



5 Reasons Why Your Business Is Too Dependent on You

If you were to draw a picture that visually represents your role in your business, what would it look like? Are you at the top of an organizational chart, or stuck in the middle of your business like a hub in a bicycle wheel?

The Hub & Spoke model is a drive that shows how dependent your business is on you for survival. The Hub & Spoke model can be only as strong as the hub. The moment the hub is overwhelmed, the entire system fails. Acquirers generally avoid these types of managed businesses because they understand the dangers of buying a company too dependent on the owner.

Here's a list of the 5 top warning signs that show your business could be too dependent on you:

1. You are the only signing authority

Most business owners give themselves final authority... all the time. But what happens if you're away for a couple of days and an important supplier needs to be paid? Consider giving an employee signing authority for an amount you're comfortable with, and then change the mailing address on your bank statements so they are mailed to your home (not the office). That way, you can review everything coming out of your account and make sure the privilege isn't being abused.

2. Your revenue is flat when compared to last year's

Flat revenue from one year to the next can be a sign you are a hub in a hub-and-spoke model. Like forcing water through a hose, you have only so much capacity. No matter how efficient you are, every business dependent on its owner reaches capacity at some point. Consider narrowing your product and service line by eliminating technically complex offers that require your personal involvement, and instead focus on selling fewer things to more people.

3. Your vacations... don't feel like vacations

If you spend your vacations dispatching orders from your mobile, it's time to cut the tether. Start by taking one day off and seeing how your company does without you. Build systems for failure points. Work up to a point where you can take a few weeks off without affecting your business.

4. You know all of your customers by first name

It's good to have the pulse of your market, but knowing every single customer by first name can be a sign that you're relying too heavily on your personal relationships being the glue that holds your business together. Consider replacing yourself as a rain maker by hiring a sales team, and as inefficient as it seems, have a trusted employee shadow you when you meet customers so over time your customers get used to dealing with someone else.

5. You get cc'd on more than five e-mails a day

Employees, customers and suppliers constantly cc'ing you on e-mails can be a sign that they are looking for your tacit approval or that you have not made clear when you want to be involved in their work. Start by asking your employees to stop using the cc line in an e-mail; ask them to add you to the "to" line if you really must be made aware of something – and only if they need a specific action from you.