

THE EXTRA POINT

BY JERRY ROBERTS



1318 The Challenges of Absentee Ownership — Part 1

In a land far away...a business...operated by managers, but with absentee owners. What's really happening there? Owners ask: "Are we getting the best return on our investment?" Managers ask: "Why don't they understand our problems?" Will the owners see things from the management perspective? Will the managers embrace the owners' concerns? Is there hope for the future of the business...and civilization as we know it? I'm Jerry Roberts, and we'll find out next, on The Extra Point.

With a nod to our Hollywood-style opening a moment ago, an absentee-owned business can result in all kinds of drama.

In a business where the owner is also the manager, the overall uncertainties and issues may not be fewer, but at least the owner will likely be aware of them.

An owner who is essentially an investor and not active in the operation is stuck trying to make decisions based on what they learn from financial statements, as well as the opinions of management.

In general, the absentee owner will choose one of three approaches as to their role, and how involved they are.

Option 1. They acknowledge their disconnect from the daily activities, support company leadership in any way possible, and so long as projections are met and hopefully exceeded, leaders are free to make most or all operational decisions.

This kind of owner is served best by a strong lead manager who confidently delivers results, and usually only consults the owner in extreme expenses, or other corporate financial matters.

Option 2. This owner doesn't give up blanket authority to the company leader. They retain more of that, working out some sort of shared arrangement. Maybe their leader isn't highly experienced as is the leader in the first option,

and the owner feels the need to play a larger role. On the other hand, the owner may not be psychologically capable of giving up complete control.

The best choice for the leadership role in this case is probably a younger, less experienced manager who can handle daily operations, and won't be upset or offended with constant oversight from the owner.

Option 3. Here's the one that can cause a ton of heartburn. This is the owner who doesn't fit into either of the first two models. Instead, they are consistently inconsistent. They tell the leader that it's his/her company to run, but then swoops in — often unannounced — and makes changes.

They talk to employees, listening to comments and complaints, and promising changes will be forthcoming — before consulting with the leader. Their presence can be disruptive, and often they are totally unaware of that.

Worse yet, this owner, not up-to-speed on the daily operations of the business, may make uninformed decisions that cause problems — not to mention raise questions about what level of authority the leader actually has.

The kind of manager who is best for this owner will be one with incredible patience and a high tolerance for aggravation.

Absentee owners, regardless of which option they fall under, may at some point second-guess their leader, pulling back authority. They may overrule decisions, refuse resources that have been promised, or change the course of the business.

Communication breakdowns between the owner and the leader can result in misunderstandings, missed opportunities, and a business that rumbles into dysfunction.

(Con't.)

In my years in Guam, I have known a number of absentee business owners, and I suspect they were and are distributed into all three categories.

I suppose a couple of them would have been a complete other category all to themselves, but that's probably another commentary for another day.

A challenging absentee owner is one of the toughest assignments a business leader will ever have. I've heard some of these managers grumble loudly about their experience. No, I will not mention names.

That being said, I've also heard leaders praise their owners liberally, and wouldn't have swapped their position for anything else.

Tomorrow, we'll look at this picture from the absentee owner's perspective. How do they see things?

That's the Extra Point. Be responsible and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

###

For information on training and consulting services with Jerry Roberts, please click this link: guamtraining.com

