

Hello. This is Wayne Rivers at The Family Business Institute. As always, thank you for tuning in.

This week, I want to talk about the fact that what leaders don't do is just about as important as what they actually do as leaders. Why is this important? I want to talk about something that you've heard me talk about before, so I suppose, and that is that leaders seem to tolerate bad behavior in their organizations, sometimes from family members, but just as often from non-family employees. The reason this is important is because that costs you. It costs your organization. There's hard dollar costs, there's opportunity costs for tolerating these bad behaviors, and finally, bad behaviors in so many ways limit your organization and constrain your culture. So, I want to get to some of these things.

We learn from our members in our peer groups and we had a great ... I'm going to mess this up, I know. I can't remember what member actually gave this quote to Dennis. I can't even remember which peer group it was, but here it is, and it's really profound: "The culture of any organization is shaped by the worst behavior the leader is willing to tolerate." The culture of any organization is shaped by the worst behavior the leader is willing to tolerate, and this comes from Gruenter and Whitaker. That's the source of the quote. How can you not agree with that?

It is so true, and the story came out in this peer group, this is what happened, and I know you can relate to this because I know this has happened to you at one time or another during your business life. But in this case, there was a 30-year superintendent. He was awful to work with. He was a hoarder of resources of the company. He actually got caught stealing, and his son who worked there got caught stealing, too. There was some discussion about what to do.

Why would anybody want to keep any employee, a toxic employee who stole from the company, around? I know you're thinking, "Oh, this business owner must have been a real idiot to keep somebody like that around." But you've done it too in one way or another, in one degree or another.

So, why do people put up with abhorrent behavior? I think there's six specific reasons. The first is a rationalization, "Oh, he makes money on his jobs. He's hard to work with, impossible to work with, no people skills, no kindness, no milk of human kindness in his heart, and yet, he makes money on his jobs. That's why we keep him around."

The second one is, "Oh, I know him. I know his family. It would break my heart. I know his sister. I go to church with her. It would break my heart if I let him go and I had to look at the sister at church every Sunday."

The third one, "I can't let the guy go. He's contributed so much to our company's success over the years." Right. "How much has he really cost you?" is the question you should be asking.

The fourth one is no formal reviews. There's really no arena, no theater to be able to get with your employees and discuss performance and improvement and things like that in a win-win situation. So, the person may be toxic but not even know that they're particularly toxic, although I bet he knew that he was stealing. I don't know how he could not know that.

The fifth reason is this definition of stewardship. I'm going to have a little story here, take me a minute. I was playing tennis with a Methodist minister one day, and we finished up and he said, "I'm not looking forward to going back to my church this afternoon, because I'm going to have to let the three ladies in the office go. And I learned about employee stewardship from you guys. I learned that you never let anybody go. You rehabilitate them, you re-educate them, you give them a chance after chance after chance."

I said, "Bruce, what about your stewardship responsibility?" And he looked at me in the strangest way you can imagine. Now, this is a Methodist minister. He knows stewardship, and he said to me, "Wayne, the Methodist church has limited resources, and I would be a poor steward of those resources and my congregation if I didn't let these three ladies go." Time had passed them by. They couldn't operate computers, all that kind of stuff. Lots of reasons why he had to do it, but he turned my and your definition of stewardship upside down. His stewardship was to the larger church and the larger congregation, not to these three individuals. Your stewardship is not to one person on your payroll. Your stewardship is to yourself and your family and your entire business. One person should not be allowed to hold you and your organization back. And that's my story.

The sixth reason is that people don't let toxic employees go is because they don't have a great system for getting new employees on the bus. So, they're afraid if they let Johnny go, they won't be able to replace Johnny with anybody at all in today's world, or they won't be able to replace him with somebody that's competent. And that's because they don't have a great system for recruiting and attracting talent to their organization. Those are the six reasons people keep toxic people around.

Now, what do you do? If I've rung your bell and I've kicked you in the shins here, what do you do if you have a toxic person around or somebody that's just not fitting with today's culture that you want to have in your organization? The first thing is, you've got to develop a spine. One thing that I've seen in our peer groups, my peer group personally, as well as our peer groups that we run, is that the peer groups help people develop spine, and they say, "You have got to let this person go." And guess what? It happens. It happens, and everybody breathes a sigh of relief and they say, "Oh, gosh, why didn't you do that six months ago," or, "six years ago?"

So, it's really a great thing to have a community that helps you make difficult, and that's the most difficult business decision, letting people go. That's just heart-wrenching. Even if the person's toxic, it's still heart-wrenching. Nobody likes to do that. It's the worst thing a leader has to do, but you've got to do it.

The third thing is for people that aren't toxic but maybe have a chance for rehabilitation, you've got to give them an improve or remove schedule. You've got to give them things they have to stop doing, things they have to start doing, specific measurements, metrics that they need to meet to keep their jobs, and you just have to make it clear for them. Some people are plagued by a lack of clarity. If you make it crystal clear, "These are the targets you have to hit," then it makes life simple. If they don't hit the targets, they know that it's time to move on.

All right. The quote is this: "The culture of any organization is shaped by the worst behavior the leader is willing to tolerate." You as the leaders, what are you tolerating that you shouldn't? And now, the bigger question, what are you going to do about it?

Love to have your comments on this one. Thank you. This is Wayne Rivers at The Family Business Institute.