

## Understanding Business Authority

Written by Steve Marr  
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Mike was in hot water. He had ordered 25,000 sales brochures from the printer and now his boss, Peter, was livid:

"I never gave final approval to order those flyers, and I've decided not to move forward. Just cancel the order," Peter shouted.

"You told me to work out the details and get the job done," Mike responded. "I thought that included signing the purchase order."

"Well, you thought wrong."

Unfortunately, the printer would not agree to cancel the order without a charge, because they had ordered special paper for the job that could not be returned to the mill.

Misunderstandings about how much authority has been delegated happen every day in business, causing serious mistakes and bad feelings. Good communication is the key to avoiding these problems in your business.

Start by establishing clear instructions and expectations. As an owner or manager, accept responsibility for communicating clearly and completely what you expect to be accomplished, the level of authority being delegated, and any deadlines. Peter could have saved a lot of grief, and company money if he had plainly told Mike to work out the details for the flyer and bring the finished bid to him for final approval. King Solomon taught, "Through presumption comes nothing but strife" (Proverbs 13:10, NASB). Presuming that Mike would know to bring the

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brochure to him for approval turned out to be a poor assumption in this case.

Make sure that every member of your staff takes responsibility for understanding instructions and clarifying any questions. Jesus taught, "If any man has ears to hear, let him hear" (Mark 7:16, NASB). Employees need to listen carefully, understand what's expected, and know how much authority they've been given. In the case of Peter and Mike, Peter had always signed off on final decisions. So even though he told Mike to "get the job done," Mike should have known from experience to clarify the sign-off issue.

At times, regardless of how clearly we've communicated, employees may decide to push the envelope, making decisions beyond their level of authority. The culture in some organizations may make it seem that it's easier to ask forgiveness than to get permission. If this happens in your business, it's important to take a hard line and make it clear that any future decisions, merchandise orders, or hiring of staff outside the established approval process will not be tolerated.

Managers must consistently apply and enforce decision-making authority. We cannot look the other way when everything works out and then complain when the results are not to our liking. Inconsistency or turning a blind eye only encourages employees to ignore the guidelines. And next time, the choices they make may be catastrophic.

On rare occasions, time constraints or other circumstances may require that a decision be made outside the normal procedures. We need to be careful not to be so legalistic that important opportunities are lost or major blunders occur. A marketing manager who had just completed a press release was leaving the country on a business trip. His parting words to his assistant were, "Don't make any changes in that release- just send it out as is." When an embarrassing typo was found, the assistant exercised good judgment and made the change. Of course, employees who have responded to a situation and taken action outside of their authority should tell their supervisor ASAP what they did and why.

Finally, I believe we need to stand by our employees' decisions, even when they're wrong and

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outside their authority. A customer, employee, or vendor who has accepted a staff member's word in good faith needs to know that we will honor those commitments. If an order can be canceled, or a customer commitment corrected without others bearing the consequences, then a correction may be made. In one instance, I received a price quotation and followed up with a purchase order confirming the deal. When the merchandise was shipped, I was told that the quoted price was wrong, the person I had ordered from did not have the proper authority, and I needed to pay 15 percent more. Instead, I cancelled the order and took my business elsewhere. By honoring commitments, we preserve customer satisfaction and loyalty.

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