



**Small Business Development Center
at Volunteer State Community College**

A public service program of the Division of Continuing Education & Economic Development

February's Newsletter:

The Power of Delegation

One of the most difficult tasks for a small business owner is **delegation**. Your business is your baby, and you can't stand the thought of someone else handling aspects of it and you paying them to do it. Unfortunately, the famous last words of many strong business owners are, "if you want something done right, you've got to do it yourself." That may only work for the first year or so. After that, it can become counterproductive. Delegating and outsourcing cannot only improve your business' management, but also improve your revenue.

Business owner/CEO/motivational speaker/author John Maxwell put it best in his book, **17 Indisputable Laws of Teamwork**, when he discussed the Law of Significance, "People try to achieve great things by themselves mainly because of the size of their ego, their level of insecurity, or simple naiveté and temperament. One is too small a number to achieve greatness."

Areas of your business that could be outsourced are accounting, legal services, bookkeeping, payroll, technical support for your computer system, and web development. If these are areas are not your specialty, then your time will be better spent on planning, networking, selling, or just plain running your business.

The key to delegating and outsourcing is to work with good people. So, before using the services of any of the previously mentioned professionals, always ask other business owners for referrals and contact your local Chamber of Commerce for possible referrals. **DO NOT** use that nerdy kid down the street to develop your website. Pictures of the starship *Enterprise* may make your website cool for his friends, but they won't help you sell your product or service and they sure won't help you get found on Google. This also means don't let Aunt Helen do your bookkeeping and taxes, because she's really good at her multiplication tables. Yes, Aunt Helen, we all know that $7 \times 7 = 49$ but I'll bet you don't know how much of my home office can be considered a legitimate

business expense. I'll hold off on quoting prices for each of the services, but you can go to www.costhelper.com for ideas on the cost of each.

Examples of costs savings:

- You could easily spend up to 3 hours or more per week handling the bookkeeping for your small business. You could outsource that service to the tune of \$100 total. If you spend that 3 plus hours getting one more customer that spends over a \$1,000 with you this year that would be a 900% return on investment. This is not including the money and aggravation saved by not having inaccurate books. Not too bad.
- Another example would be the services of an accountant for tax preparation and tax planning. For clarification, tax preparation is what many accountants are doing right now. They are taking a look at your end of the year income and expenses and calculating how much you owe Uncle Sam. Tax planning is the time spent between April 15th and December 31st that will save you thousands of dollars in taxes. Not to mention the additional money that you can save in penalties and interest to the IRS, because you waited until the end of the year to make certain financial decisions that should have been made months ago. This does not even include the trends and financial ratios that an accountant will see while assisting you with tax planning. That planning will give them the real information that helps you make better financial decisions, thus saving you thousands more than they will ever cost.

Now here comes the usual objection. Where do you get the money to pay any of these folks when you can't seem to pay yourself at the moment? I'll admit that this won't be easy, but is a necessity to growing your business. I would select one or two of the most important areas of your business to outsource first. Then do everything possible to eliminate your personal expenses and business fixed expenses to make this happen. You could even consider asking them for a payment plan, to help you get started.