

Hi everyone. This is Wayne Rivers at Performance Construction Advisors, where *We Build Better Contractors*.

This week, I want to talk about how to meet a leader’s toughest challenge, which is layoffs. We’re not there yet. In commercial construction, we haven’t seen a downturn. There’s still this debate in the popular press, “Are we going to have a recession? Are we going to have a soft landing? Is the Fed going to reduce...” All of this uncertainty is out there. I want you to stay with me with this one because I have a reveal at the end, an observation that I think is fairly important about this article. So, this came from an article in Chief Executive newsletter, fall of ’23, and the source is Marshall Goldsmith, and you know he’s one of my favorite business authors. He wrote the book, *What Got You Here Won’t Get You There*, which I think is a terrific read for any contractor. He’s a real thought leader in the world of business.

Before we go deeper, don’t forget about Boot Camp, August in Denver. Contact Charlotte for more information.

Now, what about this is important to you? Well, if we do get into a soft spot, there is the possibility, especially if you’re a GC, if you’re a vertical builder, your biggest cost area is people. If you’re really going to make deep cuts in your G&A, then that’s the place to go to achieve the biggest results. So, layoffs may be in our future, a year from now, two... We don’t know. We don’t know, but we have to think about it realistically.

What does Goldsmith advise? He says, “Number one, make a list of your most valuable contributors.” This doesn’t mean your highest paid employees. It means people that really add value to your organization. He said there’s sometimes a low correlation between compensation and value creation, and he talks about many CEOs. Now, he’s talking about big, big, big corporations. Many CEOs don’t really know who their top contributors are, and they have to do some homework in order to find that out.

Once you’ve made that list, number two, communicate to these people that you value their work, and you want to keep them. That’s pretty basic. He said that half the best people who left their employers had no idea that the leaders of the business thought they were important. It was obviously not evident that these people were cared for in their organizations. They didn’t leave for more money. They left because they didn’t feel important, and they didn’t feel like their contributions were valued.

The third thing, get personally involved with your value creators. He said that the CEO of one huge corporation said that 50% of the value of what that company produced came from about 50 people. Can you imagine that? I know that it was in the headlines that when Elon Musk bought Twitter, which is now X, they laid off something like 50 or 75% of the workforce, and they don’t seem to really have missed a beat. So, he was able to identify his top value contributors pretty easily. Maybe. We don’t know the circumstances, but anyway, it just goes to show you that a lot amount of value in your organization can be created by a relatively small handful of people.

And the fourth thing, identify and do number three, again, with your future people, your high potential people, that maybe they’re not now leaders, maybe they don’t create a tremendous amount of value right yet, but you have your eye on them. You know they’re going to be contributors in the future. He talks about simple ways to do that. Collective meetings with a handful of high potential people, lunches, things like that.

Now, what’s my observation on all this? Is this good advice? Yeah, I think it is good advice. It makes sense to me. Why wait? Here’s my question, why wait? Why would you wait until layoff time to show your most valuable people, the people that contribute the big things, the big rocks in your organization, why would you wait until a recession and

potential layoffs to shower these people with love and attention? Why wouldn't you do that now? Why wouldn't you do that all the time? I don't get it. I know that this is a great newsletter and it's a great author. I don't quite understand why we would need to wait until layoff time to shower the people that create value with love and attention.

Anyway, what do you think? Let's hear from you in the comments. Do you think this is a layoff scenario? Or what do you think about the economy? This idea of the four things of making sure that your people feel welcome, what do you think? Let's hear from you in the comments.

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