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## Governance AKA setting the boundaries!

Governance tends to be something that is dismissed by small businesses as “not applicable, because that only applies to Corporates!” ....sorry, wrong, if anything the impact of poor governance can be horrendous on small businesses. Governance is about setting the rules and boundaries from the outset and sticking to them.

Many small businesses start life as a one-man band, and the first “workers” are Friends, Family etc. But when Husband and Wife “pillow talk” becomes all about the debtors list, or the night out with your best mate ends up all about how to generate more business, you can quickly end up doing nothing apart from “work”.

So, rule 1:

### **Leave work at work!**

Some of my personal rules are:

No shop talk after 7pm (unless there is blood on the floor)

At least 1 day a week when I don't switch on the computer.

Have a separate work and private phone number so that you can switch off work

Businesses evolve and grow, but those around you don't necessarily evolve and grow at the same pace. A recent client had started life in his garage and had employed his best mate... great... They were both pretty much behaving as business owners, working the hours they wanted, pretty much pleasing themselves about what to prioritise etc. Fast forward 5 years and they now employ 9 staff and this one member of the team (the best mate) is still rocking up when he feels like, expecting everyone else to clean up behind him etc. Because this has been allowed to slide for so long, the behaviour correction discussions are exceedingly difficult.

So, rule 2:

### **Set the Boss/Employee boundary early**

Some of the rules I recommend to avoid this are:

Have the honest discussion early about who is the boss and who is the employee. This isn't about being a dictator, this is just about saying “I am the boss, and there are times when I will

need to enforce the rules and/or make decisions which you don't necessarily agree with, are you OK with that?"

Be open about the financials – most business owners actually earn a lot less money than their staff (particularly in the early years). But we all do the “fake it till you make it”, so a lot of staff think we are rolling in it! Yes, you may drive the flash car, but your house is on the line if it all goes pear shaped!

Put on the “boss hat” (some even literally have a Boss hat!). It helps lighten the mood, and you can also start a discussion with “I need to talk to you as the boss, and you need to listen as the employee...”

And the 3rd rule, which was my Grandfathers favourite (and he was a very successful businessman):

### **Surround yourself with good people, and learn from them**

No-one knows everything about everything, so whether it is an advisory board (formal or informal) or the people you actually employ, recruit to fill your skill and knowledge gaps and head the advice you are being given.

If you would like to know more or require assistance please contact [Lisa Mackay](#)

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