

Pay Your Way & Build a Self- Managing Business

/ by Dr. Philip Zimmermann



As many of you know, over the last weeks we have launched the Self-Managing Business Program. The program is inspired by Cosimo de' Medici and how he set up his bank. He was actually able to remove himself from daily operations so he could focus on politics, art, religion, and philanthropy because he set up his bank as a self-managing business. That does not mean he didn't lead his bank, but it means that he did not need to be in the daily operations because of how strategically he set it up.

This month, we are talking about the principle of "pay your way," which can also be applied to designing a self-managing business. If we don't pay our way in the beginning, we will never get to the place where we can have our own version of a Medici bank - a real self managing business.

The old saying is true: You either pay now and play later, or you play now and pay later. The only problem with the second option is that normally the payment comes with a lot of interest. So I am a big fan of paying now in order for us to play later. That's exactly what we want to do. When it comes to setting up a self-managing business, we pay our way in order to come to a point where we can play later.

But first, why is a self-managing business so important?

A NEW MINDSET:

Do You Own Your Business or Does Your Business Own You?

Here's a hard truth: The business you built with your own sweat, late nights, and relentless drive—the one that brought you success—is also the thing that's trapping you.

If you're working 50, 60, or even 70+ hours a week, constantly making decisions, putting out fires, and feeling like everything would collapse if you stepped away, you don't own a business. You own a high-stress, low-freedom job.

This is where many business owners get stuck. They believe that because their hard work got them here, more hard work is the only way forward. But that's a lie.

The reality?

What Got You Here Won't Get You There.

The very skills, habits, and hustle that built your business are now the bottleneck preventing its growth. The key to breaking free? Creating a Self-Managing Business—a business that runs smoothly and profitably without your constant involvement.

But before we dive into how to do that, let's first understand a crucial distinction: the difference between owning a business and being owned by it.

Two Ways to Build a Business

Not all businesses are built the same way. There are different philosophies when it comes to running a business, and the path you choose will determine not just your success but also your freedom.

Alfons isn't his real name, but his story is very real.

Alfons makes the best pizza in town. The kind of pizza that keeps you coming back, the kind that makes you walk an extra block just to get a slice. My problem was that I did not even have to walk a block. I lived two houses down from his pizza corner and had to pass by multiple times a day, always tempted by the smell of fresh dough and melted cheese. But here's the thing—Alfons works a lot.

His shop is small—just a few square meters with two high tables outside. Most customers grab their pizza to go. He's open six days a week, and the only person who ever helps him is his father.

One day, I asked him, "Why don't you hire someone to help out so you can take a little more time off?"

His response?

"You can't trust anyone. Either they don't make the pizza the way I want, and I lose customers, or they steal from me. If you want it done right, you have to do it yourself." And that's exactly how he runs his business. Even when he takes a three-week summer vacation to Italy, he simply closes his shop. He'd rather shut it down than let someone else take over while he's gone.

Now, I'm not here to judge. Alfons makes amazing pizza, and he runs a successful small business. But his business owns him. I would never want to have a business like Alfons no matter how much it would pay

me. His income is directly tied to the hours he works. If he wants to earn more, he has to work more. If he wants time off, he has to accept losing money. And that's an expensive vacation.

A Different Approach

In my twenties, I started one of my first businesses—a coffee shop—just a few doors down from Alfons' pizza corner. Most of the other shop owners on the street assumed I was lazy.

Why? Because I wasn't behind the counter all day making coffee. I did work the counter for the first three months after opening—I wanted to understand the business, the customers, and the systems. But from the start, I had a very different goal:

I wanted a business that could run without me. I wanted to build a system where I could step away for a month and the money would still come in. This meant thinking differently. Instead of being the person making the coffee, I focused on hiring, training, and creating processes that allowed the shop to function independently. Eventually, I was only working one or two hours a week on the business, and whether the shop made €1,000 or €5,000 a day had nothing to do with how much I personally worked.

Now Alfons on the other side needs to work more to make more. And if we are honest: This makes him a servant and not the owner of his business.

Here is my guess:

You didn't start your business to become its full-time servant. You started it for freedom, impact, and wealth. But somewhere along the way, you became the linchpin, the irreplaceable piece that keeps it all together. And that's dangerous. Even with a team in place, the business still relies on you for the day-to-day, making you a prisoner of your own success.

A self-managing business is not about walking away—it's about designing a system where you choose how and when to be involved. It's about leveraging people, systems, and strategies to break free from the daily grind and create a business that thrives without you being in the trenches 24/7. It is about removing yourself from working in the business so you can work on it.

Here's why this shift is non-negotiable for me:

1. Freedom: Own Your Business, Don't Let It Own You

You started your business for freedom—financial freedom, time freedom, and creative freedom. But right now, do you have it?

A self-managing business gives you the ability to step away—whether that means taking a vacation, spending time with family, or even just having the luxury of thinking strategically instead of constantly firefighting.

Because here's the truth: If you can't step away from your business without it falling apart, you don't have a business. You have a trap.

3. Increased Business Value: A Sellable Asset

One of the biggest mistakes entrepreneurs make is building a business that only works because of them. If your business needs you to survive, it's not an asset—it's a liability.

Buyers aren't interested in a job disguised as a business. They want a well-oiled machine that can run without the owner being in the weeds every day.

A self-managing business increases valuation because it proves that the business is sustainable, profitable, and independent of any one person.

2. Scalability: Growth Beyond Your Personal Capacity

When your business depends on you for every decision, there's a limit to how much it can grow. You only have 24 hours a day. You can only hustle so much.

A self-managing business breaks that ceiling by leveraging others—great people, smart systems, and repeatable processes—so growth is no longer dependent on your personal time and energy.

Want to scale? Stop being the bottleneck.

4. More Enjoyment: Get Back to Doing What You Love

Let's be honest: Most entrepreneurs don't start businesses because they love managing payroll, handling customer complaints, or running after potential leads.

A self-managing business allows you to design your role around your strengths and passions. Instead of being stuck in the day-to-day operations, you can focus on the big picture—innovating, leading, and growing the business in ways that excite you.

I hope you see the importance of why a self-managing business should be the goal of any business that we start.

Now, every business is in a different phase, and there is nothing wrong with the phase where you are very actively involved in running the day-to-day. You just have to name it and know where you want to end up so that you can strategically make decisions to move in that direction.

Essential Steps to Building a Self-Managing Business

Now that we've established why a self-managing business is crucial for your freedom, growth, and long-term success, let's explore the practical steps you must take to set one up. These actions will require you to "pay your way" upfront, investing strategically now to enjoy substantial rewards later.

1. Delegate in the Most Effective Way

If you're an entrepreneur, your most precious asset isn't your product, your brand, or even your big idea—it's your time. But here's the trap: You're so busy doing the work that you never get around to building the systems that free you from the work. You stay stuck, spinning in the daily grind—a perfect recipe for burnout and stagnation.

Fortunately, there's a better way: delegation done right. Not as an afterthought or emergency move, but as a strategic, deliberate process. Here's how you can transform delegation from a source of stress into a superpower:

Step #1: Record Your Steps While You Work

Every task you do more than once is a candidate for delegation. Rather than trying to create a perfect manual from scratch, simply document the process as you perform the task. It's not about perfection—it's about creating a clear, usable blueprint. You can jot down notes, make screen recordings, or use voice notes. The format doesn't matter; clarity does.

This isn't an extra burden—it's an investment. Spending a few minutes documenting tasks now will save hours later, avoiding repeated explanations and mistakes caused by confusion.

If you don't have a playbook yet, or your current one needs updating, this step initiates creating one. A playbook forms the foundation that empowers your team to execute tasks confidently, consistently, and efficiently. It becomes your essential resource as your business grows and your delegation process matures.

Step 2: Hand Off with Precision

Delegation fails when communication is vague. Don't just toss tasks over the fence—set your team up for success with these essentials:

- **DEFINITION OF DONE:** Clearly outline what success looks like.
- **OWNERSHIP:** Explicitly state who is responsible. Use project management tools if necessary.
- **TIMELINE:** Specify deadlines, urgency, and priorities. Never assume your team knows these details.

A handoff without clarity is simply setting your team up to fail. Your team can't read your mind—but they can follow your guidance.

Step 3: Create a Feedback Loop

Delegation isn't abdication. Handing off a task doesn't mean it runs on autopilot. Build checkpoints into the process: Are they on track? Do they need further clarity? Are they making appropriate decisions?

Feedback is essential for teaching and refinement—but remember, this isn't micromanagement. It's mentorship, transforming team members into leaders rather than mere followers.

Step 4: Grant Full Ownership

Finally, the hardest part: letting go—not partially, but fully. Your team has clear instructions and feedback, and now it's time for them to own it completely. Make it official by updating documents, confirming roles, and clearly communicating their responsibility.

True delegation isn't just about freeing up your calendar; it's about scaling yourself. It transforms you from a doer into a builder.

2. Train and Develop Your Team

Training your team should be a top priority—it's the key to your business's success. But effective training isn't one-size-fits-all. It must be clear, focused, and customized for each department's needs.

That said, there's one essential skill that every team member should be learning right now, regardless of their role: using ChatGPT effectively. If you're not teaching your team how to leverage AI tools like ChatGPT, you're missing out on significant productivity gains.

Training doesn't have to be complicated. Start with a simple email explaining how to use ChatGPT effectively, focusing on four key elements:

- **ROLE:** Clearly define how the AI should think.
- **CONTEXT:** Explain precisely what you're trying to achieve.
- **COMMAND:** Clearly state exactly what you need.
- **FORMAT:** Specify how you want the output delivered.

Here are some practical examples:

CUSTOMER SUPPORT SCRIPT

- **ROLE:** "Act as a customer success manager."
- **CONTEXT:** "We're receiving refund requests due to late deliveries."
- **COMMAND:** "Draft a polite email offering a 15% discount on the next order."
- **FORMAT:** "Short paragraphs with a clear subject line."

PRODUCT-LAUNCH EMAIL SEQUENCE

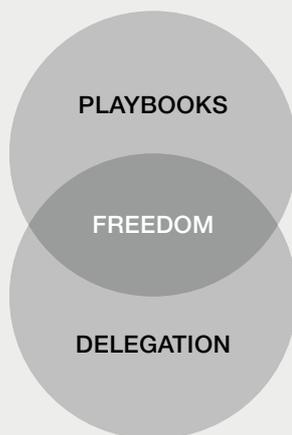
- **ROLE:** "Act as an email-marketing specialist."
- **CONTEXT:** "Our cloud-based accounting software is rolling out an automated expense-categorization feature next month."
- **COMMAND:** "Draft a three-email launch sequence highlighting benefits and driving upgrades."
- **FORMAT:** "Include subject line, preview text, and body copy in Markdown."

EMPLOYEE ONBOARDING CHECKLIST

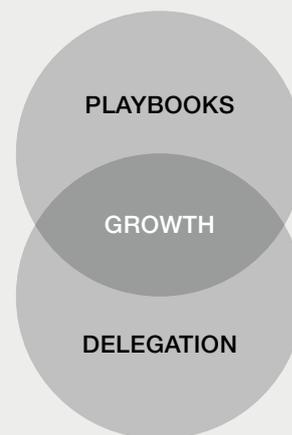
- **ROLE:** "Act as an HR training coordinator."
- **CONTEXT:** "Hiring five remote sales reps next month."
- **COMMAND:** "Create a two-week onboarding checklist covering equipment, training, and compliance."
- **FORMAT:** "Day-by-day checklist with checkboxes."

3. Creating Playbooks and Processes

There's a simple formula to achieve entrepreneurial freedom:



But the benefits don't end there—this same equation also unlocks significant growth:



Playbooks are game-changers, crucial to scaling your business while preserving your time and energy. Combined with effective delegation, they transform your daily routine, freeing you to focus on strategic priorities.

Initially, entrepreneurs handle everything themselves to grasp their business thoroughly. However, sustaining this beyond the startup phase leads to burnout, stagnation, and limited growth. Playbooks counter this by documenting simple, repeatable processes that anyone can follow.

Imagine having clear instructions for every essential task—onboarding, customer support, order processing—so straightforward that anyone could

follow them. This would eliminate daily stress and scrambling.

Delegation truly shines when supported by playbooks. Without them, critical knowledge often resides with a few people, risking chaos if they leave or become unavailable. Playbooks capture this knowledge, ensuring smooth operations regardless of personnel changes.

Start with key areas causing stress or essential for growth. Create simple, clear instructions, and expand from there. Playbooks don't restrict freedom—they amplify it, allowing your business to grow without overwhelming you with operational details.

4. Implement the 5-Minute CEO Scorecard

As an entrepreneur, your time is precious. You can't afford to spend hours analyzing every metric, yet you still need to keep a finger on the pulse of your business. That's where the 5-Minute CEO Scorecard comes in.

The idea is simple: Create a dashboard that gives you a snapshot of your business's health in just five minutes. This isn't about micromanaging every single detail. Instead, it's about identifying the critical numbers that matter most—the ones that indicate growth, stability, or potential trouble.

Think of it like a car dashboard. You don't need to check the engine temperature every second, but you do need to know when the fuel is low, the tire pressure is off, or the oil needs changing. The 5-Minute CEO Scorecard does the same for your business, keeping you informed on key performance indicators without overwhelming you with data.

The beauty about numbers is that they don't care about stories or excuses. They tell you exactly what's working, what's not, where to focus, and what you need to fix.

To get started, identify the top one to three metrics for marketing, sales, and fulfillment. What are the small handful of key numbers you should be tracking that will tell you how each department is doing and if everything is on track? Next to these numbers you always want to know how much cash you have in the bank and a few other financial numbers that are most important to your business.

The scorecard isn't a tool to overwhelm you; it's a quick, efficient way to stay informed. By having a pulse on the core metrics of your business, you can make smarter, more informed decisions that drive growth—without wasting valuable time.

Conclusion

Building a self-managing business isn't just a nice idea—it's a must if you want real growth, freedom, and long-term success.

Here's the simple formula to get started:

DELEGATE EFFECTIVELY.

TRAIN YOUR TEAM WELL.

CREATE CLEAR PLAYBOOKS.

USE THE 5-MINUTE CEO SCORECARD.

This means putting in some work upfront, but the payoff is huge—more freedom, better scalability, a more valuable business, and way less stress. So, the real question is: Are you ready to put in the work now and pay your way to build the business you've always wanted?

