# From Brand Me to Brand Business

## The bridge that every ambitious entrepreneur has to cross to create independent value

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Every ambitious entrepreneur has their sights set on creating a business with independent value. Admittedly, not everyone starts a business with a view to selling it. Some people will want to hand the business over to the next generation of their family. Others are just in love with what they do, and plan to keep growing and developing their businesses as long as their health allows them to. But a true test of the maturity of any independently-owned and managed firm is whether you are working for the business, or whether the business is working for you. Only when you can honestly say that the business is working for you, do you have a business that has independent value.

We're not just playing with words here. One of the commonest complaints we hear from owner-managers is that, too much of the time, it seems as if the business is running them, and not vice versa. Their days are spent fighting fires, solving problems brought to them by other people, checking that staff are doing their jobs properly, soothing irate customers, negotiating with suppliers the list is endless. They *know* they should be spending more time improving today's business and shaping the business for the future, but somehow the good intentions are always on the back burner.

### Brand Me

If this sounds like you, don't worry. You are definitely not alone. I would guess that this is how many owner-managers feel, quite possibly most of the time. The shared problem is that they are stuck in the zone that is *Brand Me*. In the Brand Me zone, the business is in all essentials an extension of the founder and owner-manager. The business has no real existence independently of the boss – or bosses, in the case of partnerships. Of course, if the firm is a limited company or partnership, *legally* the business is a separate entity. But the reality is that *commercially* the business is little more than an appendage of the owner(s). And when the boss is away for any length of time, the business starts to languish, just like an organ which is cut off from the blood supply. Why else do so many owner-managers take so little holiday? And when they do, why do they spend so much time checking their emails, reading text messages and calling the office?

### Brand Business

The converse of Brand Me is *Brand Business*. In the Brand Business zone, the business is genuinely separable from the owner-manager. He or she can take time away from the business, without the constant need to phone in or experiencing a low-level, nagging anxiety, always in the background. In this zone the staff know what needs to be done, and do it. They deal with the routine, everyday decisions and only refer issues by exception. People know where the business is going, and they understand the part that they play in making this happen. The main value added by the boss is in setting the strategic direction and enabling the employees to perform to the best of their abilities. And the biggest pay-off is that in the Brand Business zone the business is much, much more likely to have value as an entity independently of the owner.

### Shangri-La or the Promised Land?

It might sound like we're relocating to Fantasy Island, but Brand Business is a reality for a select number of owner-managers whom we talk to every day. More to the point, programmes like the Business Growth and Development Programme (BGP) have helped hundreds of owner-managers actively cross the bridge. Before we examine how an owner-manager makes the transition from one zone to the other, take a minute to answer our ten-question test, to discover where you and your business are currently located:



Which Zone Are You In?

1. Are you the chief sales person?
2. Are you the major point of contact for key customers?
3. Are you the major point of contact for key suppliers?
4. Do you personally negotiate all contracts of significance?
5. Are you supporting the business with personal bank guarantees?
6. Do you routinely answer day-to-day queries from staff?
7. Are you working in excess of 40 hours a week in the business?
8. Are you the chief – and frequently the only – firefighter?
9. Do you spend fewer than five hours a week planning and discussing the future of the business?
10. Do you lack any colleagues in the business with whom you can discuss your hopes and fears openly and honestly?

For every Yes, score yourself one point.

If your score is:

*3 or under*: Congratulations! You've completed the transition to *Brand Business*, or are well on the way to doing so.

*3 – 6: Well done*. You're on the right track. Keep going!

*7 or over*: You're still firmly on the *Brand Me* side of the bridge.

## Everyone starts as Brand Me

Every start-up is a Brand Me business. In the early days the founder is asking investors, customers, suppliers and new recruits to take a leap of faith and place their trust in him or her. No matter how clever or compelling the idea, or patentable the technology, all these supporters of a new venture are ultimately betting on the vision, courage and stamina of the business founder. That's just as true of a business concept which is built around a strong branded proposition from the word go, as it is of any other type of start-up. People, as has often been remarked, back people.

As time goes on, however, the possibilities open up, of transition away from Brand Me to Brand Business. Some business founders, the gifted few, pass rapidly down this path and head for the bridge almost instinctively. Others never get to see the bridge. Most are stuck, frustrated, in the Brand Me zone, aware that somewhere out there is a better alternative, but never quite being able to figure out how to get there.

## Strategies to help get you across the bridge

Based on many years of working with successful owner -managers and their businesses, we'd like to share with you our observations on strategies that aid the transition from Brand Me to Brand Business in three key areas: *Customers and Suppliers; Finance;* and *Management Style.*

## *Customers and* Suppliers

In so many Brand Me businesses, the owner-manager is the tip of the iceberg. Customers and suppliers are aware that there is a larger entity beneath the surface, but the only thing they see is the boss. And because the boss is all they see, that is, for them, the business they buy from or sell to. So, unless you train your customers deliberately, the *only* person they will want to deal with is you. Now, many people – especially those in service businesses – tell us that they alone are the people the customers trust to handle their business. To which we say:

- The process of weaning the customer off their reliance on one individual will never start unless you, the supplier, make a conscious effort to do so
- Dependency is almost always a mutual state: often the supplier enjoys and promotes it, albeit unconsciously
- If the customer trusts you, they should also trust your judgment
- If there is genuinely no one else in your organisation whom you would trust with the customer, then you have a separate, and serious, issue that needs fixing.



How do you wean your customers, suppliers – and perhaps yourself off excessive dependency? You need a plan, and the will to take a couple of first steps in the right direction. Start by identifying who else in your business has the potential to grow into the role. If the answer is no-one, then you're going to have to develop someone internally, or recruit from outside. So, start planning your development or recruitment initiative. If you have no experience of doing this kind of thing, find people who do: there are plenty of experienced freelance HR experts who can help you identify the skills and competences the role requires, and profile the right sort of candidate. An experienced HR professional can also advise on the process of bringing someone alongside you, on the gradual and progressive transfer of managing the relationship with key customers and suppliers. It can't happen overnight, and you don't want to put key business relationships at risk. But unless you make a start on the process, you will be forever stuck in the Brand Me zone of customer dependence.

## Finance

Surveys suggest that, for at least 30% of independent UK businesses, their primary source of finance is the bank overdraft. And for most of them that funding is secured against their personal assets – which generally means the deeds to their property. Some of you reading this article will know the situation only too well. Now, many start-ups begin life funded at least in part by secured overdrafts. But the bank overdraft is no substitute for a long-term finance strategy – for a going concern, it should be a supporting facility that helps fund working capital when needed. Owner-managers who migrate from the Brand Me zone do so by freeing themselves from the shackles of the bank guarantee. They do so by using all the funding means at their disposal. Karan Bilimoria, founder of Cobra Beer, has used seventeen different financing mechanisms to drive his company's growth. If you don't challenge the status quo, you will be condemned to live with it.

Many people respond to that by saying that the *only* way they can finance their business's trading activity is through a bank overdraft. We have a number of responses on that score:

FIRST, have you really looked at all the alternatives? Do you indeed know what all the alternatives are? When was the last time you went into the market place or took independent advice on your financial structure? Apart from all the mechanisms of debt finance such as factoring and invoice discounting, have you considered an injection of equity from an outside investor? The number of business angel investors and private equity houses has increased hugely in recent years. Many owner-managers view outside investment with great suspicion, but there is plenty of evidence that this brings greater stability to the business and relatively little loss of control.

SECOND, is the real reason why you are forced into expensive, short-term financing that you just aren't delivering adequate margins? It may well be that the business is not producing a large enough return to re-invest and fund its working capital. Are you charging enough? Do your customers fully understand the value they are receiving? Have you even told them? On the costs side, do you have the best terms from your suppliers? Could you get a better deal on office staples and utilities bills by joining a buying consortium, for example? Do you review your supplier base annually and set targets for improvement, or do you just accept the terms as given?

THIRD, is your working capital working as hard as it should do? Have you let your debtor days creep up, or do you keep these constantly under review? Is someone in the office tasked specifically with chasing late payers? Do you have a well-defined process for getting the money in? If your debtor days are currently sixty, you won't bring them down to thirty overnight. But with focus and dedicated effort, you could almost certainly reduce them to forty-five days within twelve to eighteen months – we know it's possible, because we've seen literally dozens of owner-managed businesses achieve that sort of dramatic improvement.

I guess the main point we are seeking to make is that all too often reliance on expensive short-term debt is disguising inefficiencies in the way the business is run, and enabling them to persist. A business that is in a healthier financial state is not only a better business – it's much more likely to be a Brand Business enterprise.



### Management Style

And thirdly we come to what is often the toughest nut to crack: the behaviour of the boss. Too many owner-managers are imprisoned in the Brand Me zone behind walls which they have build themselves – and the get out of jail card is one they have to play for themselves!

Business founders tend to start life as what we term artisans. He or she practises his or her profession, or trades in a market that is already known to them. Most of their time is spent doing the business, and very little managing it. Over a period, as the business grows, that picture changes. The owner-manager is drawn into an increasing number of routine management tasks, of the sort we identified at the start of this feature: overseeing invoicing, revamping internal systems, dealing with suppliers, solving customers' problems and so forth. Most importantly, the boss typically becomes the hero figure in the office, solving the daily problems which are brought to him or her by other people. The more you solve other people's problems, of course, the more they are likely to bring them to you . . .

In most businesses this situation persists until the boss decides it can't go on, and starts to create a team to help manage the business, either promoting from within or recruiting externally. Too many owner-managers then can't resist the temptation to interfere – often from the best of motives. After all, who understands the business as thoroughly as the person who created it? But doing other people's jobs for them isn't growing their skills or building their confidence: it's *meddling*. Very few people actively enjoy having someone constantly looking over their shoulder. Indeed, the ones least likely to tolerate it are the talented and ambitious people you would like to employ in your business.

It's not hard to predict what happens next, if the tendency to meddle goes unchecked. Either demoralised staff will quit, or the owner-manager concludes that he or she is paying people to do the work that the boss is doing, and consequently fires the management team. The owner-manager then reverts to being a full-time hero, until they have another go at recruiting some help.

If all this sounds too much of a parody, consider the evidence. Of the hundreds of owner-managers we meet at Cranfield, *roughly 90% identify themselves as either predominantly heroes or meddlers*. Only 5% rate themselves primarily as **strategists**: that's to say leaders who work largely *on* the business, not in the business. And it's only by working *on* the business that you will succeed in growing it.

Behavioural change isn't easy, but it is possible. Here are four initiatives that you can try:

### Four little words: "what would you do" ?

The behavioural diagnostics we use tell us that most owner-managers display the characteristics of *both* hero *and* meddler. As a first step, then, we advise resisting the temptation to solve problems brought to you – the classic response of the hero. Greet the request with these four little words, and the questioner will usually tell you exactly what they would do. If it's a routine enquiry, nine times out of ten it's exactly what you would do too. Repeat this response often enough, and people will soon get the *overt* message: don't bother me with things you already know the answer to. Fairly quickly they'll also get the *implicit* message: *you* take responsibility for matters within *your* discretion. And the number of requests for heroic intervention will gradually decline until the problems that people bring genuinely are the exceptional ones.

### Clarify roles, responsibilities and accountabilities

It's a lot less easy to justify meddling if there's clarity over who is supposed to be doing what. Often this is no more than a matter of writing things down, in consultation with key members of staff, so that everyone has a sharper understanding of their roles. This process can frequently bring to light misunderstandings or ambiguities, so is worth doing in its own right.

### Delegate, don't abdicate

Don't try to move too far, too fast. Delegate a few, simple things, be available to support your staff and see how it goes. As their confidence builds, so you can up the responsibility. We know from research that owner-managers who grow their businesses successfully spend significant time coaching and mentoring their top teams.



## Get out more

Yes, it's as simple as that. Spend less time in the office getting in other people's hair. Divorce yourself from the daily routine so you have more time and space in which to think. Many former BGP participants tell us that their best ideas for developing and growing the business come to them on the golf course, over dinner, in the bath – anywhere but in the office. People who get out more invariably discover two things:

- The office can indeed run without their permanent physical presence
- People will not only embrace responsibility when they have to take decisions – those with talent and commitment will positively enjoy it.

## In conclusion

If you've read this far, decided that you are definitely a Brand Me business and are happy to remain so, that's fine. Most owner-managed businesses are lifestyle businesses which will never grow beyond the extent with which the owners feel comfortable. But if you're ambitious to grow and feel frustrated that you're not getting where you want to get to as fast as you'd like, being stuck in the Brand Me zone could be a major part of the problem. If that's the case, we hope that we've given you some useful food for thought and some practical guidance on how to cross that bridge to Brand Business.



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For more information on Cranfield's suite of unrivalled programmes for ambitious owner-managers, visit www.cranfield.ac.uk/som/growingbusiness.