In my previous article, we explored the very limited number of long-term options open to the owner of every business—yours, mine, and the owner across the street. There are only four: develop a manager, develop an heir as manager, sell out, or doing nothing and hope that old age will go away. This article is the first option, given first not because of its popularity with business owners but because it is the text-book way—the big-business way—to continue a business. And that is to find, train, and develop somebody to take over and manage your business when you decide (or are forced) to step down. Few contractors manage to do this; about half of all contracting firms are sold, either as a going concern or by liquidation. In perhaps 30% to 40% of the cases a son/daughter is developed as a manager (probably because the owner went looking for a cheap and loyal management trainee and, by a process of elimination, picked his son). So only about 10% or 20% of business owners develop a manager. Which is unfortunate, because the process is not that difficult and the end result is very valuable. A competent manager frees an owner for taking a decent vacation and even lets you be ill once in a while (most business owners are disgustingly healthy, just because they do not have time to be sick). A manager lets you slide into retirement gracefully, secure in the knowledge that your income source will continue onward unbroken. And should you decide to sell, a manager makes a business more salable, ups the price you can get—and occasionally the manager is a logical buyer.

The reasons most business owners do not develop a manager is they cannot see manager potential in young people, they are too impatient to be good teachers, and they are afraid that a really good manager, once developed, would quit and start his own business. In order to avoid the first two, they steal an ambitious, experienced man from a competitor and then lose him when somebody else makes him a better offer. But the ideal trainee is developed from the ground up in house, and such a person’s loyalty is usually built in; why should he start his own business when he will wind up manager with no investment or risk? and how can anybody else top a future like that?

To start with, you need a young trainee—at least a generation younger than you; one within a decade of your own ‘age will probably retire before you do. Pick one from among your young employees or screen your hiring with a trainee in mind. All you are looking for is somebody who wants to learn. You will not find ambition, as such, among young employees because they just do not have enough work experience to develop a concept of how ambition and jobs fit together. Among job applicants, look for somebody who can learn from reading (there is a lot to learn before he sits behind your desk and part of it will come from books, seminars, and night school), who...
wants to learn, has at least the rudiments of self confidence, and does not have too much education. This last will raise some hackles, doubtless, but nobody has ever linked educational attainment and entrepreneurial success (in fact, the opposite is actually the case) and what you want above all else is somebody who can learn entrepreneurship from you and then apply it in your business. Most business owners are not well educated and feel they somehow missed something, so they send their own kids to college and feel college is a requisite in a manager. Not so. Further, you want your trainee to start at the very bottom and learn the business all the way up. People with a good education generally think they are above such lowly positions and want to start in the middle of the ladder. The concept has validity, but it also means you have to start the training in the middle, and since making yourself into a teacher is likely to be more difficult than making an employee into a trainee, you better look for young people who will enter your business on the bottom rung and let you guide them.

In looking among your own employees, put aside the usual employer’s blinders, which says that a person hired to put up lath is a lather and will probably always remain so. This is a common problem; we need somebody to do a job, and once we hire and train him for that job, we go to the next problem. Unless he rattles his cage periodically, we forget him; he could stay on that one job forty years or more. So take another look at the people you have neatly pigeonholed into jobs.

The author at a recent seminar for training competent managers. Not only must the management trainee learn the business from a technical end, but he must teach those areas which are often the owner’s weak spots—the management of people and money.

But do not be trapped into picking somebody just because they are loyal and hardworking or have been with you forever. Management is somewhat a frame of mind; few employees ever expect to be anything other than employees. Even the most aggressive never visualize getting beyond the supervisory level, nor are they willing to put in the extra effort to learn accounting and employee psychology and the myriad other subjects which your next manager must know.

In short, a good manager is hand picked and specifically trained for management, right from the beginning. And the difference between him and an ordinary employee is definite. The employee works and is paid. If he deliberately studies the job ahead of him, or his boss retires, he may be moved up. But a manager-to-be is paid to work while he is learning other things, things you have decided he must know to advance to the next stage. The young manager-to-be will do one thing until he has learned it well enough to teach somebody else.
how to do it, then train his replace-
ment and move onto the next job,
since he will need to work at virtually
everything in the business. Whether
the management trainee is somebody
off the street or out of school, or
your wife’s nephew, or your own son,
he is a special person and being
deliberately moved through the
chairs to the head of the lodge.

How do you find a suitable trainee?
It is really not that difficult. You
want young men who want to learn,
who want to put something of them-
selves into your business, and who
want to please you. That is not a
difficult or even unusual combina-
tion; you can spot those who want to
learn, who browse thru trade maga-
zines and construction books, and
are willing to go to night school to
learn more. For the rest, watch for
employees who make suggestions—
nothing is as precious as a person’s
ideas, and those who offer the fruit
of their minds are offering more than
you pay for — conscientiousness and
a desire to please (and impress) you.
Of such are future managers de-
veloped.

The next step is to decide what
you will teach, how, and in what
order. A written curriculum is abso-
lutely vital — your job is teaching, and
you must decide in advance both
what and how. To develop a practical
curriculum, think back across the
years and make a list of all the things
you have learned since you started
in the business. No, it will not become
a book. Just list the high points— the
technology of the business (those
things which make it different from
a furniture store, for example). Add
what you have learned about mar-
keting, merchandising, selling, people
management, and general business
management. Then add what you
know about accounting, budgeting,
and financial management (from cash
flow to inventory control). Now go
back over the list and fearlessly add
the things you never did learn — how
to get a loan when you really need
one, how to reduce taxes, pick a good
lawyer, talk your employees into
voting out their union, etc. Remem-
ber that your manager must know
more than you know and be smarter
than you are. After all, he will event-
ually wind up managing your business
and your money. You can make
mistakes with your own money and
readily forgive yourself. You will not
so rapidly forgive a manager who
makes mistakes. Ergo, he must be-
come smarter than you are and know
more than you do.

That may appear to form an omi-
nous teaching job, but it is not that
difficult. Just take your list of topics,
shuffle it into a more logical, pro-
gressive order, then consider how
your trainee will learn each point.
Some he will learn from you, some
from your field foremen, others from
your estimator, some at conventions,
night schools, college courses, as-
sociation seminars, etc. Include your
lawyer, banker, accountant, insur-
ance man and consultants among the
teachers. And survey your public
library for books which your trainee
can use to expand his ability. Every-
ting can be learned from some place.
This then — the subjects, a progressive
order, and the “teacher” arrange-
Continued on next page
ment — is your teaching curriculum. Start your trainee at the bottom and work them upward, step by step.

A few points to watch for:
1. Do start your trainees at bottom jobs.
2. Do not leave them at any of these jobs for very long. A few weeks is enough for most. Remember that your trainees need not really become experts at any of them—their job is learning your job, and your job is not to be first violinist, but conductor. Not to be the best man in your business, but to get the best out of the other men in your business.
3. Never abandon them. Keep in close touch, every day. Have lunch with them, get together for a beer after work. Take them on calls, and when you meet with your accountant and lawyer. Take them to conventions and meetings. These are special people.
4. Have more than one trainee. Not all will become your manager eventually—only the best. The rest will drop off, probably as department heads en route. But some “spares” provides safety, better feedback to you—and a bit of competition is helpful.
5. Do not lose them in sales promotion. For most wall and ceiling contractors, this is not a major problem. But sharp, ambitious young people gravitate to sales jobs and become indispensable there. And the training program falters and grinds to a halt. Besides, training is an arduous task; many times you will want a respite—and half of you will dream up a sales job just as a place to store your trainees.
6. Do not let your trainee become your helper, your “good right hand”. You are not developing somebody to follow you around and help you do your job—but somebody to take over your job. The distinction is important.
7. Your trainees will have ideas—ideas to improve your business. Partly
this is a flexing of their mental muscles, partly it is attempting to see what they learn put to work to find out if it is true, and partly it is an attempt to please you. Unfortunately, none of us welcome ideas; we will not live long enough to try out our own. And most new ideas are for change—and an implied criticism of what we are doing which is the result of ideas we had years ago. These two reasons make most business owners relatively deaf to other’s ideas. In fact, most entrepreneurs are virtually, advice proof. Yet despite all this, you must actually encourage ideas from your trainees. Worse yet, you must let them put a high percentage into action, just to help them learn and to sharpen both their wits and judgment. This is a subject in itself, but your trainees, without this opportunity to try out new ideas, will degenerate into yesmen, and endlessly preserving what you have learned—and become useless as future managers.

8. Remember that you have reached a level of accomplishment (and age) when you are becoming conservative. You have too much to lose and do not want to risk what you spent a lifetime building. This is natural. But your trainees are becoming fired with ambition and are eager to try out what they are learning. This means that they will be ready to start rocking your boat just about the time you want to anchor it. Ironically, most business owners hobble their trainees just when they are ready to start putting their training to work. This can be a sore point—be very careful of it.

This last point brings up consideration of the end of the training period. First, how long should it last? In one sense, a life time is not long enough to learn it all. No matter how long we live, we continue learning. But there is another aspect—the training period must end when our trainees are at their peak, when they are ready to take charge. When their combination of relative youth, ambition, self confidence, and optimism is at its peak. And this, for most men, is between the ages of 27 and 35. Perhaps a bit older, but not much. In a multi-million dollar operation, you might extend that age span to 40, but I would not go beyond that. If a man is not in the driver’s seat by 35, he probably will never be—and should not be. Because beyond 35, the conservatism mounts and the dynamism leaks away.

So what do you do with an eager manager trainee, who at 35 is primed and ready to go—and you are only 55 or so and at your peak—with no thought of retirement for another 20 years or so?

There is only one way for a management trainee to learn how to run a business. That is by running one. There is only one way for a trainee to develop and demonstrate his management competence. That is by actually running a business. Until your next manager has actually run a business, his competence has not been proven—and he must be presumed incompetent! And nobody wants an incompetent manager/ successor.

So—painful as it sounds—when your trainee(s) is ready to take over, give him something to run. At first, make it a part of your business—a specialty service or type of customer (industrial, residential, remodeling, etc.), or (as a last resort) a market territory. When he has learned to run this, then he is ready for bigger game. Ideally, a branch or an acquisition. You must grow enough to make room for your managers or you will lose them. But the effort is well worth while. It means that when you are ready to retire, you can do so safe in the knowledge that your manager has fully proven himself by having run a branch or subsidiary for years.

Developing a manager means years of work, thought, and patience—but the end result is a tranquil retirement with your income assured. Well worth the effort.

COMING NEXT: Part III—Covering the most popular of all potential successors—a son or daughter; how to get them into the business, keep them there, and develop one as a competent successor.