

Making Business Decisions (or not, as the case may be)

I notice now, more than ever before, that clients find it difficult to make changes in their businesses. Most often, this is due to the fear of change rather than the difficulty of coming up with the correct changes to make.

I have always believed that the role of the chartered accountant is to help clients make “informed business decisions.” It is now very clear to me that this is only the first blush. Part of our skills need to be not only to “lead the horse to water” but also some coaching is needed to help the horse choose to drink.

Carrying on the analogy, over the past couple of years, I have managed to spend far too much time getting stressed out about the fact that on occasions, my clients refuse to drink, most often choosing inaction rather than another action or decision. And most often, this happens without the client communicating back to me their choice to not take the proposed action.

I believe that decisions come from one of two simple and distinct viewpoints, love or fear, it's as simple as that. Now remember that to not make a decision is a decision none the less. Generally, this is a decision to do nothing and is based on the fear of the unknown, fear of stepping outside your comfort zone or whatever it is that holds you back.

So, the question is, how to get comfortable with the decisions that you make? And in that way eliminating the often paralysing fear that holds back businesses from moving towards the greatness that every owner wants for their business.

It does not matter if we are talking about the advice from your chartered accountant, your lawyer or doctor. We are not talking about blind faith here, your advisor must always be able to present a logical, rational basis for any proposed course of action. This must be able to stand up to scrutiny and if you raise questions, these should be capable of being answered to your satisfaction. The process of debate or refinement of the proposal should not be overlooked. If you find it difficult to communicate with your advisor, look at why? If the advisor uses complex concepts without being willing or able to put these across in a way that resonates with you, press them to clarify and improve their communication skills. If you do not do this, the most likely decision that you will make will be one out of fear (not understanding the reasons for the business proposal) and most likely, the decision will be to not adopt the recommendation of your advisor. If your advisor cannot communicate to your satisfaction, I believe it's time to find another advisor.

If your advisor can satisfy you of the correctness of the business proposal and you are still having difficulty in agreeing to implement it, it's time to do some work on why you are having such a hard time. Again, this should be discussed with your advisor as well. For such a relationship to be capable of really adding value to your business, it is critical that the advisor understands what blocks you from action.

Most often this is caused by fear. Everything in life involves change but we tend to fear it. This might be the fear of the unknown (most of which should be eliminated by the business argument for the proposed change).

The fear might be about having to be involved in aspects of the business that you believe you do not have the skills for. One I often see in small business is that the owner is a great sales or technical person and is the one who goes out and brings home the bacon, but is not interested in figures (financial reports) so sees no value in these and does not want to upskill in this area (your chartered accountant should be able to teach you all you need to know in about an hour at most); or does not like being part of the bill paying process (it's tedious or doesn't “make” money). Often, these clients hand over control of the money flow to a staff member, exposing the business to sloppy practice that can result in reduced profits (accidentally double-paying suppliers for example), or worse, exposing the business to theft and embezzlement. Such a thing might be avoided by some very simple segregation of duties (for example, your signature needed on payments).

The problems I have seen that have been caused by business owners putting the power of payment in the hands of a staff member are astounding, often resulting in an excellent business failing or being pushed close to failure by dishonesty that is simply allowed to happen. I really cannot stress this one enough. It is very simple to avoid. So, are you afraid to change your payment authorisation processes for fear of upsetting that loyal and trusted staff member? If so, there are some simple processes to go through to deal with this one, the most simple of all is to blame your advisor – “I don't really want to make this change but my chartered accountant insists, it's not that I don't trust you of course...”

Or perhaps you can identify within yourself that this decision to implement the change can come from a point of love, such as the desire to strengthen the business, to give it longevity and profitability, so that you can continue to employ your loyal trustworthy staff members without fear that a weakness in the system or a rotten apple may destroy the dream for all (believe me, it happens, very often).

Often a reason that is raised (internally) by someone who is choosing to not make a decision is, "I simply do not have enough time to get up to speed with the ideas and business concepts that my advisor is talking about. I have to get out in the real world and make sales, not sit around learning these new concepts, words, reports etc." Well the bad news is, that's not the real reason. The real reason is the person fears they cannot learn the concept, or the person fears being seen as unintelligent, so won't ask the questions. Try getting in touch with what your real base fears are; that way, you can face them. I guarantee that as soon as you do this, the fear will fade. The time involvement is only a one-off (to come up to speed with the concept), and will undoubtedly return dividends far in excess of the time invested.

It's time to face your fears, rise to the challenge and enjoy the process of change that is inherent in every aspect of life, not just your business.

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