

[00:09:00] Welcome to Eventual Millionaire. I'm Jaime Masters, and today on the show, we have my very good friend Rick Day. I'm so excited to have him back on. He's a serial entrepreneur that takes a ridiculous amount of vacations, which is insane. You can also check out his website at businessbyday.com. Thank you so much for coming back on the show again. It's lovely to see you.

Rick Day: Yeah, great to see you too ,Jaime. Thanks for having me back. It's any chance I get to talk to you is really, really fun. I know-

Jaime Masters: That was the funny thing. It was one of those things where he was like, "Oh, I haven't chatted with you in forever." We're like, "Let's put you on the show like next week. Go."

Rick Day: Yeah.

[00:09:30] Jaime Masters: Because I wanted to talk to you, and this is actually kind of the best way to catch up. But I also am really trying to flesh out a big piece that I feel like entrepreneurs don't really talk about that you are an utter expert on. If anyone wants the background info on Rick, we're going to link to his other site for sure, but right now, I feel like you are the best of the best with systems and processes. I know that's super unsexy comparatively to a whole bunch of people, but tell us how big you built the previous company, and why systems and processes were such a big deal to begin with.

Rick Day: Yeah, well okay, so thanks for that unsexy comment. That's really cool.

Jaime Masters: Not that you are, it's the processes that aren't.

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Rick Day: It's just one of those things that ... For me it all started with that Michael Gerber book, "The E-Myth Revisited." Everybody reads that, or they should. Then you start to read that book and it's like it's painful how tedious the whole idea of you've got to write down all of your processes and practices, and you've got to write down your procedures, and get really down to the details. But I have found that if, and I've got some cheating ways to do that where you don't have to do all the work, which is cool. We could talk about that, but without that, you get so much confusion in your business, and you get so much miscommunication in your business, and you get three or four people all working on the same thing, or you can't find this because Joe took it this time, or Mary took it this time.

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[00:11:00] I'm doing this. I'm working again, we're building procedures both at South Coast Yachts and at our Salon Suites franchises, just so that we're not stepping on each other's toes, and so that nothing falls through the gaps too. It's just crucial, crucial for getting a business that will not only run, but that runs and it makes the best use of all the talents of the people that are there, which is really great, but then God forbid you lose a key player, at least you know what the procedures are, and where they went, and how they did their job so that somebody else can come in and get a good running start. I just won't do a business without that painstaking ... It's painful

work, but that's why they call it work I guess.

Jaime Masters: They also say sort of that's the secret sauce for a lot of businesses. I just interviewed Michael Gerber, but I also feel like "The E-Myth" needs to be a little bit more updated, because he's talking about like McDonald's, and small business owners are like, "Thanks, that would be great if I could just have five dedicated people talking about the processes and documenting everything. But dude, I am the business owner and I don't want to do that." Can you sort of give me the process, especially in your business that you're working with with the salons, when you're moving forward, how do you decide what to do, and where we put them, and what happens? Walk us through what your process is.

Rick Day: Wow. Okay, so cool. I think you know I'm a big fan of org charts, and that kind of starts with who's doing what. When you're an entrepreneur and you're by yourself, you're doing everything. I try to think about what a business does, what the value add is, and where it starts. To me it starts with the marketing, so you start and you make a little box on your, I just draw it on a little piece of paper, or you can do it on your cool software or whatever, but I just go left to right, because I tend to be kind of a linear thinker. I go, okay on the left I start marketing and I let people know what I do, and that I'm here, and how to reach me. Then that converts into sales at some point, so then the next box becomes sales. Then okay, now I've sold what I do. What is it exactly that I do? That kind of becomes your operations department, so you've got to be able to deliver your services or deliver your product. What does that look like, and what are all the steps that are involved in there?

[00:13:00] Once you deliver your product or service, then you have to bill, so now you get into accounting, and payroll and all that good stuff, but that accounting piece. Then you always have this piece that's in every business, the administrative piece, which nobody really likes to talk about that much, but it's everything from banking, to licensing, to business license, to insurance, to paying the rent and signing the lease, paying your internet bill. That's sort of the administrative side of the business, but I think the first step in this really is to think about your business as a functioning machine, and what does it do from start to finish, from letting people know that you're there, to collecting the money and taking care of your people and paying taxes. That's kind of how I start off.

Jaime Masters: I love the framework because it makes it seem a little easier. Considering there could be hundreds and hundreds and hundreds of SOPs within what you're just talking about now, how do we prioritize and figure out what we do first?

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Rick Day: Well, okay, so that's all high level stuff. Really in my view, that becomes the departments of the business. So you've got a marketing department, you've got a sales department, you've got an operations department, you've got a finance department, you've got an admin department in the simplest form. Then if you're just one person, then you're in charge of all that stuff, which is really cool. When you're in charge of all that stuff, then you can kind of do what you want to do,

[00:14:30] maybe keep some notes on website logins, or you keep some notes on, "Oh yeah, I got to talk to this person on the third of every month," so I put that on my calendar for accounting, or whatever that happens to be.

[00:15:00] I think that where it really, really becomes critical, Jaime, is when you bring in that first person. I get a lot of people asking me, "Well, how do I know when it's time to hire my first person?" I go, "Okay, well pick something that you're really bad at, and pick something that you don't like to do, and then you hire somebody to do that for you." That's your first hire. Should be. Usually, usually for most of us entrepreneurs, because we like people, we're in sales and marketing, usually that ends up being accounting or some type of admin function, or file keeping, or organization, or something like that.

[00:15:30] Then when that person comes in and sits down with you and they say, "Okay, what do I do?" then you do a brain dump, and you say, "Okay, now I want you to write down everything that goes into now your job description, but I want you to write, 'This is the way I do it, and these are the resources that I have, and here's where I go, and here's how I do it.'" Then feel free to improve on that, but you carve off that segment of your business and you give it to that person. But at the same time, you do that brain dump, and you have them document the procedures. That's kind of the big cheating part, because you don't sit down and write all the procedures. I mean, if you're by yourself, who are you going to write them for anyway? It's just you.

Jaime Masters: Solopreneur, not a big deal. But adding somebody, heck yes. Then so we're assuming that they're going to be much better at documenting than we are anyway. Or is it better for them to have it even if they're the creative type?

[00:16:00] Rick Day: Well, I think it's better for them to have it because A, they've got more time, B, you get an opportunity to do a brain dump on them so they can jot down everything that you know about their position, but usually when you hire somebody, if you go back to what I said, you either A, don't like it, or B, are not good at it. When you hire somebody who likes it and is good at it, then they're going to improve on what you've done in that one area. It may not be an area that you're excited about, but they are because that's their profession. You give them the basics, you just spill your guts, and "Here's everything that I do, and here's how I do it, and here are the resources, and here's when I do it," and they take that whole thing, but that's really where your operational manual starts. That's where your SOPs start.

[00:16:30] Jaime Masters: How granular do you get? Because this is the other thing. People are like, "I want to see one. Show me." Because there's also, and I was mentioning this on the past interview, manuals that are literally this thick that nobody actually really looks at, or they go through it once in a while. Especially for an entrepreneur that doesn't have a ton of time to document every little nuance of absolutely everything, where is that line? What do they sort of typically look like and hash out?

Rick Day: I'm a big fan of outline forms, bullet points, things like that. I try to keep simple. I mean, you've known me for a long time. Simple is better in business, but I would say as detailed as it needs to be that if I needed to come in, like if you said, "Hey, Rick, come in and fill in for me, and I want you to do my books for a week," if I could follow step-by-step these procedures, so number one I'd want to know what was expected and by when. Then I'd want to know, okay if you tell me, "Hey, pay bills." Okay, well then how does Jaime pay bills? "Well, go to this website, log on, collect all the bills first, then go to the website, log on, enter the bills this way." I think you've got to have it detailed enough so that a beginner or a temporary employee, or maybe somebody whose job is not primarily to do that could actually follow a step-by-step procedure and get the job done.

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Jaime Masters: They have sensitive informa ... For use we use LastPass for all of our passwords, but you're like, "Oh, go to the website and log in." Well, it gets so granular where you're like, "Oh, now they have to have the username and passwords." You put the username and password in the document, but then you have to update the document if you don't ... You know what I mean? Where is that line to?

Rick Day: Yeah, or you can say you can keep kind of a living document for usernames and passwords like I do, and just say, "Refer to this document for the latest user login and password." There's a lot of trust in business, and I think if you're hiring people that you trust and your information is secure within your business, then I don't think you have to be really scared about sharing information.

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Jaime Masters: Okay. That makes a lot of sense. Well, and it creates a lot of resistance and friction if you don't share them. Then you're like, "Oh wait, Susan is the only one that has all the passwords in the thing, so you have to get her." Then yeah, so it starts to get a little insane. What technology or software do you use for putting this stuff somewhere so everybody has access to it? If you weren't there to give them the login to whatever it is to get these SOPs, how does that work tech-wise?

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Rick Day: Well, I think you've got to use whatever's available to you, like some businesses still are using internal servers. For example, at the boat business that I'm involved with, we have an internal server, but recently we've started saying, "Hey, you know what? I can't access the internal server from my phone, or when I'm in Annapolis at the boat show." We've started going to Dropbox generally for documents and resources and things like that that aren't really changed, or that are not meant to be changed on the fly. Then we've gone to Google Docs for working documents. You and I have done a ton of Google Docs back and forth together in my training with you. So those are really the two resources that we go to all the time, because then you've got a repository kind of where you can keep your stuff in Dropbox and you can go, "Oh, that's in Dropbox." Why? Because well that's just like the HR Manual for example, the Employee Directory or Employee Guide. That's in Dropbox, because it does change that often. But Google Docs is more of a living document.

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Jaime Masters: Interesting. We keep ours in Dropbox too in just like a file format, because I haven't found software that I actually like that helps me create some of this stuff. We have templates that we work from, but where do you start? Especially you talk about the HR document. Did you start that from scratch? Did you take one that you already had and then adapt it for your thing? Where does that happen?

Rick Day:

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Well, okay, great question. I think that's going to be different based on the particular need or the granular need of that department, that person. For an Employee Handbook, you got to contact an HR firm, and you got to go, "Listen, I need an HR, I need an Employee Handbook template," and it's got to be specific as much as possible for your industry, for your state because you have state laws that you have to comply with, and federal law that you have to comply with. I started with a template that I got from a local HR firm and then went through it. It's painful, but really if you do it once, you only do it once, you do it right. I went through and modified it for our business.

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Jaime Masters: See, and I've had clients that have done that before. The handbook makes sense because oh my gosh, we are not lawyers and we do not want to have to go through any of that stuff.

Rick Day:

Exactly.

Jaime Masters:

They even bought, one of them bought an Operations Manual. They're like, "Oh great, it cost thousands and thousands of dollars." Then she's like, "Well, we don't use that software, and we don't use this, and we don't ..." Then they just didn't use it. I'm like, "You guys, you spent thousands of dollars on this thing and didn't actually use it." It's like where is that line of going and trying to pull out as much as we can so we're not reinventing the wheel and banging our head against the wall because we are starting from scratch. You know what I mean?

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Rick Day:

Well, again Jaime, and maybe it's just my simple mind and the way I work, but I think you can spend a lot of money on a lot of tools that you'll never use. I think that to your point, the simpler the better, and you start with that basic org chart like I show, I just talked to you to do it-

Jaime Masters:

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Actually, let's talk a little bit more about the org chart piece, because I feel like a lot of people don't even take the time to do that piece, so that's why they're buying these big huge templates. They're like, "Oh, we don't really know the whole sense of what we're doing, so therefore we're just going to take that from someone else and try and ..." You know what I mean? They're trying to just sort of get that check mark off the list, but that doesn't work out. You're saying you actually have to really go in and figure these pieces out.

Rick Day:

Yeah. I mean, I think a lot of people want to quick fix. It's really easy to write a check for 500 bucks or run 500 bucks on your Visa and go, "Okay, I've got an

[00:22:30] Operations Manual. Now what?" It feels good, but you didn't do the work and it really doesn't mean anything to your business, and it's not going to be a resource for you. In fact, when you and I first started talking, I was going to name my website itsthework.com, and then we both decided it's not really that sexy. Nobody's going to look at that.

Jaime Masters: "Thanks,Rick, we have to do all the work. We don't like this. We're never coming back to your website again." No.

Rick Day: Well, right. Like you said, it's not sexy, it's not that much fun, but I mean, it's one of those things I think that you have to do, and then once you get it done, it's mostly done. Sometimes you come back and you tweak it, and you play with it, or you add a position, but again, if you can get your people to do their own job descr ... You do a job description for the person like in an outline format, and you can use Excel, you can use Word. I don't think you need fancy software, but you've really got to step back and look at your business at the org chart level and think about, "My business is a machine, and what does it do, and how do I let people know that I'm here?" Then you kind of go through the process of, "What's the natural business cycle for my business? What does the machine look like?" Then break it into departments.

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Jaime Masters: I adore that. It is funny though that we're talking about how it's the work, and it's kind of a slog. Then you're also saying, "Well, we're trying to only live in our strengths and the things we love to do." I take this machification all the time. People are like, "You're annoying, Rick. You're telling us to do the work, but you're the one taking lots of vacation." Where is that line? The whole point of having these systems is so you can really work yourself and your brain out of the process. Walk us through how you're doing that with these new businesses, because we want eight weeks of vacation a year like you usually have, right?

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Rick Day: Yeah. My structure's a little bit different. I didn't take eight weeks when I ran my own business, but I did get the business to the point, Jaime, that I took a month off and I crossed the Atlantic Ocean on a sailboat with some friend. I didn't check in. I couldn't check in. But the procedures, the operations, everybody knew their job. The incentives were set up right, the bonuses were set up right, the job descriptions were set up right, the management structure was set up right, and the managers were enabled to make decisions, there were budgets, so there were a lot of things in place that I could step out of the picture completely and the machine kept functioning. That's really how you work yourself out of a job. That's really ultimately I think where you want to get when you're building a company. The good news is when you get there, now you've got a salable entity. You've got something that you can sell because somebody else will go, "Hey, Jaime built a money-making machine and I want to buy that, and here's how much I'm willing to pay for it." Then you go, "Cool, here it is." Then you coach them for a couple years, and then you work yourself and you go do something else.

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Jaime Masters: Yeah, sexy money-making machine. That's what we like hearing, Rick.

Rick Day: Yeah. I mean, that's what you got to build if you're going to build your own company. Otherwise it's just you, and if you keep it all up here, then you're the bottleneck and you're the constraint on growth.
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Jaime Masters: Which is what happens most of the time to business owners. You know this because you work with business owners too. You're a business coach, or consultant. You end up as a business owner going, "That's great. No. What Rick is saying is amazing, and I know that's important, but I have a thousand other things, and I'm not paying attention to creating all the SOPs and trying to get everything out of my brain because I'm just trying to keep this afloat, and chugging along, and enough revenue so that way we can hire someone so eventually I can do that."
[00:26:00] What do you say to someone like that?

Rick Day: Well, I think first of all, get yourself a coach. Of course I've got to pitch you. I mean, I think you're wonderful, and you really helped me get started. I like to be a good coach, but you also have to be willing to take time to step away from the business and work on the machine itself. I know everybody talks about, "Well, you're working in the business, and you got to take time to work on the business." I sometimes refer it to every now and then while you're down there and you're whacking the weeds, you got to stick your head up above the weeds and look around and go, "Am I headed in the right direction?" I think it can be a very basic thing that you put in place, but as a very minimum, I would have a mission statement, I would have a vision statement, I would have here's my target market. We talk a lot about avatars, especially with you in the early stages. Then I would say, "Here is the value that my business offers, and here's what the machine looks like, and I am everything." That's really all you have to do because you're going through the motions and you're doing all of that.
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I think the key is the easiest way to get started with something like this is when you hire that first employee and you go, "Okay, let's do this. I'm going to have you do this," and then you have them write it down like we talked about before. If however you're in a position that maybe you've got three or four people working for you now and you find yourself stepping on each other's toes and the communication isn't there, then I would go back and go, "Okay, let's go back to the org chart. Let's get together, let's draw an org chart. How do you see it? How do I see it? How do we all see this? Let's agree on an org chart. And then who's got what," and you start assigning from there. Then you make those people do their own job descriptions. Then when they hire people underneath them, then they have to do the procedures for those job descriptions. But I try to get people to do as much of my work as possible.
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Jaime Masters: Smart man. I love the fact that you actually have your workers come together and actually do that org chart, because normally you're like, "Oh, and then we do the org chart, and then this is where Sally fits, and this is where blah blah blah." Even if you have the start and then you're filling in the boxes of who does what, but what

you're saying is especially at the beginning, having them come together and help decide what their role is comparatively, right?

Rick Day: Yeah. Yeah. That does two things. One is it really expands your thinking because you tend to look at your company and your world just sort of through your own eyes, which I know is obvious. You get the input from everybody else, and so all of a sudden the picture becomes a lot bigger, sometimes more complex, so your job is to simplify it down I think. The second thing that it really does is it brings the team together to where they feel included and they feel like, "Gosh, I really had some input into that org chart so I can buy into that. I'm part of that. I like that. I helped create that."

Jaime Masters: That makes so much sense. Now, what about growth, because what I would love is a bit of a timeline on this too. I know we're guessing and it's different for every business and all of the blah blah blah blah that we put in front of it, but the reason why I'm asking is because people try and compare and go, "Oh, well it makes sense for you because you've built bazillions of businesses so you know then I do this, then I do this. This is the trajectory. This is what sort of the outcome will be in a year. This is what the outcome will be in two years." When you're looking at, let's say you're at three employees right now or so. You've created your org chart. They're all excited. Everybody's on the same page, and you're starting to do the system process SOPs, but how long does that take? Are we trying to get one SOP out every single week and so that's part of their schedule? Sort of play out what six months to a year looks like of really trying to work all the pieces out so it's all flushed out.

Rick Day: Yeah. Yeah, no, it's a great question. I think it's, well I hate to say this, it's going to depend on the business. It's going to depend on how fast you want it done, what is your purpose. But I would say if I had three people working in the business, say it was you and me and John and we're all working together-

Jaime Masters: It's the best business ever with [crosstalk 00:29:59]

Rick Day: I know, right?

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Jaime Masters: ... do this. Come on. No.

Rick Day: But I would say, "Okay, look, here's what our business does and here's my role, and here's what John does, and here's what Jaime does." Then I would say, "Okay, within that role, Rick, what are the key things that you have to do?" You just start with sort of an itemized list. One of the reasons I like Excel to do this as a tool is because you can insert cells, you can insert rows, and then you can start to really say, "Okay, well one of my responsibilities is to pay the bills. Well, okay, that's cool, but I'm also in charge of banking. I'm in charge of ordering new checks. I'm in charge of collecting all the accounts payable. I'm in charge of perhaps receiving 1099 information or W-9's from people." These are all of my responsibilities that I

have to do, and then in each one of those responsibilities you go, "Okay, well here's how I do that." I think that's kind of the basic format.

[00:31:00] In terms of timing though, I think you can set a goal. I'm a big believer in quarterly check ins. I had my entire management team at Daycom on MBO bonuses, and so we would sit down, and a lot of people will wait for like a year before they do an employee review, but I think we me and my key employees and key managers in business, we would sit down once a quarter, and I would say, "Okay, what are your key objectives? I mean, I know you're going to keep your department running well. I know you're going to manage things. I know you're going to do the day-to-day stuff. But what are the key objectives that you are going to accomplish in this quarter?" Then at the end of the quarter, I would have that person rate themselves, and then I would rate them. We were usually pretty close. If they rated themselves really poorly and I rated them well, then I would go, "Hmm, there's a disconnect." But I would encourage at least a quarterly meeting, and just throw a dart and say, "Okay, let's try to get all of our job descriptions done by the end of the month, and let's try to get our top line objectives for each job description done." I think a quarter is completely reasonable in addition to all of the other business that you're doing.

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Jaime Masters: Whoa, and that's the piece, so it's all the other stuff that you're doing too. Because it's important but not urgent so when things get urgent, you start moving the important and not urgent stuff down the list [crosstalk 00:32:16] productivity and all that fun stuff too.

Rick Day: Yeah, I get it, for sure.

Jaime Masters: When your main goal as a business owner, and you're doing six figures, or even low seven figures, you're like, "Revenue, revenue, revenue, revenue," right?

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Rick Day: Yeah.

Jaime Masters: Even though the systems will help with that and save you time, it's hard to sort of pull that around and be like, "Oh yes, we're going to be working a full quarter on all about systematizing everything. Oh wait, our revenue dropped," right?

Rick Day: Yeah.

Jaime Masters: So there's always this balancing act of where you're going. What advice to you have for somebody that's going through and really wants to put more focus on this, and I mean, you read "The E-Myth," they want to go down that path. But then we start putting it on the list and it seems like, "Oh no, we're not achieving." We just feel overwhelmed because now there's a thousand tasks. Imagine SOP'ing all of those tasks that everybody has.

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Rick Day: Yeah, I think a couple things on that. I think one is you got to pace yourself, and you

[00:33:30] don't have to build this thing by next week. I think you have to pace yourself. I think there's also an accountability, so when I said, "Hey, get a coach," that's what a coach should do for you. You should be coming up to a meeting with your coach, and especially if you're an entrepreneur that's by yourself, a solopreneur, and the coach should say, "Hey, Jaime, you said you were going to do here. Are you prepared?" If you're like me, two weeks before that meeting or a week before that meeting you're like, "Oh man, I haven't done anything on that all quarter, and I know I've got that meeting with Jaime coming up, so I'm going to do it." But you get it done. That's the point. When you get to a point where you have a team, and say you've got three peers in a group, you, John, and me, then I think you can hold each other accountable. Then you put a quarterly meeting or a monthly meeting, whatever interval you think is right for you, but then you hold each other accountable. Either get an outsider, or get an internal team going where you can hold each other accountable and just put it on the agenda.

Jaime Masters: I love that. Especially we're coaches. It's so easy for us to go, "Oh, you have to do this by then. Tada." I don't do this well for myself, so I make my assistant and I'm like, "Okay, you do this. You're allowed to slap me if I do not do that because it's way harder to hold yourself accountable than it is somebody else, which is why the coach thing, or whoever it is, is so important. Anyone listening, if you don't have that yet, get that, no matter how. It doesn't have to cost money. It doesn't even have to be a coach. It can just be somebody that can do that, because that's the other piece, the stuff that really is very important and has to be done. It just has to be done. Otherwise you're going to run around like a crazy person."

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Rick Day: Yeah. No, I think that's right. Let me make one other quick little point too because I hear this a lot and I've seen it a lot and I've done it a lot. This is parenting, this is being a boss, is that you go, "Okay, well we need to get this done," and you think, "Okay, Jaime, would you please do this?" Then you go, "Gosh, you know what? Nah, it's just easier if I do it myself."

Jaime Masters: Yes.

Rick Day: I mean, how often do people do that? Because it's easier to continue to do it yourself than it is to take the time to teach someone else to do it and to work through that process, but what you need to understand is that it's just slow once. It's just that investment. I mean, maybe there's some followup, but if I ask you to be in charge of travel and then I go, "Nah, it's just easier if I book my own plane ticket." But if I've asked you to do travel and I say, "Okay, here's how I like it done, and here's the way that it should be done," if we take that time and we really invest that time, and people need to think about it as an investment, then I never have to do travel again. It's off my plate, and that's the beauty in it. That initial investment is painful. Yeah, it's easier to do it yourself this time, but then guess what? You get to do it next time, and the time after, and the time after. Take the time and invest up front.

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Jaime Masters: [crosstalk 00:35:58] Let me ask you this, because this happens [crosstalk 00:36:00] me, right?

Rick Day: Yeah. Sure.

Jaime Masters: [crosstalk 00:36:02] AJ, we have an SOP for my travel. She knows exactly when I like to fly and which airlines, and my frequent flyer miles and all that fun stuff is in the [crosstalk 00:36:08].

Rick Day: Beautiful. Beautiful.

Jaime Masters: Yay. Then, I'm wagging my finger at myself, it'll be like late at night and I'll be like, "Oh shoot, you know what? I'm planning a trip here. I'm going to look up plane tickets right now because if I buy them right this second," and it's at nighttime and AJ's not working, and I'll just be like, "and then I'm going to do that." Then I screw her up. She's like, "Wait, what did you do?" I seriously feel like, because my assistant is extremely detail-oriented, which is very important because I'm not so much. Then I feel like I'm spending more time explaining to her what I just did than it would have been to have her just book it in the first place. What do you do in regards to somebody that's very impatient in general? When I want something done I'm totally cool with doing it, but that's not necessarily good, so where does that line happen?

[00:36:30]

Rick Day: It's not. Yeah, that's not the best thing, and I still see that a lot. Because you go, "Oh well ..." and then you think you're helping her out. "I'm just going to go book this trip," but you may not know that she's been accumulating points for you on XYZ airline, so you go book it on ABC airline and she goes, "God, Jaime, you screwed me up." I think one of the things that you've got to do as a leader and as a boss and as a manager is once you give that bucket of responsibilities to someone, don't go back in there. Don't go playing in there. Just manage the high level stuff, because your best use of time is not to be booking plane tickets. I'd rather have you thinking about, "Who am I going to interview? How am I going to add more value to my customers? What's my next webinar subject going to be?" I'd rather have you thinking about that kind of stuff than, "Oh, I just decided to book this plane ticket."

[00:37:30]

When you give that stuff away, a couple things, especially when you get a bunch of managers working together. You'll have employees for those managers come to you and ask you for something, and you have to answer the question by saying, "Go talk to your manager," because if you allow them to come to you and you answer, you've just ripped all the power out of your manager's hands. It's a problem, and it's a challenge, but we as owners, bosses, leaders, you've got to have that discipline to not go back and jump in that bucket.

[00:38:00]

Jaime Masters: Okay, so we're going to talk about this more because I think it's so important. Number one, the reason why I did it was because it was a personal travel, but then I had her do the rest of it. When things get sticky like that, right?

Rick Day: Yeah.

Jaime Masters: Because then I was like, "Oh shoot, I used points," and then I had her make a change. Oh, it was a mess. It was my fault, and it was a mess, right?

[00:38:30]

Rick Day: Right, but I mean at least you can admit it and you don't feel like an idiot. I mean, you go back to her and you say, "You know what? I'm sorry." You need just to remind yourself, "Okay, she's going to do my personal travel too. She's good at it. She's got a whole program. Trust her."

Jaime Masters: It was a lesson, a lesson learned. Shame [crosstalk 00:38:41] stop it. She's better than I am. But when it comes to that, and I think that's what's really important is because as an entrepreneur, especially when you're still in it, right?

Rick Day: Yep. Yep.

Jaime Masters: You feel like you are really good. This is your baby. You want people to do it at the level that you want, and that's of course the point of SOPs, but I feel like this is the sticky piece where ...

Rick Day: Okay.

Jaime Masters: I have a client who recently was like, "We started this SOP document process, which is awesome, and it's going well, and we're having the employees actually do it for us, awesome. They're either not going through it to the level of detail that I want, so A, could be bad employee or whatever. B, when I check it over it's not up to snuff, so I'm trying to like bring that piece up. C," I'm speaking for him, "I get in it and I start going, 'Oh, well then you know what? Fine. I'm just going to do this.'" Somebody comes here and they don't do what you said as far as the managers go. They don't keep their head out of it. They start getting stuck in the weeds. It's harder when you don't have that management structure, right?

[00:39:30]

Rick Day: Yeah.

Jaime Masters: Let's say you don't have an org chart that works out that way where you can go, "Just talk to your manager." It's they're responsible for it and you don't feel like they're doing necessarily the best job at it.

[00:40:00]

Rick Day: Well, I think you have to be strict, and a lot of people are uncomfortable with that. I think that you have to be exacting, you have to be demanding, and the other side of that coin, as we both know, is when they do a good job, you have to appreciate it and you have to let them know. It's the number one reason people leave companies. It's not money, it's not anything else. It's lack of appreciation. I think if you're demanding, it's okay to be demanding, and it's okay to say, I mean, one of the things that you need to do especially in the early stages until they get used to

[00:40:30] your style is, "Hey, I want you to do this, and I'd like to look over it with you in a week." Then you look over it in a week and you go, "Okay, you did really well at this, this, and this, but I'd like more detail at these levels," or, "I'd like a list of procedures A, B, C," or, "I'd like the outline done differently." I think it's just up to you to communicate your expectations to that person that you've assigned this job to and to give them positive feedback, and areas that they need to improve. But boy, I tell you what. Never underestimate the idea that when they do a good job, man, you got to let them know, "Hey, wow, you just blew me away. That was awesome."

Jaime Masters: Okay. Let's dive into that a little bit more, because it's easy and simple to say. Everyone's like, "Of course, that's logic. That makes sense." Then when they get into this, either we forget to go, "Oh, we're going to check it over later because I'm really busy, and blah blah blah," or something like that. In regards to the question I suggested, he was like, "Well, she's not looking at the SOP. She's not actually doing some of these pieces." But then the meetings weren't regularly happening, and that's his fault, so he can't necessarily get mad, you know what I mean?

Rick Day: Yeah.

Jaime Masters: He's not as strict as he needs to be, but it's very difficult to hold yourself and make that happen when you're not necessarily that type of person where you're like, "You need to have it done like this and it's like this," do you know what I mean?

[00:42:00]

Rick Day: Yeah, I think so. One is, I think it's good to be strict, or you can be easy if you want to, but I think you've got to be accountable, and you've got to be somewhat disciplined about ... That's why we have a calendar. I mean, you put it on your calendar and you stick to the calendar. I know that there are pressing things, and I know there are other things that you'd rather do with your time. Like you said in the beginning, this is not really fun stuff, but I'm telling you right now, it's like changing the oil in your car. It's not as much fun to change the oil in your car as it is to wash the car and see the immediate result, but if you don't take care of that oil in your car, you're going to have big problems. Sometimes you got to do the messy work like this, and it's just the discipline of doing it and maybe you do it a little bit at a time and you meet weekly, or you meet quarterly, explain your expectations, but you as a leader have to have the discipline to be able to say, "Okay, I don't like it anymore ..." Don't say it out loud, but, "Look, let's just sit down and we're going to do this." You'll see that progress happen over a period of time. Then you'll be glad when you're done.

[00:43:00]

Jaime Masters: Okay, and thank you for that, kind of making that a process of going, "Oh, we're just going to meet every week and we're going to check over that specific thing." Way easier for someone to go, "Okay, I'm committing to this now," instead of randomly trying to do it, which I appreciate. When you're talking about appreciation, what are other ways beside just going, "Oh, good job," when you see

something happening that can really, really make employees feel really good? Because I agree, that's lacking big time. It's even lacking for entrepreneurs for themselves. They don't appreciate anything that they [crosstalk 00:43:24]

Rick Day: Oh yeah, right?

Jaime Masters: It's never good enough. What can we do?

[00:43:30]

Rick Day: Well, okay, so there are a couple things. One is, and I've lived by this, I try to live by this as a manager, as a boss, as a leader, is always criticize in private, always praise in public. Nothing feels better, and a lot of people have a hard time with this too that I see, like you have a meeting of people and one person has made you angry about something that they do. Then they in a very sort of indirect and blasé sort of policy way you say to all eight of your people, "Well, I never want you to leave this door unlocked after 5 p.m. again," and seven out of eight of them never do, and the one out of eight knows that you're talking to him, but you don't have the guts to say it to him directly. Now you've blanketed it to everybody else, and the problem is, it comes off as a negative to the group, like, "Why is he correcting me on something that I never do?" Then everybody goes, "Whoa, I wonder who he's talking about." It kind of causes confusion. It's that whole things of criticize or ask for improvement in private, praise in public.

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I think public praise is huge, whether it's done in an email, or whether it's done in a meeting or a video conference or whatever. "Hey, gosh, you know what? You did a great job today. That was awesome. Thank you so much." Or, "Hey, Jaime, you were awesome on that particular project. Would you mind taking a few minutes and telling us how you did that?" Right?

Jaime Masters: Yep.

Rick Day: You can get them to kind of tell the story, which is really cool. Then you can set up bonus structures that really align with the objectives that you've asked them to accomplish in the quarter. Sales people are used to this. A lot of managers aren't used to it, but I really recommend that you do that too. It can be public appreciation, it could be compensation, it could be a day off, things like that.

[00:45:00]

Jaime Masters: Making it fun place to work. Tell me about the criticize in private. What's the best way to do that, because a lot of business owners will avoid that because it's confrontation and they're not good with it to begin with? You don't want to let it grow so big that it turns into something, you know what I mean? Then you have to say 17 things all at once.

[00:45:30]

Rick Day: Yeah.

Jaime Masters: That's a problem. How do we do that and when?

Rick Day: Wow. Okay, well first of all, I think it goes back to that schedule. I kind of want to slide another comment in here on the side. I don't know if it's going to work at this point in your interview, but there's a difference between delegating and abdicating, right?

Jaime Masters: Thank you. Please. Yes. My mentor used to tell me this. Yes, everybody needs to hear this.

Rick Day:
[00:46:00] And it's huge, because say you're going to do all my travel and I go, "Okay, Jaime, you're going to do all my travel and so now I'm delegating that to you." I'm giving away 100% of my travel work to you and you're receiving that, and you're going to make it better, and you're going to manage all the miles, and you're going to be awesome at the job. But I don't give 100% of my work. Maybe I give away 95% of my work, but the 5% that I retain is checking in with you, and managing you, and working with you on areas for improvement and giving you feedback. If I just give it to you and then we never talk about it again, that's abdication, and that's where resentment builds up, and that's where miscommunications build up. I think as soon as you start having people report to you, you've got to have periodic meetings and you've got to have that, "Let's get together. Let's talk about stuff."

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[00:47:00] I think for example if you're managing a team of salespeople and you say, "Okay, I got to tell this guy I want him to spend more time in the field, but I'm nervous about sitting down with him because he's very aggressive and he's very assertive." You go, "Listen." You sit down and you have like a monthly review, 30 minutes one-on-one so you never let things build up too long. You want a more frequent, I think especially in high pressure management situations you want that to be more frequent so that things don't have an opportunity to build up. Then the skillset that I learned that was really helpful was, you go, "Gosh, Jaime, you are so good at X, Y, and Z, and I'm really happy with the work that you're doing here. One area that I would like for you to improve, or that I'd like to see you do a little bit better is could you please pay a little bit more attention to detail?" or, "Could you please spend a little bit more time in the field? Maybe it's an hour a week. What do you think about that?" You can praise, and then you can slide in, "Here's something that's an area for improvement that I'd like to see. Let's discuss that and see how to make that work." I don't know if that's helpful.

[00:47:30]

Jaime Masters: Oh, definitely, especially because so I've had clients where they're like, "I have to bring up this thing to this person." I'm like, "Awesome." But if they already have the monthly review scheduled, or whatever it is, people know, it expected. It's not as thought, "Hey, come see me in my office tomorrow at this time," and the other person is going, "Oh crap, what did I do?" Right?

[00:48:00]

Rick Day: Yeah.

Jaime Masters: Because that tends to bring in this ugg. Sometimes you have to do that. I'm not saying that you can't not do it all the time, but being able to have it where you're

getting better at it also, because that's the other piece is as a leader, they need to be practicing as much as humanly possible and bringing up some of the small stuff that might not necessarily feel like it's that big of a deal, but will snowball if you let it go.

[00:48:30]

Rick Day: That's right. That's right. It's just like a pressure cooker. If you relieve a little bit of pressure often, that's much better than letting things build up. People are smart. When something's not right, they know. They know, and it's like, "Hmm, let's catch that in the next meeting." And jot it down. Jot it down for that meeting. Be like, "Oh, I didn't want to forget this particular point, you know?"

Jaime Masters: Yeah, and thank you for saying that too, because that's the other piece that I think is really, really important is when you're like, "Oh, by the way, this thing happened, and this thing," and then you forget. Then when you're actually in the meeting, you're like, "Oh, I just remembered and now I'm mad again," right?

Rick Day: Yeah. Right.

[00:49:00]

Jaime Masters: Like having a system for that specifically, so not just writing it on random pieces of paper, like have a place that you put things for feedback.

Rick Day: Yep. Absolutely.

Jaime Masters: I think [crosstalk 00:49:10] too. Okay. Wow, we have to start wrapping up really soon. See, time goes like crazy with you, Rick? When we're talking about this whole piece, because I know you did Daycom for a very long period of time and you have been doing South Coast Yacht for a long time. Give us sort of a trajectory of what we can expect to start working ourselves out of the business if we really have that as one of our main goals. Can we do it like pretty darn quick, or how long of a process would that be?

[00:49:30]

Rick Day: Gosh, you know what?

Jaime Masters: It depends on the business. I get that.

Rick Day: What's that? Yeah, it depends obviously. But I would say, Jaime, the first year it seems you're kind of sputtering getting off the ground, maybe bring people into you business. The second year things are growing, you're bringing in more people, maybe your revenues are growing. Probably by the third year you kind of know what you're doing and you might start to be making some money and stuff. If you've been slowly building job descriptions and procedures and bringing in areas for other people to manage, I heard a rule once that about the most effective that you can be is with seven or eight maybe direct reports. Everybody's got different theories on that, but I think when you get a group, if you've got three departments and you've got 25 people working at your business, then those three managers

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[00:50:30] should be probably doing eight people a piece, and then they should be doing most of the work for you.

[00:51:00] I would say by year five probably you ought to be able to at least take a vacation and the company's going to function without you I think. A lot of that depends on the people that you have, and are you interested in building a company? A lot of people don't want to build a company that operates that way. They just want to be a doer, and that's okay too. They just want to perform the work and get paid and don't want to mess with employees. I just always wanted to build a machine that made money.

Jaime Masters: Hmm. Yeah. Why not. I really appreciate you setting up that expectation, because other people, even if you're in it, you're like the first couple years is figuring it out. Sometimes people have expectations of, "Oh, I'm going to sell it in three years and it's going to be awesome." You're like, "Well, let's like figure out what this really is first, the machine pieces, how they go together, and then document it, and then work yourself out a little bit." Because we, as entrepreneurs, we're impatient. We want everything to happen now, as much as humanly possible.

[00:51:30]

Rick Day: Yeah, I think three years is extremely rare, and like many entrepreneurs, if you pick up a copy of Ink Magazine, or Wired Magazine, or Forbes, or Fortune, or any of those, you'll always hear the hero stories. You always hear the, "This guy built this company in two years and sold it for a billion dollars." They make it sound really easy, and then the other thing that they do is they glorify the fact that this guy worked 90 hours a week and ate pizza and slept on the couch in his office. You go, "You know, I'm not really sure that's a great idea for me." I think for the rest of us mortals, if you will, you've got to slow things down a little bit, because really what will control your growth more than anything is how fast you're able to grow sales, and how fast the market accepts what you have to offer.

[00:52:00]

Jaime Masters: I agree, and right before we actually started recording we were talking about how short life is and how important it is to live and enjoy. The whole point of us going through this unsexy SOP process is to start giving yourself more time so you have that space, and if something does happen to you, or you know what I mean, you actually have the choice of what you want to do with your time. Not that we don't love doing this in general anyway. Well, maybe people don't love the SOP part as we said [inaudible 00:52:40]

[00:52:30]

Rick Day: Hire somebody that loves it.

Jaime Masters: Seriously. Smart man. Before we start wrapping up, I'm going to ask the last question that I always, always ask. I know you've been on the show before. I don't remember what you said last time. Hopefully you don't remember either. But what's one action listeners can take this week to help move them forward towards their goal of a million?

[00:53:00]

Rick Day: I would say if you don't already, have an org chart. Visualize your company as a

[00:53:30] machine. You can help them with that. I can help them with that, but get them to think about the functions of the business, jot down the org chart, and then assign people. If it's just them, then they're assigned to every single job category, or every single functional category of the business, but if they have people that work with them, then communicate with those people, develop that org chart together, and figure out who's playing where. That would be the single biggest thing that somebody could do right now.

Jaime Masters: So, so important. I love that. Where can we find more about you, and follow you and all of your words of wisdom, because I know you've got a lot of them?

Rick Day: Yeah, it's funny. Thanks. Yeah, so I've got my website, businessbyday.com. I taught a couple of classes online which were really fun, but now I've just gone to sort of single-person coaching. I've got maybe three, I've got four clients, and I'm on a board of directors for another company so I'm helping them. Really I would say go to my website. There's a lot of blog posts in there. You can go to iTunes and pick up the podcast also, where I have a five minute thing on accounts receivable, or I have a five minute thing on how to create a bonus program that works, or a five minute thing on how to hire a sales manager. All of my stuff is in short little subject, short little bursts. It takes a second to learn it. But then shoot me an email at rick@businessbyday.com and ask me a question.

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Jaime Masters: I need to make sure I'm retweeting and posting on Facebook more of those, because five minutes is amazing. I remember going over with your podcast in general, and I need to be paying more attention and retweeting you and all that fun stuff.

Rick Day: There you go.

Jaime Masters: Because you really have a gift of simplifying things, and just going, "Hey guys, just do this. This is the only important piece. Takes you five minutes. Go." Take the action instead of just sitting there listening to podcasts all day.

Rick Day: Yeah, right.

Jaime Masters: [crosstalk 00:54:57] whoever's listening right now.

[00:55:00]
Rick Day: No, I think that's right. Yeah, it's not that complicated.

Jaime Masters: Thank you so much for coming on the show today, Rick. I really, really appreciate it.

Rick Day: Well, you're welcome, and if I can give a plug for you too, Jaime. I mean, I've been on a bunch of podcast interviews, and talked to a bunch of people, but nobody has an audience engagement like you do. I haven't seen anybody who really cares so much about their clients and interacts so genuinely with their clients, so for anybody that might be watching this that's looking to get started in the online

[00:55:30] world or start a business, you got to look at Jaime. She's just wonderful.

Jaime Masters: Aww. Hire Rick or me, then you'll be all set. No, I'm kidding. Thank you so much, Rick. You're amazing. Amazing client that did all the work, that was utterly fantastic, and taught me things definitely along the way. Thank you so much for coming back on the show again.

Rick Day: Hey, my pleasure.