



# Have You Got The Basics Right?

Making sure your company can thrive in any environment

By David Quirke



Economists seem to agree that there is a change in the air. The Irish economy is once again on the up and up (even the government seems to be finding money they never thought they had these days). However, it is vitally important that small business owners can take advantage of this newfound growth and opportunity. Many business owners complain that the original Celtic Tiger never touched them or “passed them by”. Why was this? What can be done to make sure it doesn’t happen to their businesses or to your businesses again?

## What should an ideal business structure look like?

Business owners must be able to survive and thrive no matter what the conditions are. In order to do this they must be able to use their time in the most efficient manner possible. If you think of a business as a ship, there are three main levels (see diagram below).

If we look at the three levels they could be described as follows:

**Level 3: The Engine Room:** This is where the majority of the activity and work takes place. Business owners spend most of their time here. Indeed, they can run around all these five areas in a single day putting out fires.

**Level 2: Management of the Engine Room:** This is where the many business

owners try to get to. Here they are managing the engine room but not actually shovelling coal into the furnaces. Often, however, if they analysed the amount of time they actually spent here it would be surprisingly short.

**Level 1: The Bridge:** At this level the business owner has three main functions only.

- a) To manage the manager without getting involved in the day to day running of the engine room.
- b) To set the strategic vision and goals for the business.
- c) To invest the profits for the business (all going well this one should be fun).

## The harsh reality in most small businesses

Unfortunately the time spent here by the vast majority of small to medium sized business owners is pitifully small. Imagine a ship where the captain spends virtually no time on the bridge. The engine might be working very efficiently and the ship might even be travelling very fast but that’s not much use if you are travelling in the wrong direction.

I have lost track of the number of times I have heard the following statements when advising business owners on getting back up to level 1

- “but that’s easier said than done”

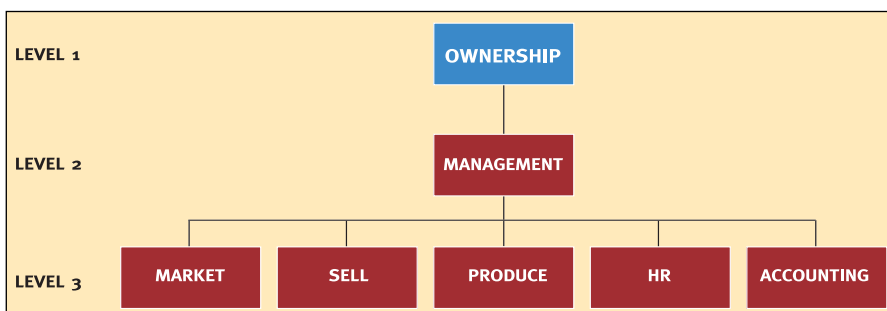
- “but my business is unique”
- “but only I know how this business really works”
- “but my suppliers know me and trust me and would leave if I wasn’t there”
- “but I tried that before and it didn’t work”
- “but I wouldn’t have as much money if I had to hire a manager”

And we all have at least twenty more of these out there and the word “but” is the biggest killer of business potential in the world today – especially when “if only” is added!

## Getting to the Bridge

You cannot expect a manager or employee to automatically know what you do to make the engine room work as efficiently as it does. You need to ask yourself some pertinent questions such as:

- What exact roles do I perform in each of these areas (Marketing, Sales, Operations, Human Resources, Finance)?
- What percentage of time do I spend in each of these areas?
- Do I have a system in place so that my employees can unambiguously know what it is that I expect them to do to reach their goals and objectives? If not, where are their gaps and how can I fill them as soon as possible?
- Can I employ a person or outsource a function that is taking too much of my time and therefore costing me too much money. Many business owners spend so much time in non-revenue earning activities that the opportunity cost of their actions is almost incalculable. Many of these activities could be passed on to existing employees or outsourced.
- How do I put reporting systems in place





so that I can effectively monitor each of these areas without actually working on them? This includes reporting in other areas, Financial Reporting, for example and effective Sales and Marketing reporting.

### Getting the most from your employees

How can I get my employees working as efficiently as possible? This is one of the most important areas in business. There are many complaints about the quality of employees. There are many comments made about employees such as

*“Only big companies can afford good employees”*

*“Irish people don’t make good employees”*

Some of the key elements of getting the most from your employees area as follows:

- There must be a clear vision for the business, which is communicated to the employees and is bought into by them. The business owner must be the leader that carries this vision forward.
- The culture must be congruent with that vision. For example, you can’t have an

open, entrepreneurial vision if your culture is to humiliate every employee for every mistake made.

- There should be effective hiring and removal systems in place to protect both the employee and yourself.
- There should be effective induction, performance appraisal and goal setting systems in place. It is de-motivating for employees if they do not know how well they are performing compared to what they are expected to achieve. This also allows a business owner to make the employee feel like a valued part of the team.

### Conclusion

So what has this got to do with managing your business through the ups and downs of the global economy?

The first principle of Judo is called “Kihon Wo Tadashiku”. This means “Get the Basics Right”. What they mean by this is that you cannot be a skilled Martial Artist unless you can do the basics correctly. Similarly, you cannot be a skilled business owner unless you can “Get the Basics Right”. One of these basics is freeing yourself from areas of the

business where you are not required by having efficient systems in place. I meet many business owners who have great ideas that they would like to fulfil either for their businesses or in their personal lives. However, all too often, mundane matters fill their time and ensure that they do not have the time to achieve all their ambitions. If you look at the top tier of entrepreneurs in this country, they realise that it is possible to manage many areas at the same time if you do not let one area be all consuming. Sean Quinn, for example owns a hotel, a golf course, an insurance company, a quarry, a cement company and many other companies. I believe that one of the keys to sustainable growth and survival in the medium to long term is the ability of entrepreneurs to fulfil their ambitions, ideas and opportunities. Once they have achieved this it is just as vital to ensure that it is not all consuming so the entrepreneur can concentrate on what they do best, making their visions a reality.

*David Quirke is a director of IBS (Icon Business Solutions) in Ireland. IBS has advisors countrywide and can be contacted on 01 661 3788 or at davidquirke@iconbusinesssolutions.com*

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