



Can Your Business Run Without You?

Businesses that are highly dependent on the owner can significantly reduce their attractiveness and value from a sale. This informative session can help identify where your company is too dependent on you or other key individuals.

Watch our owner transition advisory team as they share stories and valuable insights on readying businesses for owner transition and creating freedom for yourself.

Find additional resources on our event page: <https://www.claconnect.com/en/events/2023/can-your-business-run-without-you>

Here is a transcription of this session:

Heather Parbst: Hi, everybody, and welcome to Can Your Business Run Without You. My name is Heather Parbst, and I'm joined with Marcus Bowman. And we are both members of the CLA transition advisory team. And so we're excited to be talking with you today about this topic.

But before we dive in, I want to take a moment and just share a personal story. So before I started doing this line of work, years ago, I owned an IT services business with my partner. And we had been growing that company over time. It started kind of a grassroots kind of thing. And as we were growing, we started to become very well-known for providing really great customer service, which was wonderful.

And so we started scaling and growing and adding more and more team members. And as time grew on, I found myself kind of in this state of just feeling overwhelmed all the time. I was running around like a crazy person. I had my hands in all aspects of the business. And we had this new team that was growing and providing support to our clients.

And we had gone from being known for having this great customer service to now we were starting to get regular customer complaints, and I didn't quite know what was going on. And so, feeling like I had the weight of the world on my shoulders, and so did my business partner, we decided to really dig in and see what was up.

And we figured out that, really, we had gotten to a point where we were bottlenecking the growth of the company. And so we were able to make some shifts and changes in how we managed the company, and we were able to shift through and grow through that situation and really start thriving, which was great. But we were still very critical to the running of the company.

So that was good. And then, fast-forward a few years, and now we're both at a point where we decide that we want to do an external sale. And I was very lucky at that time to be able to partner with a consulting firm. This is well before owner transition advisory services were really a thing, but they kind of specialized in helping in that area.



And so, I was able to partner with a consulting firm that was able to help me see how the way that I was managing and the fact that I was still so critical to the business was holding the business back and reducing the success rate that I might have when I did that external sale. So it was a huge shift for me and very helpful for us to be able to navigate that. And so this is really kind of a personal thing to me.

And so that's why I really love working with Marcus and other people in our owner transition advisory team to help clients that are maybe navigating this idea of a company that might be a little bit too dependent on them as the owner.

So we are going to share a little bit more about who we are, but before we do that, I would love to... Oh, I need to skip through our little disclaimer information here. I would love to have you all answer this question just to get a sense of who our audience is.

So if you'll take a minute to answer this poll. And while you're doing that, we're going to just quickly go through who we are and give you a little bit more of our background.

So I am Heather Parbst, as I previously mentioned. I'm a family business consultant and leadership consultant. I'm a certified exit planning advisor. I'm a certified professional coach. And as I mentioned before, I'm a former CEO and entrepreneur.

I've been working now with businesses, private businesses, family and other, for several years now. And I just really enjoy helping teams and owners really achieve success as they define it. So that's who I am. Marcus, why don't you share a little bit about who you are?

Marcus Bowman: Yeah. Thank you, Heather. So I'm Marcus Bowman. I have the privilege of leading and supporting one of our fractional outsourced accounting teams, we call it BizOps, here in the Nashville market for CLA. And I also work as an owner transition advisor along with Heather.

I don't know if Heather knows how similar our backstories are or whether I've shared this with her previously, but I also, the eight years prior to CLA, had a business that I had started with a partner. And so I also have a passion for this for similar reasons and understand very much what that small business owner particularly goes through and some of the challenges they face in trying to decentralize and allow the business to run without them.

So with that, and then looking here at our poll... See, initially, Heather, I thought we weren't going to have anything to talk about because it was, "They've got this. My job is to stay out of the way." It was, like, at 67%. And I thought, "Well, this is going to be a short webinar." But it actually looks like folks are really... We've got a nice bell curve going on here. Folks are largely in the middle. So definitely, probably some areas that are strong, maybe some additional work to do, though, as well.

Heather Parbst: I think so, too, yeah. And this is kind of where I anticipated it. I also was like, "Huh, that's interesting," but it leveled out, kind of what I was expecting. So I'm going to go ahead and close this survey here, and we'll go back to our slides.

Marcus Bowman: Great. So as everybody has heard, you and I work in the owner transition advisory space. Heather, why don't you just tell folks quickly, what is the owner transition advisory service?



Heather Parbst: Yeah. So when you think about a transition, an owner transition, it's really a far-reaching event. So we're talking about an owner leaving their business, moving on to whatever comes next for them. And so that's going to impact the owner, the owner's family, their employees, vendors, customers, sometimes the community at large. So it can be pretty wide-reaching just in the number of people that it can impact.

On top of that, often, it's the biggest financial transition or transaction of an owner's life. And so when an owner transition goes very well, it can be a huge reason to celebrate. When it goes poorly, though, it can be really tragic, especially when you've got people that have really devoted their lives to this.

And so what we do is help owners navigate those transitions by really approaching it from a holistic perspective. And so, we're looking at three major areas that we want to make sure that the business owner and the business is ready.

We want to look at the owner's personal readiness. So do they have something that is pulling them forward? Do they have something that they're looking forward to after they leave their business? Is there a life beyond the business?

We want to look at their financial readiness. Are they set up so that whatever that exit looks like, they're going to have their financial needs met ongoing at the level that they want?

And then, we look at the business readiness. So is the business sustainable, and is it maximizing the value in regards to what the owner is needing? So when I think about this, this topic, in particular, is very important to me because I feel like, and I think you would agree, Marcus, that it's really one of the biggest challenges when it comes down to that business readiness piece.

Marcus Bowman: Absolutely.

Heather Parbst: And it can bleed into the personal and financial side as well. I think a lot of times, owners have really been working their life to build this organization, and their focus has been getting the business to be successful, and they haven't really been thinking about what it looks like to exit. I don't know if it was like that for you, but I certainly felt that way when I was running my business. I wasn't thinking about how I was going to get out of it, right?

Marcus Bowman: Right. Yep. Yep.

Heather Parbst: Yeah. And so, it becomes a very important part of the owner's life. I think the business owners that I work with, too, really tend to be focused on making sure that not only their clients are taken care of but their employees are taken care of, their teams.

Marcus Bowman: Absolutely.

Heather Parbst: They want things to just work really well. And so, I think it's a very natural thing to find yourself really focused on making sure that all of that is running right at all times. And so, I think that's why it can go from being a very healthy level of involvement to suddenly you now have kind of a death grip on the business because you're just wanting to make sure that it's all running well. So it can come at a cost, and we're going to talk about that today.



Marcus Bowman: Absolutely.

Heather Parbst: But before we do that, I'll be quiet for a minute. Marcus, do you want to maybe go over the learning objectives?

Marcus Bowman: Yeah, all these learning objectives. Before I do that, if anybody's read any sort of business books, they're going to be familiar with the language about the difference between working in and working on.

And as you've kind of described here, it's so easy, as a small business owner, in particular, and even as the business grows, to really be focused on working in and forget all about the working on. And that's when things like what you described sneak up on you, and the business begins to change around you, sometimes without you even knowing it as you're so involved in the day-to-day.

So with that, and before we go any further, we'll hit the learning objectives quickly. So as Heather and I have this conversation, which we're inviting you into today, we hope that we'll be talking about how your approach to business management might be holding you back.

And again, we had a nice bell curve, so there's probably been some work that's been done by the folks on this call in terms of decentralization, but hopefully, you can identify those areas where you maybe still have some work to do. So that's the second learning objective. Where does your business... Or is it still too dependent on you?

And then, finally, we hope to share with you some strategies aimed at increasing the sustainability of your business and your personal freedom to really get you to that point of being able to let that business run without you.

So with that, Heather, let's just start with some of the challenges. Why is it a big deal for a business if it can't run without the owner?

Heather Parbst: So I think one of the first areas is it increases risk. And if you think about it from a transition perspective and you look at those five Ds, which are death, divorce, disability, disagreement, and distress, if you can imagine a situation where a business owner is really still very key to the functioning of the business, and one of those things happen, you can see how the magnitude of that would be pretty substantial.

I've seen this happen a few times, unfortunately, even in companies that are beginning to look at transition. The example that comes to mind most frequently when I talk about this with clients was a situation... It was a trades company. The family had become very concerned for one of the owners. The business was owned by, I want to say, three or four brothers. It was a large family. But a lot of the owners had either become less involved in the company or stepped out completely.

There was one brother that was still very key. He was working 60-plus hours a week in the business. The company was very dependent on him. He was heavily involved in delivering the service.

And the family actually approached us for owner transition work because they were concerned for him because his doctor had come back and said, "If you don't slow down, if you don't reduce your stress level, you're going to have a heart attack." And so they had wanted us to come in and work on



building out that transition plan, helping him start scaling back, helping him get to a place of having more freedom.

And unfortunately, that business owner didn't see value in the work that we were doing, wasn't willing to work with us on owner transition. And so, about four months after that point, he did actually have a heart attack and pass away.

Marcus Bowman: Oh, wow.

Heather Parbst: Yeah, so it was obviously very devastating, not just for the family but also for the business. So now this family that has... They're already dealing with the loss, and they're trying to step in and help pick up the pieces here and figure out how to keep this business running. So it was really quite tragic.

So that's one area, is that it increases risk, and not just to the business, but to the family as well. Because again, if this is the space where you've got the majority of your financial well-being tied up, and it's at risk, that's heavy, that's a big thing.

It also can reduce value to the business. So if you think about it, and it's surprising to me sometimes how we can continue to grow and scale, and this part doesn't... That the connection isn't made, that if you are running the business and then you need to go sell the business, but the business is dependent on you to deliver the services, then there's often not that much to sell. So it can significantly reduce the value to the business.

And I think, too, it can become... And I can say this. I think I even mentioned it when we first were starting. You get to a point where you just kind of feel trapped because you can't get out of the business, you can't sell the business because it's not going to give you what you're wanting, but at the same time, you're mired in the day-to-day, and you have no personal freedom. So I think that's a big thing.

On the flip side of that, you might be forced out due to one of those five Ds, and that, of course, is also going to really reduce the value and can be quite damaging.

Marcus Bowman: So Heather, as I hear you talking about this, I would imagine that this is mostly a small business problem, isn't it? I mean, does size make a difference here, in your experience?

Heather Parbst: I used to think that. I used to think it was really just the smaller companies that were scaling, and they were just kind of stuck in that process. But what I've found is... I've worked with companies that make well over \$200 million a year in revenue, and they're still navigating these issues.

And so the team might be bigger, but if you get to the top, you see one person that is stressed to the max, that is maybe still very involved in all hiring aspects of the business, all major purchases, every client, they're owning the relationship, those sorts of things. So yes, even at much larger companies, you can still find this phenomenon happening.

Marcus Bowman: Wow.

Heather Parbst: Unfortunately. Yeah.



Marcus Bowman: That's amazing that you could grow a company to that level. Yeah, and as you say, the stress, I can't imagine... I mean, I can envision the stress of running all sorts for a pretty small business, but man, that size of a business, I would just think it would be tremendously stressful and really hard on health and a lot of other things, too, I'm sure.

So we've talked about an external sale and how being in this position of having the business dependent on you can really reduce the value in that situation. Talk to us a little bit about an internal transition. What are the differences there, and how does that impact look?

Heather Parbst: Yeah, and I think that this is an interesting thing because I think sometimes when... Let's say it's a family business, a family transition, and you've got maybe your successor already working in the company, and you're like, "Yeah, they get it. They've grown up in this business. They know how it all works. They're learning how to do this stuff. So when I'm ready to step out, it's not going to be a problem."

And I think when it comes to internal transition, where we get stuck as we make assumptions that the people that have been working with us know what's happening in our brains, and they don't. So it can really impact sustainability, as we've already talked, because if it's only one person and they leave or something happens, what happens?

And we're also talking about scalability because you can only... And again, you can get very high level of revenue, but at some point, you do cap out. Only one person can do so much, and it's going to start having a trickle-down effect into the organization in other ways. It can become demoralizing to the team. It can also really stifle innovation.

And that's something that I hadn't really realized until I started diving into this work more a few years ago. When you grow a company to see you as the hero, you're the one that makes all of the decisions, you're the one that solves all of the problems, you develop a team around you that is dependent on you for that.

Marcus Bowman: Sure.

Heather Parbst: And it becomes this kind of self-fulfilling cycle that you can't get out of. So people... You lose innovation in situations like that. And I think one of the biggest risks is that you just lose good people because people want opportunities to grow and build their skills-

Marcus Bowman: Sure.

Heather Parbst: ... and take on more levels of leadership. And so when you're maybe holding that back at some level, it can have big consequences that way.

An example I have, it is a family business. The mother owned the business. She had, again, grown it from the ground up. It was very organic. She was very much the epicenter of the business. She was involved in how the product came in and went out. She was very heavily involved on the financial side, down to how to design the invoices. I remember she was kind of particular.

Marcus Bowman: Oh, wow. Okay.



Heather Parbst: ... around that. Yeah. And so she had just reached a point she was getting close to retirement. She was actually starting to... She could just feel like she wasn't able to perform at the level that she used to be at. And she brought in her son to take over. And so he started working in the company, and he was trying to assume a leadership role and brought us in because it just wasn't going very well because she just was really not willing to let go.

And the challenge with that was that he was very capable. This guy had gone out, worked in several other companies. He was bringing to the table the skills that were needed, but she was just so latched in and so much a part of it, she had not built any systems to support the organization outside of her, that she was really... She had flown right past bottleneck, and it was now really damaging the company. It cost them clients. It cost them team members. It certainly cost them revenue. So there was a lot of damage there, yeah.

Marcus Bowman: Interesting. So as I hear you talk about that, I've got to think, as you're growing the company and you're all focused on what you've been doing, you've been growing it, you've been having success, you feel, I think, in a lot of ways, critical to the success of the business, which isn't a bad thing by definition, right?

Heather Parbst: Right. Yeah.

Marcus Bowman: You really are largely responsible for the results. It seems like such a huge mental shift to me to go from being in that seat, the person everybody needs, to really being in a place where you're not, frankly. If you get to where we think you should get to, you're not needed in a lot of ways. And so I got to think there are blind spots galore for folks who are in that situation. So Heather, how would somebody go about figuring out where they're at in this journey? How do they know if this is a problem for them?

Heather Parbst: Yeah. So we actually came up with a little quiz here to kind of help. And so we broke it down into different areas where you can... We tend to see either mindsets or gaps that can contribute to this. So on one end of the continuum, on one, three and under there, we've got, they're very dependent. Either they're very dependent on you or you, the owner, are approaching it in a way that's encouraging some dependence. And then, on the other side, we have more independence. Your mindset is geared towards building that foundation of independence, where the company itself is more independent.

So we'll go through these, Marcus, you and I, and we can kind of share some different things that they might want to look at. So we'll ask the questions, you just score yourself, and there's no calculated score at the end. This is just to really give you a sense on where you fall in these different areas so you have a sense of where you might want to focus to improve independence.

So personal behaviors and characteristics. So some things to think about there. Can you take three or more weeks off annually and truly separate from the business during that time? So we know from the bell curve that many of you aren't quite to the three-week mark yet. So we know that one. And I'm talking about not just not being involved in your email every day, but really just kind of turning that off, not needing to take phone calls. You can detach, and you know they've got it.

Are you working lots of nights and weekends? Are you getting pulled in regularly on your off hours? And do you feel compelled to be working even when they're not pulling you in? So sometimes that's an indicator, too. Like, what's going on internally to you? Are you feeling that draw all the time?



Have you been described as a micromanager? It happens. Is there a contingency plan in place that would guide your team and your family to keep the business running should you be unable to work?

So those are some things to start thinking about there. What's your mindset around this? How in mesh do you feel in the business? And are you getting a sense of personal freedom?

Marcus Bowman: Sure.

Heather Parbst: Marcus, do you want to maybe talk about structure and operations?

Marcus Bowman: I'd love to. Before I do that, I might just encourage folks... And we're going to have a spot at the end where we'll do some Q and A and try to answer questions. So if you're thinking of those as we go here, and I've seen maybe one or two pop in, go ahead and put them in the question spot. And if we can't get to... Most of those, we'll wait till the end to answer if they're about the material that we're presenting. So feel free to go ahead and put them in, though, as we go here, and then we'll have a list waiting for us when we get to the end.

So moving away from the personal behaviors and characteristics into structure and operations, here's some other questions that you can ask, again, to kind of rank yourself on that independent to not independent scale.

Do you play a critical role in delivering that product or service that your business delivers to your customer? How involved are you in business decisions? So maybe there's a new piece of technology that would move the business forward. Are you the sole decision maker for that, or do you have other input?

How about in the HR space? Are you making every hiring and firing decision? You're doing all the interviews. If you like them, it doesn't matter what your team thinks. Right? Or do you have other people involved in that?

Who owns your supplier and vendor relationships? Do these people know you, or are they loyal to you? When you're having negotiations about things like volume discounts, who's handling that? Is that you, or is that somebody else on your team?

A big one, processes and procedures. How much of that is written down? How much of that is in your head? I would say that the more you have in your head... And again, I think you'll know because you'll have people asking you a lot, "How do I do this again? How do I do that? How do you want me to do this or that?" Is a clue. It can be.

How about a strategic plan? How well have you documented what it means for the business to be successful apart from your gut? Which, honestly, Heather, I don't know about you, but I've found that most founders of businesses actually have a really good sense. I think it's part of growing up with the business, so to speak, that you just develop a sense of how things are going, even if you couldn't put your finger on exactly why you know that.

Heather Parbst: Right.



Marcus Bowman: But that next generation of ownership, they're probably going to need you to help define success for them a little bit. And so budgets then is just one more tool similarly, that you can use to try to get that success metric out of your head and onto paper.

So moving on from that, then, into customer relations, do you take all the calls? Somebody calls with a complaint, are you the one on the phone? Are you the one making a decision about whether to issue a credit or a refund? Or are you even cutting that check yourself, potentially? Are you doing all of your own collections for your slow AR?

How about customer pricing? Are you setting that? Are you scoping that out? Are you determining that? And then, who owns that relationship with your clients? Again, are those folks loyal to you? Are these people who would ask for you every time, or do they know that you've got a team to support making their experience a good one? So Heather, there's a couple more areas here. Culture and people. Why don't you take those?

Heather Parbst: Yeah. So I think with culture, it's amazing to me how good culture can impact things like retention and even employee acquisition. So how's your employee retention? How's your turnover? Is your culture intentionalized, or is it something that's just kind of evolved over time? But do you really put thought, and do other people in your team put thought into, "Okay, what are the behaviors, beliefs, and ideas that we really want to foster as part of this business, as part of who we are and that we want to build the organization around?"

Do others in the company understand and embrace your mission, vision, values? Do they use those to guide decision-making? So that's an area where you can really start imparting your approach. You teach your team to start making decisions based on that.

And then, when it comes to people, do you get called in to resolve conflicts between employees or other team members, or are they equipped and capable of solving those conflicts on their own? Who does everybody report to? Do you have a huge team of direct reports? Is it more than a handful, less than a handful?

Is there a culture of accountability in place? That's a big one. Are there systems and metrics in place to show employees what they're accountable for, what their responsibilities are, and are they being measured against that?

How capable is your leadership team? Do you trust them to run things without you, or do you feel like you kind of got to stay really close to the pulse of what's going on there? Do they meet regularly? Do they problem-solve on their own, or, again, are they looking to you to be the hero that comes in and saves the day every time?

And are you really still the primary source of knowledge for the company, or there are other people that are capable of answering those questions and have a good strong understanding of the industry and the business that you're in?

So with all of this, if you feel like you're scoring lower in certain areas, this isn't to say necessarily that you're doing it wrong. This is just to point out things that you might want to consider making some shifts in over time, again, to get yourself to a place where you have more freedom, where you have an empowered team, and where you're successfully building value in the business so that when you do decide to transition, whenever that is, you're setting yourself up to be in a good spot for that.



Marcus Bowman: Right. So there is a life benefit aspect to this, right, and that's something to think about. But also that value aspect that Heather touched on earlier, right? Because someday, you will want to move on from your business probably, or you'll need to maybe, and having thought about these things ahead of time can really impact the value.

So I'm curious, as folks have listened to us, describe some of the characteristics that are either... Would say you're more dependent, or your business is more dependent on you, or it's more independent from you. Be interesting, and we may not address all of these, but to have folks put in the chat, where are the two or three areas that you scored the lowest, where you feel like your opportunities for improvement are? It'd be just interesting to see some of that come through, so feel free to just drop that into the questions box as well.

So with that, Heather, I think if we could move from kind of analysis to ideas, let's talk about some strategies that folks can use to reduce the dependence of the business on them in some of these areas. We'll maybe just use the same kind of breakdown that we did before. If you want to start off at the top with the personal side.

Heather Parbst: Yeah. So I think the first thing is to really start thinking about, what are your reasons for not decentralizing yourself? What's holding you into the business? Is it your beliefs, your personal beliefs? Is it something around maybe your staff or your team that you need to address? Are there concerns about your family, maybe, that are getting in the way? Sometimes there's family dynamics at play there too.

So an example would be a family that I worked with that... Again, this is through owner transition. So they had come in wanting to focus on decentralizing the father who was overseeing the company. The son was wanting to take over. And so we built out this plan, and we started executing on the plan, but for whatever reason, that owner just was not willing to let go. He just was still very much in every interaction within the company.

And so, the first impulse, I think, from everybody was, "Oh, well, he's got some concerns about the business." But when we really kind of pulled it back, and I had some one-on-one conversations with him, he was just saying, "I'm not ready to retire." And I said, "Okay, well, let's talk about that."

And it turned out that his involvement in the company had nothing to do with concerns about the business. His involvement in the company had to do with the fact that he didn't really see anything for him after he retired. He really wanted to be traveling and have all of these great experiences, and he felt there was a disconnect between he and his wife, and she wasn't going to want to do that. And so he wasn't having those conversations. Instead, he was just kind of doubling down on his efforts in the business.

Marcus Bowman: Interesting. That's a great story. I'm curious, as you've talked to owners who are having a hard time pulling away, would it be fair to say that sometimes their identity is kind of tied up in the business, and that's a major challenge?

Heather Parbst: Yes. I mean, yes, in many ways. I would definitely say... Again, when you've built it up, people use the term that it's like your baby. And in some ways, yes, it becomes something that you really just devoted so much of yourself to it's really hard sometimes to separate that and look at it objectively.



So yes, I think kind of stepping back and really looking at your thoughts around the business and what your mindset is, and how much of your identity is really tied up in the business. And then, starting to do the things that you need to do to shift away from that so you can be a little bit more balanced in your thinking. And so looking for activities and interests outside of the business. Even if you don't have a lot of time to explore those right now, just be thinking about what you might want to put your attention on, and that will, in and of itself, start to shift you.

Start thinking about what you're going to be doing after you decide to stop working in the business eventually. This is going to be different for different people. Some people, it is travel. Some people, it's spending time with family. Some people, it's starting another business, becoming active in the community. A lot of different things. And some may want to stay involved in their current business in an advisory capacity. That's fine too. But the idea is really saying, "Okay, what can I do to shift my focus so I don't feel such a need to be as heavily involved in the company?" So I would say that's a good synopsis for personal.

Marcus Bowman: So dream a little bit, right?

Heather Parbst: Yeah. Yeah.

Marcus Bowman: Yeah. Great. Good, good. I'm going to hop in and talk a little bit then, if you don't mind, about the structure and operational piece. And the first thing that I would throw out there... And some of this, I will say, it seems really self-explanatory and common sense but, again, when you're in the business, and you're working in it, not on it, I think just to hear somebody else say these words sometimes is helpful, right?

Heather Parbst: Yes.

Marcus Bowman: And so, one of the first things that I think about from a structure and operations standpoint is, do you have an org chart? And somebody's going to say, "Yes, I've got an org chart. It's got me here as the CEO, and I've got maybe other people in key roles, maybe chief roles," depending on how large the business is. And so, "I've got that."

And I would say, "Okay, let's take that a step further. If you were to create a list of responsibilities for each of those positions that are on the org chart, how much would you find yourself dabbling in something that's really someone else's job? Or how much are they coming to you for input into what ought to be their job?"

And so I think sometimes it's a really useful exercise to create that org chart and then take it a step further and really be detailed about the job descriptions associated with those and ask yourself the question, "Where am I getting out of my lane? Where do I tend to get out of my lane?" And not just that, but I think also ask your people that question, right?

And frankly, I think, in our experience, this can be a real source of frustration at times to capable people that you've hired to do good work, kind of like the son that you were talking about earlier from that business example, super capable, all the right tools and skills.

And ultimately, if what they feel like is that they're micromanaged, that they can't innovate, that every time they have an idea, you've got to sign off on it... If that's not clearly documented and laid out, and they don't feel kind of heard and purposeful themselves in helping the business be better, you're



going to lose them. They'll simply burn out, and they will go find something else to do because everybody has a need to feel that purpose and to feel valued.

So as simple as it sounds, really taking another look at your organizational chart, I think, can be a big, big help. And then, to take that, then, one step further, when you've identified those things, if you've got areas of discomfort where you feel like, "But I need to be involved. They need my expertise. They need what I know about that part of their job," convert that into a standard operating procedure. So get it out of your head and get it onto paper and set clear expectations.

Maybe it's thresholds for decision-making. So in the financial realm, maybe it's saying, "Expenditures above this amount, I need to be able to approve." And have a conversation about that. Because your people probably have a perspective on whether that's a reasonable threshold or it isn't.

And be ensured, then, that you're having, in situations where you want to have input, maybe a regular meeting schedule to give input in those specific areas as opposed to just having them coming to you every time they think there might be something. It can make it really hard for you to be productive, even as the business owner or the CEO, trying to run the company as well.

And then finally, I think, and we talked about this a little bit earlier, maybe, but put this to the testing and go on vacation. Really. I would challenge any business owner, try to get away from the business for more than a week. Do two or three if you think you can or even if you think you can't.

And maybe you put a little strategy into this. So you don't want to do this at a peak season when you know that if something blows up, it's really going to impact business operations and cause problems for your business. Because you don't want to do that. But maybe pick that off-peak season and just see if you can get away for two or three weeks and use that to gauge how available you have to be to your people or whether they can, in fact, run this thing without you.

Heather Parbst: You know, Marcus, you touched on a couple of really good ideas, and it actually made me think of another story. Another company that I worked with, large-scale construction company, and this business owner, he knew he needed to start empowering his team. So he brings in this super capable COO. I mean, this woman was sharp.

And it was so interesting because he pays top dollar, gets this great resource on the team, and then I watch him undercut her regularly. And so she would make a decision, and then the employee underneath her would go above her, contact the owner, and then he would undermine the decision. And so it was really frustrating for her because he's saying that he wants to invest in this, but then he's not giving her, really, the authority to make the decisions that she wanted.

So that was one part I a hundred percent agree, getting clarity on those roles and responsibilities and then making it clear where their domain of decision-making is in, and then holding to that, giving them that space to really manage well. And then the other piece of that, I've totally forgotten what it was. It was a great idea. It was a great point, and I can't think of it now, so maybe if we come back-

Marcus Bowman: Well, maybe it's to go on vacation. Everybody loves to go on vacation, right?

Heather Parbst: No, no.



Marcus Bowman: That wasn't it.

Heather Parbst: Oh, that's what it was. So yes, you're right. Going in, having those regular meetings where you can impart that knowledge, but also, sometimes, what business owners really just need is information. They can step back if they know that things are happening.

Marcus Bowman: That's a great point.

Heather Parbst: So if you can clarify, what are the KPIs that they should be monitoring?

Marcus Bowman: Absolutely.

Heather Parbst: "How do I know that my business is healthy and operating well?" And then tell your team to report on that regularly and make sure that they do it because that's going to reassure you. You're going to get that information at the cadence that you set, and you're going to be able to relax a little bit.

Marcus Bowman: Yeah, that's perfect. Create a reporting structure that then you can manage as opposed to feeling like you've got to have your fingers in everything.

Heather Parbst: Yep. Yep. So you want to cover customer relationships too?

Marcus Bowman: Yeah. So let's talk about this. So, Heather, something that gets a lot of press here at CLA in terms of conversation is something we call ride-alongs. And the idea is that we've got our more senior people taking more junior, less experienced people along with them to meet with clients, to meet with prospects, to do the various things that we do in terms of running a successful practice.

And I think that idea translates really, really well into any business environment. You've been successful for a reason in the area of customer relationships. If you've had success, it's because you've treated customers a certain way, you've set expectations in a certain way, you've communicated with them in a certain way. And so, how better for someone, whoever's going to start replacing you in terms of being the primary face of those relationships, how better for them to learn the way you do that than to just simply have them along with you?

And so sometimes it's just making that... No, there's the aspect of them learning from you. But the other thing that I was going to say about that that's maybe equally valuable is that then that customer starts to see someone else's name and face in association with that positive experience, and/or they begin to go to that person instead first.

So it can be as simple as you get that email from a customer. They've got a question about a policy, they've got a question about the status of an order, whatever it is. It can be as simple as just forwarding that message on or replying, copying that person, and saying, "I'm going to let my colleague take care of this."

And you do that 2, 3, 4 times when people are emailing you questions, and it won't be very long until they start going to that person. Because really, most people, yes, they have often some loyalty to the business owner, but most of the time, a customer just wants to be served well.



And so if what they realize is you're sending them a signal that, "This person over here actually is going to answer your question quicker than I could answer it, or they're going to have this information that I probably don't have. I'm going to have to go find it for you," they will start just going straight to that person because it's just easier. It just makes everything easier.

So having spent a little time now in those two areas, let's shift back again, Heather, to culture and people. As a business owner, you get so many things, again, that are a part of you that really define what that business is. How do you successfully pass on those intangibles?

Heather Parbst: Yeah. So I'm going to go into that, and I'm going to go a little bit quickly because I want to make sure that we have some time at the end to answer some of the questions coming in.

But yeah, for culture, I think, go back to those basics, mission, vision, values. I know there's a lot of talk about that, but a lot of times, it is just talk, and people aren't really utilizing those the way that they're meant to be.

So the idea here is you get clear on what those are. And it might not even be values. It might be essential behaviors you want to see within the company. And you really start to embed those into the organization, talk about them a lot. And so that becomes... People need to be sick about it. They're, "Gosh, I don't want to hear about the mission, vision, values anymore." But it starts to become embedded in the fabric of the company. And then reference them regularly and teach your people to use those to make decisions, make decisions based on, what are the values of the company?

Remove what's toxic. A lot of times, you know who your toxic people are. And I know it's a struggle when you're trying to retain good staff or retain staff at all, or you can't find replacements. But the more you work to improve your culture, the more it becomes attractive to people outside, and you start attracting better talent. So develop a plan to remove what's toxic from the company and start growing a healthy, strong team.

Hire people that grasp the vision and are able to make good decisions on their own. Invest in your team. So whether that's through internal trainings, external trainings, leadership development, getting some executive coaching. If you've got a successor or something that you're working with, invest in them.

And then let go of the shoulds. So I work with a lot of leaders who have an idea of how employees should be. "They should show up excited to just the fact that they have a job. They should be happy with what I'm paying them, even though their peer at this other company is getting paid considerably more than them."

There's a lot of shoulds that we have because every generation looks at work a little bit differently. And so letting go of that should and just saying, "Okay, this is the way things really are right now. I need to decide as a business owner, we need to decide as a leadership team, what are we going to accept, what are we not going to accept? How are we going to navigate this new landscape?"

Marcus Bowman: Yeah. Heather, those are some terrific tips and strategies, and hopefully, our audience can take some of that and find that valuable. Kind of one final question before we get into questions. When's the right time to start focusing on this decentralization process, would you say?



Heather Parbst: Definitely now. Definitely now. Make it a part of how you manage. Even if you're not planning on transitioning out of your company for some time, the more you can set yourself up now to have some level of independence and freedom from the company, the better. You're just going to have a better, balanced life overall. But definitely, if you're planning on transitioning within the next three to five years, you need to double down on this because this is the time. This is truly the time to get that done.

Marcus Bowman: Yeah, absolutely. Good. I think we've got an approach slide, Heather. I don't know if there's anything you want to share about that.

Heather Parbst: Yeah, so I'm just going to touch on this really quickly. So our approach from CLA in helping organizations and helping leaders navigate this is to really dive in with the owner and do a thorough discovery, get a sense of where they're struggling with these areas, and then working with them to develop a roadmap to execute on that and move them towards a place of more freedom so that whether or not, again, that transition is years out or in the next a few months, that you've got yourself in a place where you're going to be able to make that a celebration.

Marcus Bowman: Yeah. Great.

Heather Parbst: Yeah. So I think, at this point, we can probably move into some questions. We may not get to all of them. We'll probably just do a couple here, since we're already at 45 minutes in. I think we had set this up to be a 45-minute deal.

So first question, "Any suggestions on how to approach an owner who has decentralized themselves and has a team in place but doesn't like to have conversations about it and talks about still being involved but holds leadership team back when they aren't positive they can make a decision?"

Okay. So it sounds like they're still kind of involved. Their hands are still there, even though if they're not necessarily involved in the day-to-day, and they're still holding the team back a little bit.

Woo. I mean, with that little bit to go on, it sounds to me like there is still a sense of identity, maybe, for that owner. They need to be a part of that at some level. Or maybe they're still having some doubts around the leadership team. First off, questions are a great tool. So just finding ways to ask directly, "What are you looking for here? What are you needing?"

But I think another piece of this might be if the company is really at a point where it can run without the business owner, but their involvement is maybe holding them back in some way, look for ways where you can offer up solutions for them to still be involved and still be adding value in a way that has meaning. So, you know, you may want to set up maybe regular...

Marcus Bowman: Absolutely.

Heather Parbst: ... leadership meetings or some type of council meeting, where they can be involved, and they can see that they're still adding value. Because it sounds like that might be the trick there. Marcus, do you have anything to add on that one?

Marcus Bowman: Yeah, I think just don't be afraid to take initiatives. Whatever kind of the reasons for some of this, I think if you can ask for clarity, if you can even set up those regular conversations where you can ask for their input and make sure they feel valued, if you can take the time to do the



standard operating procedures piece so that they see, and then give them input into that process... Hopefully, those are some tools to help loosen that grip just a little bit.

We got maybe time for one more here quickly. So there's one more question here, "How do I, as an owner, help my leadership team step back from working in the business and start to work on? Could be people, strategy, best practices."

I think my initial thoughts are to think about your leadership team as running their own businesses in their divisions. So everything that we said is true of you as an owner, the steps that you should be taking to decentralize yourself, help them do the same thing. So do they have a team? Do they have clear roles and responsibilities for the folks that support them? I think going through the very same exercise is my quick take on what I would say is a way to tell. Heather, what do you think?

Heather Parbst: Yeah, so I think a lot of this comes to... This is such a big struggle. People get stuck in the execution phase, and they're not thinking strategically. I think one of the simplest but really most helpful things is to make sure that when you're interacting with your leadership team, you're doing that with a leadership hat or a coaching hat on as opposed to management. So start teaching them to think differently and to ask questions about what they're doing.

So what I mean by that is when you're making a decision, explain very thoroughly to them why you're doing it that way. When you see an opportunity for them to learn, before you jump in with what the solution might be, frame it as a question, so it's "How would you go about doing this?" Or, "So we've got this initiative coming up. I want to hear your thoughts on what you think makes sense." So starting to teach them to think critically and to think strategically is a great way to start that process.

Marcus Bowman: Yeah, absolutely. Great.

Heather Parbst: So I think we're at time. If you have any more questions, please do feel free to reach out to either me or Marcus. Our emails and contact information is up on the screen. We'll be happy to answer other questions via email as well.

I just want to say thank you so much. Good work for being thoughtful about this and taking the time to invest in your business and invest in yourself, and look for these ways to really empower your people and step back a little bit. So congratulations to all of you for taking the time to do that, and reach out if you have any questions. Thank you so much.

Marcus Bowman: Absolutely. Thank you, all.

Heather Parbst: All right. Bye-bye.

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