more familiar and comfortable. Sometimes this even includes duplicating work we've hired and are paying someone else to perform. But it lets us hide out from the newer responsibilities that we're trying to avoid.

We avoid confrontation. Many entrepreneurs are confrontation avoiders. We like doing nice things for people and we want people to like us, so we avoid being confrontational. Frequently, this hurts our companies and sometimes even the people we were trying to avoid hurting. We become experts at wrapping highly emotional issues up in tight little packages and keeping them hidden where we think we don't have to deal with them. Most of the time, though, these issues continue to eat away at us, gradually eroding relationships and businesses.

UNDERLYING CAUSES

When it comes to the underlying causes that lead to hiding out, some of them run deep and can be difficult to identify. I'll start with one of the easiest to address.

Lack of knowledge. We don't know what we're supposed to measure or how to address difficult situations. Key Performance Indicators (KPIs) are used to measure

“Hiding out from the facts never solves anything.”

activities or important benchmarks in business. While there is no set number of KPIs in any industry, every industry has a handful of them that are crucial to efficient business performance. These ultimately lead to a company's growth and profitability. KPIs exist in every area of the business. It's critical that an owner learn which are important to the profitable operation of his business and work together with his or her leadership team to achieve them.

Addressing difficult situations where you have a lack of knowledge can be a little more challenging because it involves the characteristics of the person doing the addressing. Some of the best advice I've heard on this subject involves placing the facts surrounding a contentious situation *on* the table, not *under* it. This forces the facts to clearly face the light of day where everyone involved can discuss them openly. Hiding out from the facts never solves anything. Keeping things bottled up inside only allows for one-sided conversations, frequently breeds resentment and rarely has a positive outcome.

We avoid the measurable. It's one thing not to know what needs to be measured in a business. It's another thing altogether to be aware of them yet hide out from doing so.

It's only natural, since many business owners avoid confrontation, that they would also avoid measuring KPIs. After all, measuring something implies doing something about it if it doesn't measure up. So, by not measuring, we're able to side step the unpleasant task of confronting someone or something about unacceptable results. Of course, simply avoiding something doesn't make it disappear.

Weakness. Perhaps the great bard, William Shakespeare, stated it best when he wrote: "Fatigue doth make cowards of us all." Running a business can be exhausting. Long hours and infrequent breaks can wear down the most energetic business owners.

Physical fatigue is only one form of weakness that causes us to hide out. An even greater cause is mental and emotional fatigue. When you're the owner of a business, all the decisions within your company ultimately come back to you. As a business grows and the owner finds himself in unfamiliar territory, it's easy for him to question his

competence. Similarly, when a business struggles for survival for an extended period of time, the mental fatigue can be exhausting.

Many of us learn early on that we're better off not making decisions or having difficult conversations when we're tired. While this philosophy might serve us well when it's used occasionally, defaulting to it as a strategy to hide out from important decisions will eventually take a toll on our companies.

Adding to the list of underlying causes of hiding out are fear of the unknown and fear of the known. In other words, to avoid the consequences acting on these fears may produce, we hide out and do nothing.

Fear of the Unknown. I've often commented that, as our companies grow, we as CEOs, and frequently as managers, are constantly facing challenges we've never had to face before in our businesses. This can be scary. The financial, competitive and employee complexities of larger companies are different and frequently more challenging than the ones we faced when our companies were smaller. Even for owners with advanced degrees in business, the challenges they face when the bullets start flying in the real world are different from the ones they studied in the classroom. These challenges can be intimidating — sometimes intimidating enough to cause leaders to hide out by doing nothing or by retreating to the comfort and security of their smaller businesses. Even conversations we have with ourselves can become debilitating: What if I confront my employee and he quits? What if I check my income statement and see we're losing money? What if I call my customer and she tells me she's unhappy or isn't going to pay me? Sometimes we choose to hide out and do nothing rather than face these unknowns.

Fear of the known (or highly suspected). Knowing the things we're supposed to be measuring or the decisions we're supposed to be making is one thing. Actually doing those things is another. Sometimes, we're fully aware of the expected outcomes of the business decisions we're about to make, yet we deliberately choose to hide out from making them. While choosing not to make a decision is actually a decision in itself, hiding out from a decision and not letting anyone know what's going on isn't. RIA

Look out for Part II of this article in our November/December issue.

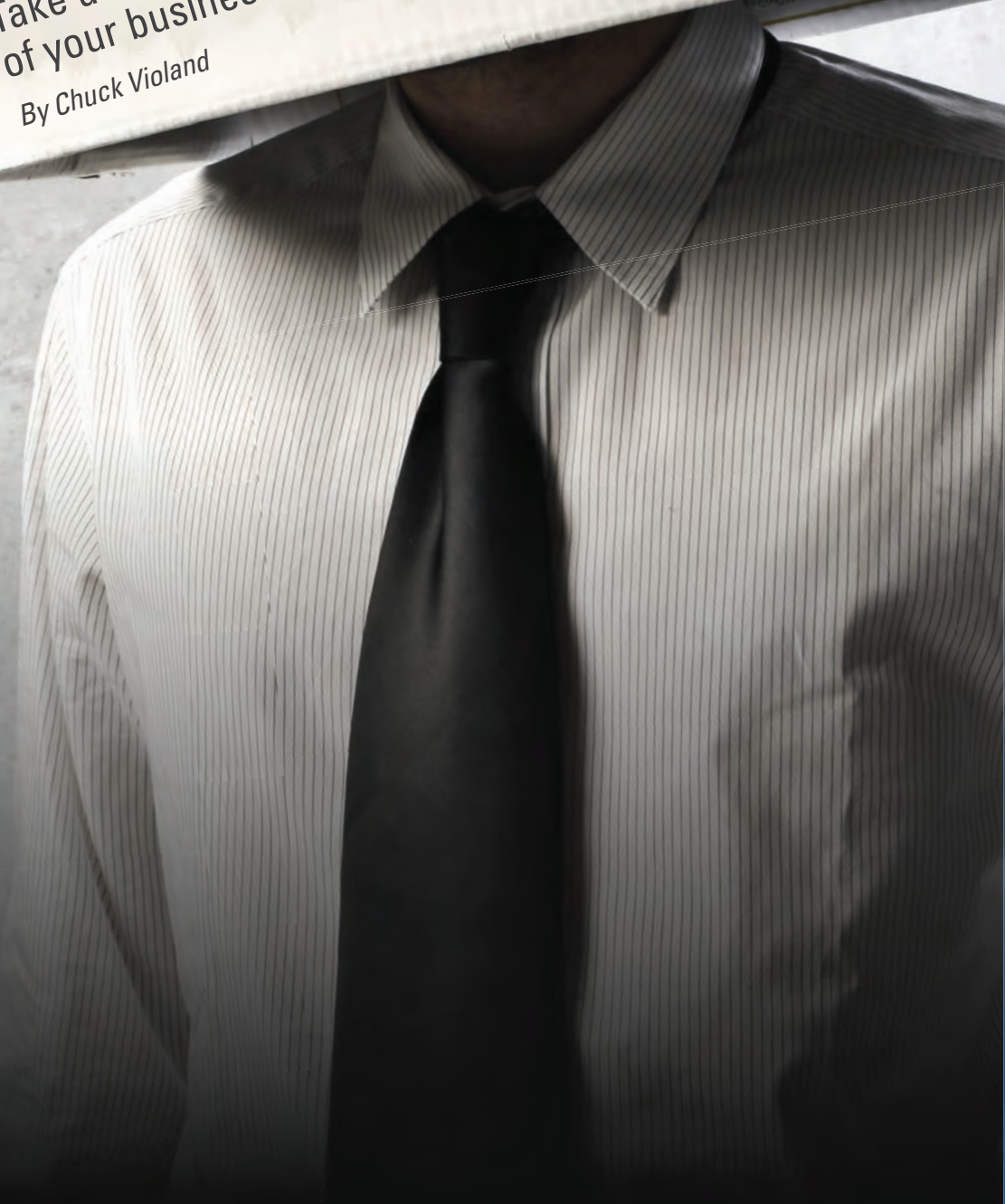
Chuck Violand is founder of Violand Management Associates, a consulting firm that works internationally to help entrepreneurial companies achieve sustained profitable growth. He is first vice president of the RIA Board of Directors. Contact him at violand.com or (800) 360-3513.


HIDING OUT

PART II

Take action against avoiding critical aspects
of your business

By Chuck Violand





Most of the challenges business owners face as they grow their companies can be traced to a handful of entrepreneurial behaviors they bring to their companies.

Most businesses aren't launched with the dream of becoming the next Microsoft. Many of us started our businesses to fulfill personal needs — physical comfort, financial security, emotional fulfillment. These needs may not include developing the skills it takes to lead larger businesses or making the tough calls that come along with them. When that's the case, our responsibility becomes finding the business model and the people who will allow us to achieve our personal objectives through the businesses we have.

Complications increase when you add family members into the mix. Things can become downright combustible when those family members inherited their jobs or when they're being asked to perform jobs they either don't want to do or don't feel they should have to do by virtue of the gene lottery. This elevates hiding out to a whole new level that involves both business and home life and can limit family interactions to a short list of "safe" topics. After all, everyone in the company and the family remembers what it was like the last time Mom or Pop was asked the wrong question at the wrong time!

Understanding some of the underlying causes that can lead us to hide out from important information or avoid tough conversations is a first step in overcoming this tendency. Learning to recognize the consequences hiding out can lead to in our companies might help us to take the necessary steps to address this condition.

CONSEQUENCES

Just as the symptoms and underlying causes of hiding out (which we discussed in the October issue of this magazine) can be both highly visible and more subtle, so are the consequences that hiding out can produce.

Other behaviors get covered up. At its core, hiding out means that we're avoiding the responsibilities that go along with being in a leadership position in our businesses. Some of these responsibilities include being accountable to others and holding other people accountable as well. When we hide out, it sends



“Mediocrity creeps in, almost imperceptibly, through the gaps around our policies and processes until it becomes part of the corporate air we breathe.”

the message that this is the way things are done in our companies.

Establishing and maintaining focus on our company's vision is another behavior that gets covered up. If we've taken the time to establish a vision for our businesses, yet we hide out from making tough decisions or measuring our progress toward that vision, then we'll constantly struggle to achieve it. This results in our people being less efficient because they're uncertain

about where the company is headed, what their roles are in getting there and how committed the company leadership is to accomplishing the vision.

Our businesses operate in the dark. As mentioned in part one of this article, hiding out from measuring important KPIs is like driving a car with the gauges on the dashboard hidden. With no solid data on which to base our decisions, we're forced to rely only on our intuition. "I think I'm driving within the speed limit." "I think I have enough gas in the tank." "I think I still have oil in the engine and it's not overheating." Without seeing the gauges, we can't be sure, and we run the risk of long-term damage to our car.

It's exactly the same with our businesses. Failing to measure important metrics puts us at enormous risk of doing long-term damage to our companies or unknowingly sending them into a tailspin.

We establish a culture of poor performance. Nobody starts their businesses with the intention of doing mediocre work. Mediocre performance doesn't knock on your door one day and announce itself by decreeing: "From this day forward, we shall be known as the mediocre company by virtue of the subpar standards by which we operate!" Instead, mediocrity creeps in, almost imperceptibly, through the gaps around our policies and processes until it becomes part of the corporate air we breathe. It settles in a little deeper with every metric we fail to measure, with every conversation we avoid and with every decision we delay until mediocrity becomes part of our company culture.

Companies that perform mediocre work don't usually do so because they have second-rate equipment or systems. They perform mediocre work because their leadership, and by extension, everybody else in the company, accepts mediocre performance.

Customers don't call and complain when we do mediocre work; they just don't call back. So, when we have trouble keeping our current customers or attracting new ones, we blame our equipment or we blame our customers or we blame our employees. What we should do is take a deeper look at some of the compromises we've been making or the decisions we've been avoiding that have led to this point.

TAKING ACTION

Recognizing the symptoms and understanding the underlying causes of hiding out are needed steps to addressing it. But if we're serious about overcoming it or avoiding it in the first place, we have to take action.

“Flying blind might have worked when your company was smaller, but as your company grows, it can lead to disaster.”

Identify the triggers that set off your desire to hide out. Is it fear or intimidation? Is it a general sense of being overwhelmed, brought on by having too many things to do and too little time to do them? If either of these are the case, don't beat yourself up or feel that you're a weak leader. Use this recognition as an opportunity to dig a little deeper into why you feel this way and then do something about it. People will forgive a poor decision if it's made with the right intentions. They'll adjust to having you hold them accountable. But your best people will leave your company if they feel you're not willing to make the tough calls, hold people accountable or progress toward your goals.

Start by stopping. Stop denying that measuring things is important or thinking that kicking decisions down the road is good strategy. Flying blind might have worked when your company was smaller, but as your company grows, it can lead to disaster.

Start small. You don't have to jump from measuring nothing to tracking a full-blown dashboard of KPIs. If you're not in the habit of tracking your numbers, then start by tracking one thing, but make it an important thing — such as sales growth, net profit or cash flow. If you're experiencing high turnover in your business, figure out why. Ask your people for their opinions and listen to them. As you get more comfortable with tracking and less comfortable hiding out, you can add more sophisticated measurables.

If there's a tough conversation you need to have with someone, but you've been putting it off, try approaching them about it just this once. Lead into it by saying, "I need to have a conversation with you, but I've been putting it off. When can we get together?"

Surround yourself with strong people. Business owners have plenty of yes-men around to stroke their egos

and tell them what they want to hear. What they need are people who are strong enough to speak the truth to those in authority.

One of the most difficult things for an entrepreneur to do in his business is surround himself with strong people who are smarter than he is. It can be incredibly intimidating and may even make him feel threatened. But it can also be the best thing he does for himself and his company. Strong people who are smarter than you will probably be more willing to give you the unvarnished truth when it's called for. This is important, especially when we don't want to hear it. What's more, strong people not only help you identify tough issues that need to be addressed, but they support you when you address them. They bring points of view you may not have considered before or firsthand experiences they can share to help you navigate the tough personal interactions that are a natural part of a growing business.

Hiding out isn't a behavior that's reserved just for business owners. It resides at every level within a company. Recognizing it when it appears and taking the necessary steps to either address it in others or overcome it within yourself will set you and your company on a path for growth and success. *RIA*

Chuck Violand is founder of Violand Management Associates. Contact him at violand.com or 800-360-3513.

franchise@1-800waterdamage.com or call 1-800 WATER DAMAGE for more information.'"/>

1-800 WATER DAMAGE

Water
Fire
Mold
Sewer
Carpet

1-800 WATER DAMAGE

A BELFOR (®) COMPANY

Introducing 1-800 WATER DAMAGE - An exciting NEW Franchise from BELFOR, The World's Largest Property Restoration Company

With 1-800 WATER DAMAGE, you can have the security to work with a national brand!

Water & Flood / Fire & Smoke / Mold Remediation / Sewer / Carpet / Upholstery / Driveway / Decking / Restoration

Belcor Franchise Group, Inc. 1-800-360-3513

Email: franchise@1-800waterdamage.com or call 1-800 WATER DAMAGE for more information.