7 Essential Mule Kicks Every CEO Needs

Jim Muehlhausen

1. It's time drop out of the School of Hard Knocks

When you start a business, you are automatically enrolled in the School of Hard Knocks. Many great lessons are learned in this school. However, they are typically painful, slow, and expensive. Many business owners never find a way to graduate from the School of Hard Knocks. They keep plugging away, learning things the hard way.

For instance, when I owned a manufacturing company, I took a course at the School of Hard Knocks called "How to waste $100,000 hiring the wrong salesperson." Not only did I waste $100,000, I failed the "course" and had to retake it later. Many businesspeople have taken this same course.

In an ideal business world we learn from others hard knocks rather than our own. The savvy CEO learns the same Hard Knocks lessons, but not via a pound of his or her own flesh. Typically, this is accomplished by having access to sticky case studies.

How to avoid the hard knock: Case studies are the best way to get out of school.

Case studies you can learn from

Every CEO has read hundreds of case studies. There is always a valuable lesson learned in each. However, these same CEOs have made many of mistakes in the case study. How can this be? Can't they learn from the case study? Yes, they can. However, the information in a case study isn't sticky.

Sticky information is relevant and personal. We don't know or care personally about the people in the case study; it's just data to us. However, when we have intimate knowledge of a business, a business owner, employees, and vast additional details, the information becomes sticky.

Most of the time, these sticky case studies are from people we know. When I read a Harvard Business Review case study on the cost of hiring the wrong person, it is "interesting." In reality, it is purely intellectual information that sticks with me for a few days. However, when my brother's company hires the wrong IT manger and it practically sinks the company, the lessons learned by my brother are totally and completely transferred to me in whole. On top of that, they stick forever. Without this emotional attachment to the case study, the information simple doesn't stick.

2. Be willing to bet on yourself.

Every day when we go to work, we are betting on our ability to successfully lead our business. Every day, we bet our ourselves. We make significant expenditures with the expectation that they will yield a return greater than their cost.

However, for the CEO, this bet is more complex than simple revenues exceeding expenses. Each and every day, the CEO bets his or her time. We all have only 24 hours in a day to accomplish our goals. Unfortunately, the CEO is always the bottleneck of the business. His or her ability to execute will determine how far and how fast the business will go.

When the CEO walks through the door every morning, they are going to place a bet on themselves, on their ability to drive the business. The CEO makes this bet with their watch or their wallet.

When you invest your scarce personal time resources into something, you are betting with your watch or your time. When you pay someone else to do something, you are betting with your wallet. That is, you are literally betting that you can pay someone else cash to purchase your time back on the expectation that you can make more with this time than you pay them.

At some point, all CEOs stop making this bet. It's easy to pay someone to empty the trash. It's obviously below your pay grade. Plus, you don't want to do it anyways. Things get a bit trickier when we have to pay someone $150,000 per year to be our marketing manager. Many CEOs say to themselves, "Gosh, I can do most of that. Why should I pay Sally so much money when I can do it?" At this point, the CEO stops leveraging their abilities and starts trading their time for money.

True CEOs never trade their time for money. It's a sure-fire way to work too hard and make to little. It is the CEOs job to constantly be finding better and more profitable uses for their time and betting on themselves.

3. A solid business model is the prerequisite to a strong business.

Have you ever asked yourself, "Why do some not-so-talented and not-so-hard-working businesspeople create very successful businesses?"

If you believe the traditional business press, you believe that leadership ability, marketing ability, or hard work is what will lead to success. You have been duped. None of the traits, characteristics, or tactics described in the business press matter…….unless……

You have an excellent business model.

The brutal truth is

Great leader + average business model = average business

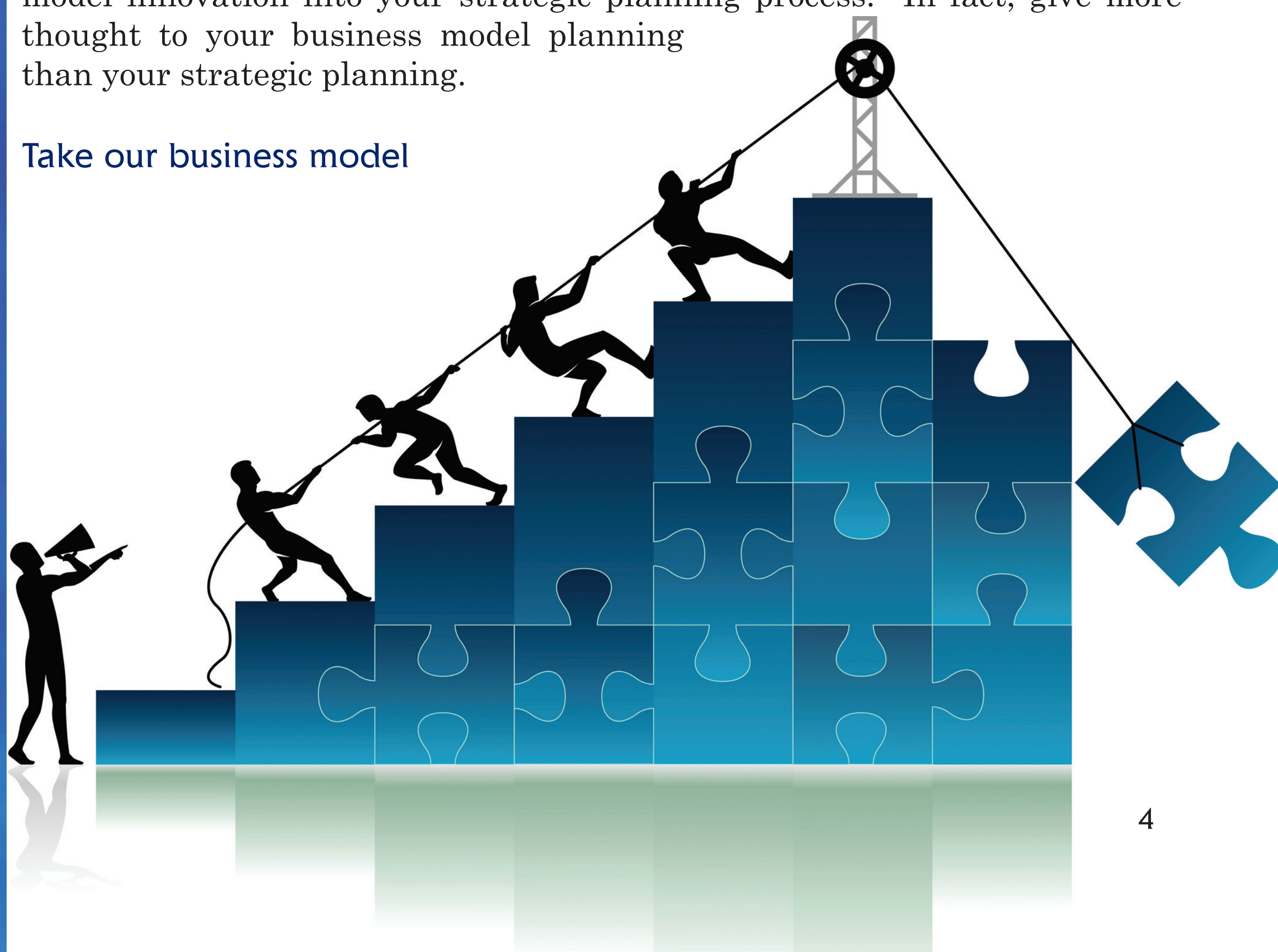
But

Average leader + Great business model = great business

You can't outsmart a bad business model

A solid business model is the foundation of a great business. Yet, most CEOs pay little or no attention to this vital area. Incorporate business model innovation into your strategic planning process. In fact, give more thought to your business model planning than your strategic planning.

Take our business model



4. Plan to never sell your business

Most CEOs envision a pot of gold at the end of their company's rainbow. A competitor will swoop in and offer us a huge pile of money for our company. Many times, this never happens.

There are many reasons why CEOs can't or won't sell their business:

- The business will not run effectively without the CEOs daily input
- No sales process or ability outside the owner's
- Insufficient cash flow
- Unattractive business model
- Unattractive industry
- Lack of structure or systems
- Unreasonable price desired

All of these issues are fixable. However, they are not the real problem. The real issue is that many CEOs waste immeasurable time trying to sell an unsellable business. They spend thousands of hours which could be building a better business trying to consummate an impossible deal.

There is a better way. It's called the CEO Emeritus. The CEO Emeritus never needs to sell his/her business. The CEO Emeritus creates a business that runs very well without her direct daily input. The CEO Emeritus works the hours that they want to work, gets paid a terrific salary (what you earn right now or maybe more), does work that they want to do, and performs activities only an owner can; activities like being the head cheerleader, the visionary, the strategist, the keeper of key customer relationships, and the standard bearer.

We call the CEO Emeritus Activities "The 16 Hats." For instance, the Standard Bearer is the person that maintains the level of how well the organization performs all work. Have you ever noticed your business runs better when you are in the building versus when you are not? That's the Standard Bearer dynamic at work. It's not that you are doing anything; it's just running better because you are present. Your people know the standard is higher when you are in the building. Bearing the standard is an activity.

All of The 16 Hats activities pay exceptionally well, hundreds or thousands of dollars per hour, and they don't take much time. The reason is that the true value of the CEO is these infrequent, high-value activities which only the CEO can perform. The CEO Emeritus that does a few high-value, low-frequency activities and can draw a terrific amount of money out of the business without investing tremendous amounts of time. I encourage you to consider the option of becoming the CEO Emeritus vs. selling your business. For most business owners, it is more financially viable to become a CEO Emeritus than it is to sell.

Even better, once you have established CEO Emeritus status, you can sell your business for far more. A business that runs exceptionally well without the daily input of the owner sells for a significant premium over other businesses.Getting from powerpoint 16 activities

5. Delegation is a Myth

Alright, here's a bit of clarification. What you probably consider to be delegation is a myth. By a myth, I mean impossible. Independent CEOs are naturally lousy delegators. What makes you a great natural entrepreneur makes you a lousy delega tor.

Because delegation is difficult and un-natural for CEOs, many like to do what I call "100% delegation." This type of total delegation pushes all aspects of the project or task onto the employee. It sounds something like, "All I know is that I am not going to do this, you are."

This type of delegation rarely works. Instead, it frustrates the CEOs. It makes him or her feel like they have to take responsibility for all high-level tasks in the organization. It makes them feel trapped.

There is a way out of this conundrum. It's a technique called 98/2 delegation. Instead of pushing the entire task to the employee, you push 98% of the task and keep 2%. The 2% you keep varies based upon the task, but typically the 2% is the non-delegable portion of the work.

Examples of non-delegable work are:

- Quick quality control
- Security such as hand-signing check or password control
- Special genius acquired by you over years
- Relationship management
- Complex decision making
- High-level sales skill

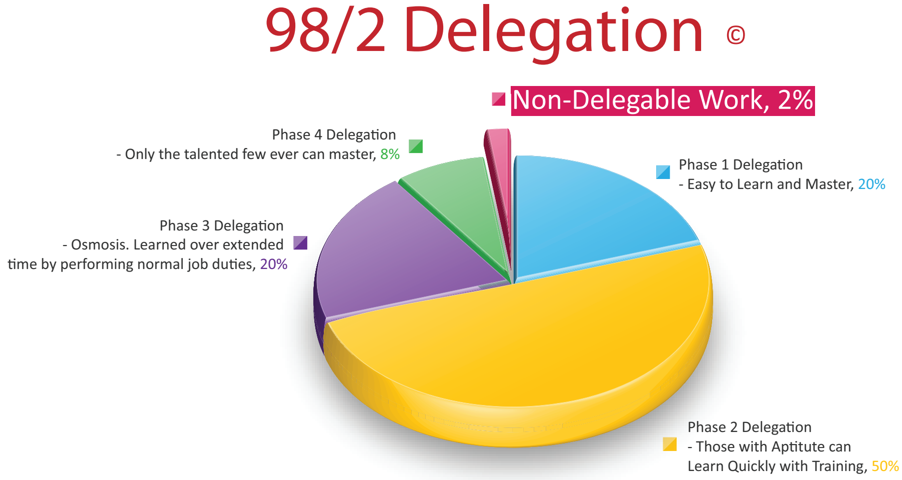
Here's the way a typical task should be delegated:

1. Do not, repeat not, push the entire task to the employee. You must break it up into tiny pieces and give only the work which they can master.
2. If you cannot or will not train them, do not expect them to master tasks quickly. Patience is the cost of poor training. Typically, companies with poor training are the least patient with new trainees or delegees.
3. Remember, it is only the tasks which the employee can master with NO help that are helpful to you. Attempting to do 100% of a task and needing help from you all the time is NOT helpful. It wastes your time, not saves it. Instead, ask less of the delegee. It's much like laying bricks. Once they have mastered a portion of the task, then add more.
4. Figure out the 2% non-delegable tasks. Many times, this 2% is simply quality control. This could be as simple as eyeballing product before the customer sees it.

Here are some real-life examples of the non-delegablework:

- Parts supplier checks high-priority deliveries for mis-boxes before shipment
- CEO quickly selects vendors for payment from a payables aging vs. allowing payables clerk to select vendors
- Jack Welch's impromptu plant tours and on-the-spot decisions
- Playing the super-closer to wrap up a big sale
- Maintaining relationships with key vendors and customers
- Having a last-look at key hires even if someone else is primarily responsible for the decision

Here's a chart representing a typical delegation scenario.



6. Help is NOT a 4-letter word

One of the best characteristics of entrepreneurs is their fierce independence. It is one of the qualities which makes them terrific entrepreneurs. However, this frontier mentality can also do damage.

To many entrepreneurs and CEOs, help is a dirty word. Help means I don't know something or that I am weak. Help means I am not qualified to run this company. The CEO does not like these feelings, so she avoids them by not getting any help.

The best CEOs solicit expertise from anyone and everyone. Henry Ford found himself in court one day being grilled by some Ivy League attorney. The attorney was badgering Mr. Ford for being a bit "simple." At some point, Mr. Ford had heard enough from the attorney and said something along the lines of, "Son, I don't need to know the answer to that question, that's why I have them," while pointing to his vast army of consultants, executives, and lawyers. Ford's philosophy was to surround himself with the best and brightest while subduing his own ego. Things worked out pretty well for Mr. Ford. Perhaps there is a good lesson there?

There is an old saying, "I can accurately predict your success by gauging the success of the five people you spend the most time with." That is, if you hang around with successful people, you are more likely to be successful. For instance, if Donald Trump, Bill Gates, Jack Welch, Meg Whitman, and Warren Buffet would let me tag along with them for a year, would Ibecome a better businessperson? Of course I would. This is exactly the principle of which I speak. Simply learning from these leaders via osmosis has tremendous positive effect.

Who do you spend the bulk of your time with? What are their strengths?

What are their weaknesses? Do you need an upgrade?

7. The 3 most dangerous words in business: can't, should, have to

We can't get into that business because........
We have always done it this way. We can't........
People should know.........
Why doesn't Sally just..........
We have to invest in this project.......

These are all what I call "Unwritten Rules." They may not be written down, but we follow them like they are laws. Virtually all problems in business are caused by Unwritten Rules. They mess up our decision-making by adding un-necessary baggage. They make our lives difficult by adding unneeded complexity. They stress us out by thinking things are important when they aren't.

There is no quick formula to un-learning your Unwritten Rules. The best you can do is to realize with you and others are making them. Challenge thought processes each and every step of the way. Assume nothing!

Beware, employees like Unwritten Rules much more than CEOs do. Unwritten Rules tend to protect employees, add stability, and protect against change. You will meet much resistance trying to break Unwritten Rules with your people. Just remember, it is the CEO's job to change and the employee's job to fight it.

Jim Muehlhausen speaks the language every CEO needs to hear. His messages, peppered with "mule kicks" (short pithy comments about business that ring true) are full of information. Jim has been in the business world for over 25 years and has success upon success. Sponsored by Bank of America, Merrill Lynch, CarolinaPEO, Inc Magazine, and Michael Porter of the Harvard Business School, Jim has coached hundreds of business owners on 3 continents.

From the knowledge he has gleaned from business experiences as varied as franchise owner, CEO, business owner, educator and community volunteer, he brings valuable insight to your company and its employees.

Jim was the youngest Meineke Discount Muffler franchisee ever, and expanded his Meineke business to include several locations while in law school. After successfully selling his business, he developed an aftermarket automotive company that led to recognition by Michael Porter of the Harvard Business School and was in INC Magazine's 100 Fastest Growing Businesses. He is the Founder of Business Model Institute and President of CEO Focus, a nationwide organization of business owners.

Jim has a gift for teaching. He is an adjunct professor of business at the University of Indianapolis, and has coached over hundreds of business owners in over 4,500 personal coaching sessions, and has clients in North America, Europe, Asia, Africa and the Middle East. His wealth of information has made him a much sought-after speaker. He develops and licenses his own materials, and has written The 51 Fatal Business Errors and How to Avoid Them.

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