

The Business Of Management: Creating a Business-Business

By S. D. Parsons

Over the last 12 months I have touched in a random fashion on a number of subjects about business. Though I have used farming in my examples the principles apply equally to any kind of business. I suppose it is not surprising that with the economic problems facing the country I have had many requests for more information about how to apply that knowledge and about the course we offer in this and other countries. I'd like to take this opportunity to address those questions and to describe in brief why I think it is important that any proposed change in business should be done in a systematic manner.

On their own and in the random manner they were presented the articles on economics, finance, decision making and communication between family members do not constitute a coherent description of management. My purpose was to stimulate thought and discussion by drawing attention to topics that we don't normally think about on a day to day basis. Though those topics are nothing but common sense their application requires a different approach to that normally encountered in traditional educational institutions.

Drawing ideas from books, and more importantly from the thousands of people who have attended my courses internationally, a pattern for management teaching has evolved that makes sense and can have far reaching consequences for business people who want to change the way they run a business.

Interestingly the really good ideas have not come from the academics, but rather from the popular press. Two such authors are Michael Gerber and Robert Kiyosaki whom I have referred to previously. Gerber writes convincingly that most new businesses are started by people trained in technical disciplines, the majority of whom fail because they do not understand business. He says, *The problem isn't your business. The problem is you and will always be until you change your perspective about a business and how it works.*

Kiyosaki adds another extremely important concept when he distinguishes between self-employed people and business people. The underlying assumption being that to have the freedom to do the work that we were trained to do, we must develop a business-business. We must have a system that takes care of the myriad things needed to keep a business going. As Gerber says, *You're consumed by it (the business); totally invested in doing whatever is needed to keep it alive. But you're not only doing the work you know how to do but also the work you don't know how to do.*

So how does one make the change from being a self-employed person to being a business person? That is a question that has intrigued me as an educator for more than 30 years and has led to the evolution of a structured programme. Initially the course was simply a seminar on the technical topics of ecology, animal husbandry and veld management combined with

economics, finance and related business subjects. Since then it has evolved into the application of those principles.

Understanding basic principles is important, but alone it is not enough. To work successfully those principles need to be translated into action and for most of us that is a very difficult task. I am reminded of a comment received recently from a young banker who said, 'I have a degree in economics, but how do I translate those charts and graphs to something I can use in the real world?' Alas, his case is not unusual.

There is nothing as practical as a good theory. Like the shelves and coat hangers in the cupboard theory brings order to chaos, but it is essential to have a system that translates the theory and helps one apply it. That is what the Business Link programme does. Twenty years ago the Ranching For Profit School that I taught in the USA was an excellent short course on the technical and business aspects of ranching. However, as excited and stimulated as the participants were when they'd completed the course their primary question was "Where do we start?" I didn't know then that people needed help in applying those concepts to their businesses. More importantly I didn't know how to help them.

We needed a system but it wasn't until 1990 when Michael Walker, a Zimbabwean from Filabusi now living in Texas, attended a course of mine for the third time said, 'I am employing less than 20 percent of what I have learned in your courses and I should be applying 90 percent. It's your fault so what are you going to do about it?' The concept of follow-up training enhanced by input on individual businesses from a board of directors arose from that discussion.

Today we still offer an intensive initial course, but we now help our clients apply the knowledge step by step in follow-up sessions. Each such meeting involves a continuing education segment, homework assignments and a 'board' meeting. The board is made up of representatives from five businesses, each acting as reciprocal advisors for one another's businesses. The system that has evolved ensures confidentiality but at the same time brings a refreshing outside opinion to each business. I take pride in the fact that over the years the members of the Business Link have helped develop thoroughly efficient decision making procedures that ensure very successful meetings in a limited time period.

Making a shift from a self-employed business to a business-business takes time and effort. One can't wave a wand in the hope that the transition will take place overnight. But with guidelines and the help of a system the transformation can be made, and made profitably.

The first step is to identify the economic and financial haemorrhages and to take steps to eliminate them. After that it is essential that the owners and other key stakeholders devise a common vision and set of goals for what they want out of the business. It is the lack of such communication that results in the conflict between people so common in family owned, and other small

businesses. A positive attitude is vital. If you think it won't work you are virtually guaranteeing failure.

We have learned that one of the best ways to ensure the successful restructuring of a business is through the development of risk proofing strategies. Most of us in agriculture tend to associate risk with production risk – weather, disease, fire etc. But risk takes many forms. Quite obviously businesses are also vulnerable to economic and financial risk. In addition there is market risk, the actions of others and not least, people risk. Taking the latter alone, we have identified what we term the 5D's – death, disability, divorce, disagreement and depression.

There is an enormous difference between risk proofing strategies i.e. the steps one takes before the risk occurs, and risk management, the crisis steps one takes once the risk actually occurs. The development of those strategies, and the determination of long-term goals, effectively results in transforming a self-employed business to a business-business and the freedom to do what we want to do rather than what we have to do.

To recap, knowledge is essential, but without a system for the application of that knowledge life can be very frustrating. The Business Link system pools the experiences of participants from many regions of the world helping all of us achieve a situation where the business works for us, rather than us for the business.

I will endeavour in future articles to expand on the steps needed to restructure a business.

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