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The Real Role of the Contractor/Owner

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Sometimes the first step to succeeding in business means letting go of the reins

You don't see Donald Trump dealing blackjack or George Steinbrenner playing third base for the Yankees. Instead, they spend their time developing solid strategies and getting operational results through other people. If The Donald or George were hit by a bus tomorrow, their businesses would continue to operate effectively in the hands of their managers, corporate policies, and operating procedures. That's because their businesses are not "owner-dependent."

But what about yours? If you took a month off from your electrical contracting business (with your cell phone turned off), would you have a business to come back to? Can you imagine spending most of your time planning for future projects and dealing with only the occasional operational issue while your day-to-day business runs smoothly without you? Or do you think this strategy works only for billionaires?

Sure, the Trumps and Steinbrenners of the world get the press, but there are thousands of electrical contractors who operate in exactly the same way and achieve the same type of results. In fact, almost every successful business — no matter the size or industry — operates this way. The owners, CEOs, or presidents all play the same role: They plot the course, watch the horizon, and deal with exceptions while the rest of their team keeps the business running smoothly.

Many contractors, however, are convinced their businesses simply can't run successfully without their constant involvement in every operational detail. Unfortunately, this owner-dependency strangles the operation of the business, prevents the owner from dealing with important strategic issues, and makes the business vulnerable to collapse if the owner is out of commission for any length of time.



Letting go

The first step in shedding this stereotype and becoming a great business leader is to let go of the day-to-day operational details of your business. Let's start by defining the concept of "letting go," focusing on some common misperceptions.

- It *does not* mean losing control or power.
- It *does not* mean walking off and hoping your employees do the right things.
- It *does* mean creating bulletproof systems that ensure things are done your way and getting the results you want without you having to do them yourself or physically be there to see them through.
- It *does* mean documenting your decision-making processes so that employees can make many decisions as you would, without you having to be there or always worrying about what's being done.
- It *does* mean giving up your role as electrician, job-site foreman, estimator, inspector, accountant, and any other job that could (with proper training) be performed by an employee. This enables you to turn your attention to the proper focus of an owner: strategy, systems development, company policies, and being a true business leader.

That said, here are the most common questions we hear at Contractor's Business School from electrical contractors about letting go of their daily duties.

- *"I've been doing it this way for years, and it's worked okay. We've made it this far; what's so terrible about it?"*

The owner-dependent model works in a business' early days (and there's usually little choice at first), but that dependence means that as the business grows, it demands more of the owner's time and energy until he finally hits the wall. It can't happen any other way. If you do all the bids, and there are 30% more bids, you'll be spending 30% more time doing bids. Period.

While the business' size is one factor that demands time and energy, the increased complexity that accompanies growth multiplies these demands. Tracking a few jobs and employees in your head is one thing; it's far different when you're running multiple crews, juggling countless bids, coordinating with dozens of other subs, and covering a wide geographic area. The coordination load increases geometrically, but the owner's capacity stays the same.

As the owner nears his limit, the business' atmosphere approaches chaos. Even in the best businesses, under these circumstances, balls start to drop, and quality and schedule performance suffer. Getting through each day entails facing a series of crises. In this state, the business can't grow, and the owner can't even begin to think about long-term strategies.

More ominous, if the micromanaging contractor/owners gets hit by a bus, the business usually dies too. This is because all the knowledge of how things work is locked inside the owner's head.

- *What are the characteristics or behaviors of a micromanager/owner?*

Almost everyone has worked for at least one micromanager in his lifetime, and probably don't want to repeat the experience. This person likely kept all the knowledge to him or herself, made all the decisions, and gave orders to everyone in the company while ignoring reporting relationships. Micromanagers are usually harried and impatient because they feel employees can't ever do it right (so they do it themselves). They sometimes feel harassed by simple questions and problems that "any nitwit" should be able to figure out.

The typical micromanager usually spends little or no time with long-range planning, manpower, or marketing for the future because he's busy just keeping the ship afloat. He works long hours and is always busy, but the business never really seems to move forward.

- *"I may be working a lot of hours and doing lots of firefighting, but at least I'm building sweat equity, right?"*

You wouldn't pay much for a car with no engine. Similarly, the owner-dependent electrical contracting business has little value. All too often, contractors work until retirement expecting to sell their businesses. They plan on using the proceeds as their primary nest egg only to find that they face years of putting systems and processes in place to make their business saleable.

Actions speak louder than words

Enough of the theory, the real question most contractors want to know is, "How do I actually go about letting go?" The list of steps is surprisingly short.

Step one: Get your head on straight. Are you ready to transform yourself from being a skilled tradesman and a seat-of-the-pants operator into a true business manager and leader? Can you truly relinquish the do-it-all control freak role you may have been playing for years? Although this step takes some courage, it absolutely has to happen first.

Step two: Learn to create consistent, high-quality results through others. Most delegation problems are caused by mismatched assumptions and expectations. "Make sure you take care of the Smith job," or "Don't leave until the site's cleaned up," will mean very different things to two different people no matter how intelligent they are. Anytime you hear "Aw, jeez — I thought you meant...." it's usually a sign you did a lousy job of communicating your expectations.

Many owners believe it's the employees' duty to "get it right" when the real story is often much different. In reality, it's the owner's job to thoroughly train employees and create a system or process that will (when followed) produce the desired result. Then, it's the employees' responsibility to follow the procedures.

The delegation process that works isn't complicated or expensive. However, it does require an up-front investment of time and energy to ensure that employees understand exactly what you want and how you want it done. Here's the successful way to delegate:

- List the tasks you're doing that could be done by others,
- Identify your biggest time-wasters,
- Create a detailed, step-by-step, written process for the task (and assume that everything that can be misinterpreted will be misinterpreted),
- Define the desired results in written detail with the same assumptions about misinterpretation,
- Train the employee(s) in how the process works,
- Make "using the process" the law of the land (for you, too),

- Turn over the task to the employee,
- Monitor the results and refine the process over time, and
- Go to the next task and repeat this process.

Now that you've gone through all this, what can you expect?

Reaping the rewards

When you've delegated a good portion of your daily operational tasks to others — and know that things will be done right *nearly* every time — your free time increases and your stress level decreases. Your cell phone will ring only occasionally, you'll be able to actually keep appointments, go on a vacation, and show up at your kid's soccer games.

Micromanager contractors usually top out at incomes around \$200,000 (working 70 hours a week), but by taking themselves out of the day-to-day operation, suddenly this ceiling disappears. Documentation and delegation create an operation that can be replicated (similar to a franchise), and expansion is essentially unlimited. You don't have to create a huge company, but at least now you have the choice.

Operationally, documenting your business processes and desires makes your employees all do the same task the same way, meaning more consistent results, schedule performance, job costs, and greatly simplified training for new people. And don't forget one other thing: fewer headaches and higher profits for you.

Now that you've stopped doing bids and signing paychecks, wouldn't it be fun to be the guy who finally figures out how to transmit electricity without wires? Or the one who teaches the Electrical Contractor/Business Management curriculum at the community college? Or maybe you'd like to spend a year teaching electrical skills to people in developing countries. No? Then how about taking over a few competitors, moving into general contracting, or setting up an electrical supply house?

Okay, we're not all Nikola Tesla, but the biggest benefit of letting go of operational tasks is that it provides you the freedom to choose where to go and what to do. As long as the ship's engine depends on you to run it, you'll never escape the engine room (and the view from there gets pretty old). Teach somebody else to do it, and you can sit on the bridge and steer your ship wherever the spirit moves you.

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Sidebar: Delegation 101

If letting go is such a great thing, how come everybody isn't doing it? Everybody isn't on the bandwagon because of a common set of misperceptions — some of which are emotional and others that stem from operational issues. Fortunately, none are difficult to overcome. Here are the most common sources of worry among most managers:

Myth: "I'll lose my power and control."

Fact: You will actually gain power and control by delegating authority and creating the policies, systems, checks, and balances that ensure things are done your way every time. What's more powerful — signing the checks or deciding how big they are and who gets them?

Myth: "Suffering just goes with success, doesn't it?"

Fact: Success requires effort, focus, vision, and determination. But, it doesn't require 70-hour weeks, heart attacks, and missing your kids' graduations. There are thousands of owner/contractors who work short hours, take lots of time off, and make a bundle while their businesses run smoothly with or without them. Suffering is optional.

Myth: "I'm not really a manager, I'm just an electrician."


Fact: If you've built a million-dollar business, you're a manager. You may lack proper management and leadership skills and be using sub-optimal techniques (like owner-dependency), but you're certainly a manager. As soon as you let go of the operational tasks, you can better develop your management skills.

Myth: "I can't afford to hire people to do this stuff."

Fact: Some contractors believe that hiring more employees or subbing out tasks is expensive or extravagant when the opposite is usually true. Extravagance is having the contractor/owner do the work of a \$10 an hour clerk or laborer instead of devising the strategy to take over a competitor or lower job costs.

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