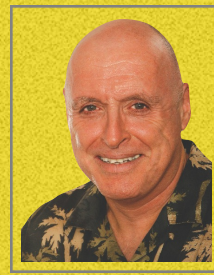


THE EXTRA POINT

BY JERRY ROBERTS



1319 The Challenges of Absentee Ownership — Part 2

Yesterday, we spoke about the challenges faced by a business leader who reports to an absentee owner, the three types of absentee owners, and the ideal manager who would be the best choice to work with each style. Today, we flip the script and take a look at this topic from the absentee owner's possible viewpoint. I'm Jerry Roberts, and that's next, on The Extra Point.

Our commentary yesterday highlighted some of the possible difficulties a manager might face in dealing with absentee ownership. You can pick up the transcript for that, #1318, at guamtraining.com. Click on "XP" on the top menu bar and you'll get the download page.

Today, the focus is on the owner who rarely comes to the business, and is not involved in most of the day-to-day operations.

I have been a manager with an owner who lived and worked halfway across the United States; and I have also been an absentee owner, living and working halfway across our island.

The man I worked for came to town 2-3 times each year. In my ownership capacity, I came to the office once or twice each week. Strangely, I think we shared some of the same concerns and frustrations.

In my decision to move out of the office and work from home, it was because my son, my only child, had been born and I wanted to have the full parental experience. I took a computer home, did my work and sent most of it in by email. In that sense, it worked fine.

The downside to the arrangement was that I didn't always know what was happening on a daily basis. Whereas I had been in greater control for the first 10 years of the business, all of a sudden I wasn't.

This can be a big issue for absentee owners who have always been on top of things.

This extends into timely communication. The owner once had his/her finger on every bit of data generated in the company, and now they get reports on whatever schedule has been set up. Some of that might be daily and weekly, and some monthly. That can be unsettling.

Where this can get sticky is when the business ends up in, say, financial trouble, and the owner feels it might have been avoided if the right information had been seen earlier.

The whole issue of communication and the flow of information will be different in every absentee situation. Ownership and leadership need to set up a system that works for the practical needs of the business, and to match up to the comfort zones of those involved.

Relationships can also be a sore point for the owner, particularly if they started the company and built it up one vendor and one customer at a time. You generated the relationships and now you've turned them over to other people. Where you could score a deal with a phone call, it's not so simple for others and maybe you lose some of that business.

The last point to discuss today is something most people in these arrangements don't want to think much about — that the leader decides to quit, and there's nobody on the team who is ready to step up into that role.

All of a sudden, the owner may no longer be "absentee," and will be running the business until a replacement is hired. Any business owner who avoids creating a succession plan is just asking for trouble.

I know I said that was the last point, but here's a bonus: The absentee owner may have all or most of his/her assets tied up in that business. If it goes down, their chances for a comfortable retirement may go down with it.

(Con't.)

Therefore, if you're the leader of the company and have to deal with a testy owner from time to time, that may be part of the reason.

My advice to owners and potential leaders alike is to enter into this kind of agreement with eyes wide open, asking every question you can think of. Flesh out possible situations and how each party sees them being handled.

In my opinion, this is one of the most critical business relationships, and one of the most challenging. Take your time and get it right.

Once you get married up to each other, do everything you can to make the other person thrilled they said "yes."

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.

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