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DRIVING EMPLOYEES TO PEAK PERFORMANCE

*A people that values its privileges above its principles
soon loses both.*

—Dwight D. Eisenhower

The quality of human resource management in your company determines the success or failure of most of the other goals you have set for yourself. If you manage people well in all aspects—hiring, training, coaching, reviewing, compensating, motivating, promoting, and celebrating—the impossible often becomes possible.

The single biggest mistake made by CEOs and other managers is spending more time analyzing and acting on the company's financial particulars than on its people issues.

But you can't talk about employing people today without talking about the erosion of trust between employees and their bosses. A recent Watson Wyatt WorkUSA® survey showed that only 39 percent of employees trust the senior managers, and only 31 percent feel that their companies do a good job communicating with them.

Lack of trust is probably the biggest problem in corporate America today, and it can't be ignored at small companies either. How can you be sure your employees trust you and believe in your goals for the company? The simple answer is that you must be trustworthy.

Owners, CEOs, and managers must all behave in a way that inspires trust. If you talk to one employee about another in a negative way, that

employee learns what he or she can expect from you. If you come in late and leave early, you send a message about acceptable behavior. If you aren't honest about critical issues, don't expect to find trusting employees when you need them.

SET THE STANDARDS FOR YOUR EMPLOYEES

Another significant finding of the Watson Wyatt survey was that only 52 percent of employees see the link between their company's business objectives and their jobs. This number was at 72 percent only two years before the survey. Increasingly, employees are feeling disconnected from their managers, their peers, and their jobs.

One result of this disconnection is the rise in fraud (by CEOs, boards, and managers) and in workplace violence (by employees). People who don't feel committed and connected to other people and their welfare act in ways that are callous, self-centered, and dangerous. Not recognizing early signs in your business can have catastrophic results. Just ask the ex-employees of Enron and Arthur Anderson. And as is so dramatically illustrated by these cases, disconnection and abuse takes place at all levels.

Setting standards for acceptable behavior at your company is as critical an area of focus as any other. And start at the top. Your own behavior as CEO sets the standard. We will cover that in detail in the next chapter.

Demand that all employees treat one another—not just customers—with respect. Encourage respect for deadlines and create a forum for listening to individual concerns. Create a culture that encourages employees to feel and express passion for their work and one that celebrates work done well.

In addition, be sure to recognize and promote employees who solve problems and help others solve problems. People who make things happen and who don't let anything prevent their pursuit of doing the right thing are precious to the success of your company. Make sure they know that you know who they are and fully appreciate their efforts.

INVEST IN PEOPLE

Think of the difference one person can make when that person is highly motivated to get something done; then think of a group of people, pulling

together toward a common goal. A high-quality team of people working together is your single biggest competitive advantage. Don't assume that you pay employees to come to work and that ought to be enough.

Conduct monthly management staff meetings to review the employee data you'll compile using the worksheets in this section. Then evaluate management performance based on how well your managers implement the actions decided on in these meetings.

Look at your payroll as an investment. It's just as important to have a plan for your human resource dollars as for any of the money you spend on plant and materials.

Quality in Your Workforce

You have a right (and a duty) to select the right employees for your workplace. Don't give up that right. If your intuition tells you not to hire someone with all the right credentials on paper, don't hire them. While you can't (and shouldn't) discriminate based only on gender, ethnicity, and a number of other criteria, you can (and must) be discriminating in choosing people in terms of their skill, character, and ability to make a positive contribution.

List the character traits you want your employees to possess. While the exercise may be challenging, the rewards are profound. Consider questions such as: How important are initiative and resourcefulness? What about trustworthiness and loyalty? Getting this right is likely to prevent employee lawsuits later.

One of the most important characteristics of a superior workforce is that all employees remain employable. This means that you employ only those people whom your competitors would want to hire if they could. It should be a goal of your human resource planning to seek state-of-the-art employees. Employees should know that you expect excellence from them and that they probably will need to invest in themselves through outside training to keep their end of this bargain.

From the beginning, you should decide how many employees are optimal to do the work and what skills and qualities you want them to possess. You can look at the quantitative issues objectively by looking at overtime rates, the amount of temporary help needed, and the numbers

of errors made and subjectively by the amount of stress you see in the workplace and what other employees tell you.

You may be able to readily identify the skills you need from new employees, but you can also do a more objective analysis by identifying the total skill set you want from your employee base. Find out what you already have by doing a skill-set inventory, and then hire for the qualities you find are still missing.

Hiring Right Is Key

Recruiting and hiring are often done in haste, leaving the company to repent in the long run. To counteract this tendency, set up your hiring process at a time when more rational heads prevail, and make it difficult, if not impossible, to hire unless the process is completed.

Today, there's a reason to be concerned about negligent hiring. *Negligent hiring* means you and your company can be sued if one of your hires injures other employees, especially if you could have foreseen a problem but did not do a thorough check of the new employee before hiring.

The following five essential hiring practices should always be used:

1. *Require outside testing.* Allow a competent, impartial professional interviewer to administer both paper and pencil and verbal tests. Professional testing firms can administer valid psychological tests for intelligence, stability, even determinations of addictive or dishonest personalities, as well as skills tests of important technical abilities in your workforce. I find testing often validates a suspicion I already had but wasn't yet ready to come to terms with.
2. *Conduct a rigorous personal interview.* This includes asking general attitude questions, how you would manage your boss questions, how you would manage your staff questions, questions relating to the applicant's understanding of the financial workings of a business and your department's role in the

business's overall success, questions relating to the applicant's ability to set goals and his or her expectations about achieving goals, questions relating to specific skills required for the job, and general communications required by the job.

3. *Arrange a peer group interview.* This part of the process encourages applicants to speak more freely and helps determine how comfortable they will be in working with their peers. Follow up with a meeting of everyone involved in the hiring decision to determine if there is a group consensus about the applicant's suitability for work at your company.
4. *Do a background check.* Don't neglect this, even if it is an employee's cousin or your competitor's best salesperson. It's very easy to set up an account with an investigative firm online and to relatively quickly and inexpensively find out if the applicant has a criminal record or a history of DMV problems, lawsuits involving previous employers, workers' compensation claims, and so forth.
5. *Do a reference check.* You can conduct these over the phone, but they may involve a request in writing. Reference checking is less effective than it used to be, although you may still find a few people who are willing to talk. Most former employers play it safe and verify only dates of employment and salary.

Finally, I recommend including a statement on the application that information given by the applicant must be true and that it will be checked. I immediately disqualify anyone who is dishonest about any information that is pertinent to the hiring decision—that includes fudging on job titles, years of service, and salary history.

EFFECTIVE COMMUNICATION

Productive and positive communication with an immediate supervisor, as well as with coworkers, is a make-or-break issue for most employees. As we all know, the business world necessitates both formal and informal communication. Formal communication flows from the supervisor and