

## The Magic Hats of Small Business

I often find myself reading a special book to my three-year-old about a magical hat. It's a fascinating little story about a hat that blows into town one day and drops on to the head of different people, instantly transforming them into some form of animal.

The wonderful magic rhyme that goes with it has my little one in captivated: "Oh magic hat! Magic hat! It moved like this! It moved like that!" With each temporary owner, there is a different story, a guessing game as to what will happen next.

I relate the story of the Magic Hat to the many different hats a small business owner must wear in the everyday running of their business – with each change of the hat, so too change the responsibilities and demands of the business owner.

Unfortunately the real-life running of a business rarely features a little magic. One day you're a sales person, the next a marketing guru and then you're wearing the finance hat. In fact, on any given day, you could be changing hats repeatedly – it takes a bit of magic to be able to manage that well and keep a successful business running smoothly.

### Who's got my hat?

Whilst some of us can manage the many changes in any given day, many others struggle to manage their day-to-day responsibilities. Even more difficult for some business owners is the ability or willingness to share or delegate the hat wearing duties.

In many businesses, it's the ability to share the duties of particular hats or delegate them entirely that makes it possible for the business to grow and succeed. Enabling other people within the business to assume certain responsibilities can help you to focus on the areas that are your strengths.

Irrespective of whether you wear all the hats or share them with your team, the responsibilities are still yours. As the Magic Hat finds its way back to its rightful owner, it takes with it the benefits of tasks performed by other wearers.

### What colours do you wear best?

One of the hardest things for small business owners is to allow someone else to assign responsibilities in the business to people better suited to the task or tasks – and there are many reasons why.

Often there is insufficient financial resource to bring additional people in to the business to enable the owner to delegate or allow the transition from owner to employee of specific responsibilities. This is perhaps the hardest influence on the small business owner's ability to share their many hats.

The next most common reason is the lack of knowledge and skill of the business owner to understand the importance of delegation, particularly where they are specialists and are focused purely around a service function that they know best.

This group of hat-wearers is probably the most likely to benefit from



delegation of functional hats because it allows them to focus on what they do best.

The last group of hat-wearers that struggle with delegation are those that fear failure or change. It is often difficult to let go of controlling every aspect of a business and allowing others to step up and wear their hats well.

### Redistributing your hat wearing duties

There is of course a range of solutions to these issues that can help a small business owner to unburden themselves of unnecessary hats.

Finding a good business adviser can make all the difference in assisting business owners to transition their hat wearing duties to other members of the team or to find the resources needed to acquire or outsource to the right people.

What is quite important is understanding exactly how the business operates and how the different hats relate to each other – therefore enabling the business owner to effectively delegate responsibility and roles to people who can best perform them with maximum efficiency and accuracy.

And what is the outcome? The ability to become a powerful business that meets a client's needs and take advantage of opportunities and growth enhancing earnings and the value of your business.

### What hats do you need in the business?

In most businesses, the important hats can be divided fairly simply: the finance hat, the human resources hat, the sales person hat, the inventory or service manager hat, the marketing hat, the legal hat and the operations hat. And then there's the crown jewel that is the director's hat.

That's a lot of hats and the typical small business owner performs all of these roles, however each of the above roles requires a very specific set of skills that are quite distinct and cover the major dimensions of business.

Knowing how these roles relate to each other and can be better organized for efficient results is a learned and specialized skill set. Many small business owners will perform some of these functions very well.

Typically though, there are areas that are poorly managed or neglected through lack of skill, time or knowledge and it's the latter that presents a range of risks and are usually responsible for the business owner's fire-fighting or band-aiding issues that arise.

Simply skilling up the business owner to do all of these functions is not usually the answer. Instead, training the owner to divide these roles and effectively delegate those responsibilities they perform least effectively or which contain the most risk.

### Outsourcing your headgear

It is not always necessary to hire additional staff to take on the responsibilities business owners cannot effectively do themselves. In fact it can often be more beneficial to seek out external specialists who not only know how to wear the hats, but how to wear them properly and well. These skills are attained through training and experience in a focussed manner over a prolonged period of time. This is what business owners lack - the time factor to focus and know everything.

A typical example may include a lawyer, taxation or financial specialist. Others may include sales and marketing experts. The external resources are there to free up time and take a set of responsibilities off the business owner's desk, which enables business owners to focus on what they do best in their business and manage the responsibilities more effectively instead of constantly fire-fighting the issues.

### Managing your hat stand

Our experience with many small business owners is that they seek a little information from others that have run successful businesses and then try to implement those measures in the way they think is best.

This may have some moderate success but equally there may be moderate levels of failure with the best laid plans and intent four-wheeled through poor implementation strategies.

The secret to successfully managing your hats is to think of the hat stand. It's job is to be the keeper of the hats you're not currently wearing so you can see what's available and what responsibilities you need to keep atop of. The hats you can't see are outsourced to the people who wear them best.

These principles aren't rocket science nor is it real magic. Business management however is complex and having the skills and knowledge of specialists such as accountants, legal advisers and special-purpose consultants means you're gathering the right expertise to draw on.

The main thing to decide is whether you're willing to take a gamble and be willing to try again if your first attempts falter or alternatively draw on the expertise you need as you need it to establish your success with much stronger foundations.

### Need help deciding what to do with your hats?

Contact Karl Veitch at Bates Cosgrave on 02 9957 4033 or email [enquiry@batescosgrave.com.au](mailto:enquiry@batescosgrave.com.au) to find out more about how you can manage your magic hats and make your business a success.

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