

Hello, this is Wayne Rivers at The Family Business Institute. As always, thanks for tuning in. We'd love to hear your comments and your feedback below. Go to YouTube, and search for The Family Business Institute or Wayne Rivers, and subscribe to our channel. That way you never miss any of our blogs. And, if you have ideas for future blogs, we're open to listening to those, and hopefully dialing in a little better on some messaging that's really of importance to you.

My question this week in the blog is, "Is your team holding you back?" Let me tell you where this got started. You've heard me talk about our peer group program before, I know. Dennis Engelbrecht, my partner, came back from a meeting and they had been talking in the meeting about the need to make, for the CEO to make some personnel changes. The CEO ... And specifically, with respect to his controller. The CEO said this, and I'm quoting - "I can't bring myself to laying off a 62 year old, who has been a 17 year loyal employee." Now, the boss had never been totally satisfied with the employee, but somehow being around for 17 years and being 62, made him bulletproof. The guy said, "I can't bring myself to let him go."

Dennis is a much more patient and tactful person than I am, but that's the kind of thing that makes my head explode. We hear this all the time, "I know I need to make a change, I know Sally doesn't really ... She's not as effective as she once was. I know I need to make a change, but I just can't bring myself to, blah, blah, blah." It happened here at The Family Business Institute, maybe 10 years ago, maybe a little bit longer now. I went home and I was lamenting to my wife, that ... it was December, and I didn't really want to do this, but I was going to have to let somebody go.

My wife was horrified. "You can't let her go right before Christmas, it'll ruin her Christmas." I said, "You're right, I'll wait." Well, I went to bed that night, and I tossed and turned, and I didn't get a wink of sleep. It dawned on me when I woke up the next morning, when I was taking a shower, "Hey, somebody's Christmas was going to get ruined. Right now, it was mine. I was the one unable to sleep." I resolved right then, as the leader of the business, that if somebody's Christmas was going to be ruined, it wasn't going to be mine. It was going to be somebody else. I had to let her go the very next day, and I think I did the right thing.

Every time I've let somebody go, and I bet you can relate to this too, think about this. Every time you've let somebody go in your business, haven't your other employees come up to you and said, in so many words, "Boy, what took you so long? You should have done that six months ago, or a year ago." I hear that story all the time, when I'm talking to family business leaders.

It's miserable to have to let somebody go. You won't sleep the night before. You'll have, your heart will be racing, you'll be sweating. I mean, I hate it. It's horrible. It's the worst thing you have to do as a boss in a business. But your success is directly tied to the quality of the people that you have around you. A players attract A players. If you've got A players, God bless you, more power to you. But if you've got a bunch of C's, C players attract C players. That's one of the reasons that you as the leader, have to work so hard. You've failed to surround yourself with the caliber of people that are as caring and committed as you are, about the success of your business.

Our clients, to a man or a woman, hire too fast without enough consideration, and testing, and deliberation. And they fire way, way, way too slowly. It's just a fact. So, here's the exercise for this week's blog. Evaluate your people, especially your key people. They have the most impact on your day to day, and the most impact ultimately on your business. Assign them a number on a 1 to 10 scale. 10 is a better, wonderful, delightful, productive employee. And a 1 is a miserable, you know what, needs constant hand holding, causes problems, busts up morale, all this other stuff.

Put a number on these people, and anybody you have on your list as an employee that's a 7 or lower, you really, really need to evaluate. If you've got somebody that's less than a 5 ... and why a 7, why not a 5, which is right in the middle on that 10 point scale? That would be an average person, right? No. It's not right, because you're too nice. Instead of giving somebody ... I bet nobody on your list gets a 2 or 3. That means the curve is skewed. That's why we say 7. Anybody that's a 7 or lower, because you're too nice in evaluating them, you really need to take a hard look at. Ask yourself this question. "Suppose in this case ..." like in Dennis's case, it was a controller they were talking about.

"Suppose I had a controller who was an eight or a nine, versus a six or a seven. What would that mean to me personally in terms of how I do my job? What would it mean to the business? What would having an eight or a nine performer in that job, or gosh, why not a 10? What would having a 10 in that job allow us to do as a business, that we can't do right now?" Compare present, the current situation, to what you see is an ideal future with a better employee in that place. That'll tell you instinctively, you'll know if you've got the right idea, if you've got the right concept. If you've got somebody that's a seven or lower on your list, they really, really, really need evaluation, and it's going to make things better.

Back to The Family Business Institute example. We had a terrific office manager and bookkeeper at one time, and we were very close personally. She was delightful. But it got to a point, we were bickering like an old married couple and finally I said, "You know, I think it's just time for us to separate." We hired a new person, gave her 90 days to help find a new job and all that stuff, and train the new person. It was a very ... it might, for a tiny company like mine, it was a very generous departure, we thought anyway.

The new person comes in, and Holy Moly I've replaced a 6 or a 7 as it turns out, with an 8 or a 9. A couple things happened right away that told us we were on the right track. Number one, our collections went from about 60 days, 'cause we're too nice too, we don't bother to beat our clients up about collections. Our collections went from about 60 days, to about 30 days. Cut in half. One person made that kind of difference.

Well guess what? Now we have money in the bank like crazy, and I'm thinking, "Why wasn't I pushing for this before?" The second thing we noticed right away, was the customer feedback on the peer group prep. We were hearing, "Oh my gosh, night and day. I felt so prepared for this meeting. Hats off to you boys for improving your process." Well we didn't ... We did improve the process a little bit, but mostly what we improved was the caliber of the person executing the process. That's what it came down to.

So, look, you get happier customers, more cash in the bank, better cashflow turns. It was win/win, and she's a delightful person, and we're close personally as well. It really does make a difference to go from a 6 or a 7, to an 8 or a 9. It makes a huge difference. Look, think about it this way. It's your business. It's your family, and it's your life. Don't let your poor performance hang around, and drag down you and the other peak performers that you have. It's your business and your life, take charge of it, surround yourself with quality people, turn loose those poor quality people, and you'll find that you're much happier when you don't have those other people around, sucking the life out of you, and your business.

Thanks for your comments below. This is Wayne Rivers at The Family Business Institute.