

SelfInformed

Published by the National Association for the Self-Employed

July 2013



NASE Members Kevin and Shelley Booth make a point to "buy local" from other small business in their community.



LETTING GO

By Sallie Hyman

SMART. FOCUSED. CREATIVE. DRIVEN. MULTI-DIMENSIONAL. CONTROL-FREAK?

These are the qualities that make a great entrepreneur, but are also the qualities that can get in the way of growing a business. Most small-business owners start out as, and often continue to be, one-person operations.

For most, in the beginning there was only you to answer the phone, send the invoices, pay the bills, and maybe even do the taxes. Although you know how to get some of these tasks done, it doesn't mean you have the knowledge to do all things your business needs, such as setting up an effective marketing campaign or building a website. Plus, spending time doing all of these day-to-day tasks takes away time from doing what your business is supposed to be doing: making money.

Trying to do all of these things for your business will also take an enormous amount of time. This may lead to feelings of being overwhelmed, especially if you

are a one-person business. There are only so many hours in the day and you should spend the working ones growing and expanding your business, not putting stamps on invoices. Otherwise, your business growth will be limited. As the business owner, it is very important for you to work on your business, not in your business. One of the easiest ways to overcome this limitation is learning how to delegate.

Delegate is a four-letter word for many people. It is very hard for many entrepreneurs and small-business owners to give up absolute control. How could anyone else possibly do as good a job

as you do for your business? The simple answer is that they can and will if given the opportunity.

Another reason often given about the reluctance to delegate is the amount of time it takes to train someone. There will be upfront time needed to properly instruct someone on what is required of them, but it will pay off in the end. If you spend two hours a week on a task, that adds up to eight hours a month. If it takes you three hours to train someone to do that task for you, you have already saved five hours that first month. That adds up to 101 hours of saved time over the first year. Think of how much you could be working on your business in those 101 hours!

Delegation is a vital part of leadership and an essential way to help grow your business. To delegate effectively, choose the right tasks to delegate, identify the right people to delegate to, and delegate in the right way. Many experts say that everything can be delegated, as long as you have found the right person for the task!

The following tips will help you to delegate in the most successful way.

THE NASE CAN HELP YOU DELEGATE

CHOOSING WHAT TO DELEGATE

Once you have made the choice to take back some of your time, you need to decide what you feel comfortable delegating. Start by making a list of all the tasks that you perform.

Do you possess the skill sets to properly execute all of them? (Probably not.) Take out the tasks that you absolutely must do, such as those that are at the core of your business. All of the remaining tasks are those that can be delegated to others, provided they are given adequate instruction.

Examples of such tasks include:

- Handling customer service issues
- Handling invoicing and paying bills
- Answering frequently asked questions
- Performing functions that you are less qualified or experienced for
- Performing routine office duties, like replacing printer ink cartridges

Day-to-day tasks and tasks that do not require special knowledge or skills can be delegated “down.” This does not mean that these tasks are menial, just that they do not require the hiring of an expert to execute them.

Those tasks that you are not qualified for are the ones that you delegate “up.” Give them to an expert in that field so that they are done correctly. Taxes, legal issues, and information technology are common examples of tasks to delegate “up.”

Another way to look at what to delegate is how much money it costs you to do the task versus how much you have to pay someone to do it for you. If you charge \$100 per hour, you may choose to delegate all tasks that cost \$100 per hour or less. That way you are free to be earning more money than you are spending.

HOW TO DELEGATE

You can't expect to assign new tasks to someone without explanation and have the task completed to your satisfaction.

Finding businesses or professionals to whom to delegate business tasks can be daunting. Do you turn to the yellow pages or seek out recommendations from business colleagues? Do you choose a big box company or a local small business?

Small businesses and the self-employed drive the American economy. Small Business Administration data show that 99.7 percent of all businesses (27 million businesses, all those with 499 employees or fewer—including micro-businesses and the self-employed) in the United States are considered small businesses. Small businesses and the self-employed create 64 percent of net new private sector jobs. Supporting small businesses is a way to support the economy.

The NASE is all about supporting our members. Our new **Small Business Locator** is a great way for members to connect with and help out fellow members. By supporting small business you help drive America's economy and its economic recovery. The services your business needs are available from other NASE Members in the Small Business Locator. Browse by business category, or narrow your search by business name, keywords, or location.

NASE Members can be found in just about every category of business that can support your business. This will allow you to choose professionals in many fields to “delegate up” or “delegate down” tasks that you are either not expert in or that take up too much of your time. This will ensure that tasks are properly completed (e.g. taxes or legal issues) and will free you up to do what is most important for your business: coming up with new business ideas and laying out the future course of your business.

This is where many people feel that delegating is just not worth it. There is no way around it—delegating will take some upfront time so that you can properly explain the task and give clear instructions. Be sure to include why the task is being performed and the desired outcome. This will help the person assigned the task to better understand the importance of their contribution and lead to pride in ownership of the task.

Step-by-step instructions should be provided for the person performing the task. How detailed these are will depend on the experience and training of the assignee. You should personally go over the instructions with the person. After going over the instructions ask the assignee if she understands the tasks and has any questions.

Let the person know that you will check on their progress at specific intervals. Do not micromanage, allow the person to get the task done their way, but make sure that it is getting done in a timely fashion and that milestones are met on time. Make sure that you stick to

your follow-up schedule.

Missing scheduled follow-ups can send a signal that you do not find the delegated task important and can de-incentivize the assignee.

Some people use the SMARTER rule to develop a system for delegating. The acronym stands for:

- Specific
- Measurable
- Agreed
- Realistic
- Timebound
- Ethical
- Recorded

Delegated tasks must fit these criteria so that assignees can achieve success.



TAXES, LEGAL ISSUES, AND INFORMATION TECHNOLOGY ARE COMMON EXAMPLES OF TASKS TO DELEGATE “UP.”



EMPOWERING OTHERS

When you delegate to others, you are giving them the opportunity to develop their own skills, knowledge, and abilities. The key, again, is not to micromanage how they accomplish their assigned tasks. This will allow them to become independent, problem-solving employees. There is usually more than one way to get from point A to point B and their way is no more or less correct than your way. You might even learn something new!

Do be careful not to overload delegated tasks on any one person. Carefully monitor workloads to ensure that employees have the ability to complete tasks and are set up to succeed in them, not to fail. Be available for any questions that arise during the execution of a task, but don't be tempted to take over the task at the first hint of trouble. Help the person with their question, but make sure that the task stays with them. If the work or progress is not to your satisfaction, make sure that you work with the person to see wherein lies the problem and work to solve it before you reassign or take back the task.

A last bit of advice is to accept good work. It does not have to be perfect work. Even what you consider perfect work from yourself may not be perfect to someone else. Go with the 80/20 rule. As long as the goal is met, then 80 percent is good enough! You don't want to compromise quality, but constantly striving for perfection can impede success. That last 20 percent can take the longest and be a waste of time and resources. You will find that by delegating and not sweating the small stuff, you will have a lot more time to spend working on and growing your business. Just what you should be doing! ■

Sallie Hyman writes on small-business issues and owns and operates her own small business in Purcellville, Va.

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Ask The Experts

Q: *I remember reading an article in your magazine a few years ago that said something like if you pay your 15-year-old child \$500 per month until they are 21 years old and they save the money in an account, it would be worth over a million dollars when they turned 50. Can you clarify the specifics of this for me?*

A: I believe you're referring to the concept of hiring your child. The idea is a great planning strategy and really a no-brainer for the sole proprietor who has a child who can help in the business.

Here are the facts: You are probably already giving your 15-year-old child a significant amount of money each year. Not just an allowance, but also college savings, gas money, clothing, sports and extracurricular activities—all of these items add up to a big number!

Instead of just giving your child the money or transferring your after-tax dollars into a college savings account, why not create a job for your child? Put them to work by finding something in your business that they can do to help. Have them work a couple of hours after school during the week, and then maybe four or five hours on the weekend. Pay them a reasonable wage, such as \$12.50 an hour, and before you know it you're paying them about \$6,000 a year in wages. These are wages from a real job, with a real job description, real payroll tax returns, a real W-2 at the end of the year, and all of the applicable paperwork for a real employee.

The good news is that the wages that a child younger than 18 earns working for their parent's sole proprietorship up to \$6,100 are tax free. The child doesn't even have to file a tax return. But for you, the sole proprietorship, that \$6,000 in wages paid to your child is fully tax deductible as wages on Line 26 of your Schedule C form. That deduction reduces your taxable income and your income subject to self-employment tax. So, a small-business owner in the middle income tax bracket of 25 percent will save over \$2,400 in taxes by creating this new job. That is 25 percent for federal income tax and 15.3 percent in self-employment tax for a total of 40.3 percent or \$2,418.

GET MORE ANSWERS

The NASE's small-business experts are here to help you understand the ins and outs of operating a successful small business. And access to these professionals is free with your NASE Membership!

Just go online to the [NASE Business Learning Center](#) where you can ask the experts questions about:

- Taxes
- Marketing
- Financial issues
- Employee relations
- Accounting rules
- And much more

The experts are available 24/7 and ready to help!

The good news is that the wages that a child younger than 18 earns working for their parent's sole proprietorship up to \$6,100 are tax free.

The best news of all is that this was money that you were already spending. Creating a job and paying your child \$6,000 per year and having them deposit that money in a savings account would be a tremendous idea for the long term.

Keith Hall, NASE Tax Expert ■

Member Spotlight

Perfect Partners

Shelley and Kevin Booth have been NASE Members since 2006. They own Suspension Experts in Asheville, N.C.

Tell us about your business.

Suspension Experts is the go-to destination for suspension system repair, tuning, and sales for mountain bikers; a service partner for bike shops; and a trusted associate for bike manufacturers. Kevin and I founded the business together in 2005 based on Kevin's 20 years of experience as a mountain bike rider, racer, and bicycle industry rep.

We make it our business to understand the complexity of each manufacturer's suspension system, and how to achieve the best results for each rider. That intimate knowledge led has led our team of five to develop and manufacture custom tools and procedures that let us give customers the best service possible.

What's the coolest thing about your business?

The coolest thing is that we've made a truly niche business operate successfully. In the beginning, we took things very slowly and managed to grow in a measured, purposeful way. We're now at a level where we are partnering with the leading mountain bike suspension manufacturers in the industry. We feel good about our choices and are more than ready to take it to the next stage of growth.

Plus, our business really is about mountain bikes and making sure riders are getting the most performance out of their bikes—how cool is that? We love spending time outdoors, riding our bikes, and building a great business.

It all comes together for us in our business.

How do you give back to your local community?

We're always striving to buy locally, from our drinking water to embroiderers and printers for marketing materials. The other way we give back is by making contributions to local non-profits that support the cycling community, the environment, and education. We are also proud of the fact that we donate services to non-profit bike organizations for their races and cycling events.

Any tips on running a business with your spouse?

Kevin and I are fortunate in that we have very different skill sets. He's focused on the bikes, our technicians, relationships with the suspension manufacturers, new product development and partnerships, as well as the day-to-day operations. My background is in administration and financial management, marketing and public relations. I don't tell him what tools to order and he doesn't mess with the spreadsheets. His passion is bikes, and mine is managing a great business. The important thing is that we both agree on the "big picture" goals and vision for our growing business.

It's easy to get so wrapped up in running the business that you forget to take care of your relationship. We've learned that when your relationship with your partner is strong, your business will benefit. ■

GET PUBLICITY FOR YOUR BUSINESS!

Your business could be featured in the *SelfInformed* Member Spotlight or another NASE publication. Let us know you'd like to be featured and tell us more about your business on our [Publicity Form](#).



HEALTH CARE EXCHANGE DETAILS Trickling Out



By Katie Vlietstra

California, home to the largest state-operated individual health care exchange, recently announced premium rates for 2014. Thirteen insurers will offer a wide range of plans in four categories: platinum, gold, silver, and bronze, for the anticipated 5.3 million Californians who will enroll in the exchange market.

However, the issue of cost remains for the self-employed. While the plans offered in the exchange are comprehensive and provide significant protections for the consumer, they will be more expensive. One cost-containing measure included in the Affordable Care Act set a maximum limit on out-of-pocket expenditures at \$6,350 for an individual and \$12,700 for a family for most plans.

Officials running the state's exchange divided California into 19 regions for rate-setting purposes. Aside from where a person lives, insurers are limited in their ability to charge consumers different prices for health care. On average, there will be five plans to choose from in each region of the state. Rural areas will have two or three.

While the plans offered in the exchange are comprehensive and provide significant protections for the consumer, they will be more expensive.

The NASE recommends that California members take time to thoroughly review the information available on the [Covered California website](#) and begin making preliminary decisions regarding your health insurance options for 2014.

Unfortunately, rate information is still unavailable for members in most other states. Currently only three other states—Maryland, Vermont, and Washington—have released rates for their state-based exchanges. Fourteen additional states and the District of Columbia have yet to release premium rates for their markets.

For the remaining 33 states that opted for the federal government to operate the exchange market, no information or deadline has been set for when the federal government will publish insurance rates for 2014. Enrollment for both state and federal exchanges is expected to go “live” on October 1, 2013. We expect that rates will be released for all markets well in advance of the enrollment date. In order to prepare, experts encourage individuals and families to plan for an increase in the cost of health coverage benefits of 10 to 15 percent.

In 2014, every American will be required to have a qualified health insurance plan either in the individual market or an employee-sponsored plan, and failure to do so will result in a penalty. In 2014, the penalty will be 1 percent of income or \$95, whichever is greater. ■

Katie Vlietstra is Director of Government Affairs of the NASE and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.



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