Always Remember, "It's the People, Stupid!"

During the 1992 presidential election campaign, Bill Clinton's inner circle decided that the troubled economy was the theme their candidate would hammer to win the White House. Whenever a Clinton staffer invested time, energy, or resources strategizing or articulating foreign policy, world trade, or environmental issues, a cohort would bluntly chastise him with the words, "It's the economy, stupid." This not-so-gentle reminder became a mantra that created laserlike focus and steered the campaign to victory.

FIRST THINGS FIRST

Leaders wanting to fix, build, or stretch their organizations must employ the same tenacious resolve and embrace the business version of this mantra—"It's the people, stupid"—as the catalyst of measurable and sustainable growth. All organizations have goals,

and most have strategies. Both, however, are irrelevant if the right people aren't in place to execute them. In fact, a great dream with the wrong team is a nightmare because bold goals pursued by mediocre people still result in mediocre results. Grand plans designed at off-site meetings and facilitated by costly experts are rendered impotent when employed by the marginal, mediocre, or moronic. Most organizations suffer from a reality gap. The chasm between the leader's forecast and the realities of his people's abilities renders their goals unrealistic from day one.

Up Your Business! Bullet If your dream is bigger than your team, you've got to give up the dream or grow up the team.

Business leaders have no control over weather, the economy, interest rates, or competitors' actions; yet pondering or worrying about these issues often consumes much of their day. What a leader *can* control is who joins or leaves the team and how to develop those on board. Unfortunately, most leaders make poor use of this liberty. To fix, build, or stretch an organization, a leader must exercise one of leadership's greatest privileges proactively and aggressively: deciding whom to keep and whom to lose.

Dave Maxwell, after being hired to turn around Fannie Mae in 1981, related how the mortgage giant was losing \$1 million per day and had nearly \$60 billion in mortgage loans underwater.\(^1\) Naturally, the board was anxious and, when they met with Maxwell, they asked him about his vision and strategy for the company. Maxwell replied that asking where the company was going and how it would get there was the wrong first question; that before he made the journey his first order of business was to get the wrong people off the bus and the right people on the bus and to make sure the

right people were sitting in the right seats. Then, he replied, they could focus all their energy on taking the bus somewhere great.

Soon after the board meeting, Maxwell met with his twenty-six key executives and laid it on the line.² He told them the trip ahead was going to be difficult, that there would be major changes and tough decisions to make, and that people would be stretched and held accountable — but that for those who endeavored, the rewards would be great. He also told them that if they didn't think they could stomach the ride nobody would hate them if they left.³ Confronted with this challenge, fourteen of the twenty-six executives voluntarily exited the bus. 4 The good news was that those who remained were totally committed, and Maxwell filled the vacant slots with some of the brightest minds in the finance business. Now he and his team were ready to take the bus on a ride to unprecedented heights. And what a ride it was. During Maxwell's reign, the same company that had lost \$1 million per day was making \$4 million per day and beating the general stock market returns 3.8 to 1 between 1984 and 1999. Maxwell retired while still at the top of his game, and the dream team he had attracted and developed drove the bus to equally impressive peaks. With focused discipline, Maxwell corrected the board's errant focus on vision and strategy, fixed his organization, and showed the world, "It's the people, stupid."

GET PROACTIVE: GO FROM HUNTED TO HUNTER

I sometimes wish I could find the man who gave me my first shot at management and apologize. I'd beg forgiveness for all the wrong people I hired who abused our resources, lowered team morale, and consistently broke our momentum. Don't get me wrong; I did have a recruiting, interviewing, and hiring strategy. In fact, I can

describe it in one word: reactive. My strategy was to wait until we were shorthanded, run a worthless ad, and hire someone I liked with little regard to whether the person could do the job required.

Fortunately, I've learned a thing or two about building a team since then. In fact, I can sum up my current team-building strategy in four words: hire slow, fire fast. Leaders must be more proactive and deliberate in selecting employees. If you want great people you'd better be prepared to go find them yourself. You must go from waiting to be hunted to being a hunter. At the same time, you must remove poor performers more quickly. Both these concepts will be presented in detail throughout this chapter.

Unfortunately, much as I used to do, most managers don't recruit, interview, or hire until they're desperate. Soon, pressured by time and the need for coverage, they begin settling too early, too cheaply. Before long, however, they realize that a bird in the hand is not better than two in the bush if it's the wrong bird. (If you haven't read the book *Hire with Your Head*, by Lou Adler [Wiley, 1998], get it. In addition, go to Lou's web site, www.powerhiring.com, where you'll find one of the most valuable resources available to reinforce and coach you in the strategies for building a team.) Then, when managers realize they do have the wrong person, they cross their fingers, give a half-dozen second chances, and fail while trying to fix the unfixable for far too long.

Up Your
Business! Bullet

As desperation rises, standards fall.

Personally, I can't think of a better way for a leader to invest his or her time than in finding great people for the team. In fact, you have a choice of either investing time doing this or spending your time pushing the wrong people to do the right thing. Or, even worse,

doing more of the work yourself because you have the wrong people. Since it's going to take plenty of work regardless of which path you choose, it's advisable to work in a manner that makes your future less frustrating and more productive. To build a team of eagles, you'll have to get past one of the most pervasive cop-outs in business: "There's a shortage of talented people where I live." I deliver approximately 150 speeches or training presentations annually, and it doesn't matter whether I'm in Manhattan, in Brunswick, Georgia, or in Devils Lake, North Dakota; every time I speak to managers I hear this whimper. Everyone likes to think their situation is unique, that finding good people is an impossible task reserved especially for them. I hate to be the one to kick the crutch out from under you but here is the fact: There is no shortage of talented people in any market area. The Creator didn't suddenly stop churning out talented people. It's just that the most talented people already have jobs! They're not perusing the want ads or knocking on your door with hat in hand. I don't say these next couple of sentences to be condescending or sarcastic, but your best job candidates are not the unemployed. I understand there are exceptions — focus on the rule. Some of these people have waited for their thirty-nine weeks of unemployment benefits to expire and are reentering the marketplace reluctantly and with a chip on their shoulders.

This begs the question: What is your strategy for attracting passive job candidates into your workplace? You know, the happy, productive people getting the job done for someone else. In the following pages, I describe six strategies to up your people and your business.

CREATE AN EAGLE ENVIRONMENT

The best performers expect differentiation. They won't work where they are treated like average or bottom performers. They want to have more input, schedule flexibility, stretch assignments, fewer rules, increased discretion, and pay based on performance (not tenure, experience, or credentials) — and, most important, a great leader to work with.

What is your Eagle Value Proposition (EVP) to attract top performers? If a 9 on a scale of 1 to 10 walked in to apply today, what is your compelling EVP that sets you apart from the competition? If you can't be specific or impressive here, you have work to do, because eagles are attracted to mountaintops, not to landfills. Landfill environments are those with marginal expectations, equal rewards and support for top and bottom performers alike, burdensome rules, abusive schedules, and poor leadership. Landfills don't attract eagles. They attract rats, roaches, pigeons, and buzzards. We'll delve deeper into differentiation in Chapter 3. For now, suffice it to say that if you expect to attract more eagles or develop and retain the ones you have, you'll need to build an environment where they can flourish. This also means you'll need to eliminate from your workplace environment demotivators that break the spirit and momentum of your best people. Here's a partial list of the offenders — what we'll call "Landfill Symptoms":

- Too many rules
- Poor training procedures
- Lack of feedback on performance
- Lack of differentiation for rewards between top and bottom performers
- Lack of stretch assignments and meaningful work
- Promotions based on tenure and experience rather than results
- Weak leaders
- Tolerance of poor performers
- Too many or unproductive meetings

- Nepotism
- No room to grow
- Rigid scheduling
- Unclear vision, mission, and core values

You must pay constant attention to this list. Keep weeding out these motivational land mines because just about the time you get things the way you want, one of them resurfaces. Unless and until you make the workplace environment your number one recruiting tool, eagles will keep flying over your landfill. On the other hand, life gets good when eagles come looking for you. It takes a while for word to get around, but if you build it—an eagle environment—they will come.

Up Your Business! Bullet

Eagles and turkeys don't eat the same food.

Make Recruiting Everyone's Responsibility

Think about the last time a great salesperson blew you away with polish and professionalism. Or how about that special occasion when a dynamic waitperson made your night out memorable with personality and service. You can probably still picture these people, and chances are you've told others about the experience. Did you try to recruit these people? If not, why? Normally, the managers who would never think of adding these people to their talent pipelines are the first to lament that there are no talented people where they live. To take this a step further, think of how many people currently working in your company have had similar experiences and missed the opportunity to recruit. The prime reason no one recruits star performers like these is lack of awareness. Recruiting is never talked about,

valued, rewarded, or encouraged. And until it is, you'll continue to let golden opportunities slip away. If you're going to up your business, you've got to make recruiting everyone's responsibility. To go from hunted to hunter, give your best people Eagle Calling Cards they can put in the hands of superior performers everywhere they find them. An Eagle Calling Card is the size of a business card. Use the following example as a template to adapt to your own organization.

Front of card:

Congratulations!

I noticed your great service today! We're always looking for eagles to join our team. Call me, Dave Anderson, at 650-867-9000 to discuss the opportunity in total confidence!

Reverse side of card:

Flexible scheduling! Top Gun Club for top performers! Our average employee made \$60,000 last year! Full health and life insurance! Generous 401K! Paid vacations! Sign-on bonuses! Great initial and ongoing training! Promotions based on performance, not tenure! You'll be surrounded with winners driven by a vision to be the best!

Another strategy that creates awareness of the importance of building a talent pipeline is to pay recruitment bonuses. Pay a meaningful bonus — at least \$500 to any employee who refers an employee you hire. Pay it on the spot. Don't wait six months to make sure the person works out. If you don't think they're going to be there in six months you shouldn't be hiring them in the first place. Besides, the idea is to find reasons to pay the bonus so employees are encouraged to bring in referrals, not to attach strings to make it tougher for them to collect. Even if you pay some bonuses where the people hired don't work out, the long-term benefits of higher morale within the person referring the candidate, increased awareness of recruitment overall, and the occasional breakthrough hire you'll reap are well worth the dollars invested. Anyway, when you calculate how much you waste with conventional hiring methods through want ads or otherwise, the bonus you pay is a bargain.

Up Your Business! Bullet The only way you can hire eagles is if you talk to eagles.

TURN YOUR WEB SITE INTO A RECRUITMENT POST

If your web site isn't already a compelling recruitment post you're blowing it! Every day you have passive job candidates using your site. They're not looking for work; they're looking into your goods and services. Many of these people are successful and productive for another employer. This is your chance to plant a seed, intrigue them, and recruit them—and once the initial web design is complete, it won't cost you a dime! The majority of web sites waste this recruitment occasion with a mundane "Employment Opportunities" icon. Once you click on it you are greeted with a laundry list

of job openings and are invited to call or e-mail for more information. To say this approach is weak and uninspiring would be kind. If you're going to attract eagles in this decade you had better kick your online hiring campaign into high gear. Here are five strategies to up your chances of snagging a passive eagle candidate.

- 1. Use an oversized "Join Our Team of Eagles!" icon and ditch the formal and boring "Employment Opportunities."
- 2. Once candidates enter the "Join Our Team of Eagles" area of your site they should be met with employee testimonials from your happiest workers:

"I've worked at Saga Communications for ten years and absolutely love it! We have ongoing training, special rewards for top performers, great core values, a dynamic leadership team, generous pay and benefits, and I belong to a supercharged team of winners!"

> — Dave Anderson Sales Manager дапдеrson@saga.com

3. List compelling job descriptions. Try this one on for size:

"Sales Opportunity: We're looking for high-octane winners to join our team of sales eagles. You'll get the best training in the business and the support of a super team. The ideal candidate will be able to manage his or her own business-within-a-business, hit our high standards, and grow fast with our company. We understand that a compensation package needs to be very aggressive to continue to build our team of eagles. Apply online on this page and we'll

be in touch soon to arrange a meeting of our minds. All replies held in strict confidence."

- 4. Allow candidates to submit a short (five-line) online application. The shorter it is, the more likely they are to fill it out. Primarily, you want to gather contact information to follow up with and conduct a phone interview. A choice of brackets for desired income is also useful for determining candidates' state of mind. The application should go straight to the general manager or head of Human Resources. Once you receive the application, respond immediately!
- 5. Use your advertising media to drive candidates to your web site to apply. For instance, your billboards, newspaper ads, radio spots, and other avenues should include the phrase "Join Our Team of Eagles! Apply online at www.saga.com." You should also have signs on your premises encouraging people to inquire about "Eagle Opportunities" or apply online. Giving the online-application option will increase the number of candidates you get to consider because many who are currently employed are uncomfortable with an initial face-to-face conversation.

Use Technology as Your Edge

Invest an hour of your time surfing the following web sites:

www.careerbuilder.com www.monstertrak.com www.monster.com

What you will find on these sites and more like them is precisely where recruiting and hiring are headed. You can post compelling job descriptions, peruse postings by job candidates, and retrieve data based on geographical areas and job classifications in order to customize your hiring and recruiting approach. You can take advantage of services that notify you immediately once a job candidate publishes a resume matching your preset criteria. Monstertrak.com specializes in marketing to more than 600 college campuses, helping you market your offerings to the next generation of the best and brightest. Eagle candidates are using these sites daily as they contemplate industry or career changes or geographic relocations, or once they get the itch to step out and find a greater opportunity than their current circumstances offer. Many local newspapers also offer their own versions of these sites and are worth a look as well. To up your quality of people and your business you must enter this arena. In fact, there's a good chance your competitor is already there.

RAID TALENT POOLS WHEN AND WHERE UNCERTAINTY REIGNS

If you are serious about getting proactive, you'll raid the talent pools of other businesses the moment you hear word of a potential buyout, merger, takeover, or downsizing. You can leverage the uncertainty found in these situations by finding out who their best people are (if the company is a competitor, you may already know), taking them to lunch, and beginning a courtship process with your business. At first, their reaction may be to give the new owners or current arrangement a chance. But once pay plans start getting cut, their friends get the axe, and the new sheriffs in town begin micromanaging, they'll be ready to make the leap. Just make certain they're in your talent pipeline when they do.

As you make contacts and begin building a talent pool, it's important that you stay in touch with those in your pipeline. If you have a company newsletter or e-letter you send out, put them on your list. Make an occasional call or forward press releases about your company's growth or other accolades that let them know you're still interested and they're missing out on where the action is.

DON'T MAKE WANT ADS THE CENTRAL PART OF YOUR HIRING STRATEGY

There's no doubt you've hired good people from classified ads in your local paper from time to time. However, it's estimated that want ads attract the bottom 30 percent of performers. One key reason is that the top people aren't reading them! While you may snag a diamond every once in a while, you'll exhaust yourself sifting through the coal mine to get it. These solicitations normally bring in a combination of the frustrated, the terminated, the curious, and the confused and mystified - people barely doing enough somewhere else not to get fired who want to come test their options at your place. Many of these applicants make the Osbournes look Amish. I know there are exceptions, but as I declared in the opening of this book, I don't believe in looking for the next exception. You can wear yourself out personally and deplete corporate resources sifting through a flock of turkeys to find the eagle. While you should keep some presence in the classifieds for people new to your area and those looking to change careers, these should not be the focal point of your recruiting strategy. Think about it: If they bring in the bottom 30 percent of performers, even if you hire the cream of the crop you're still just getting the best of the worst!

Be Careful What You Ask For

Hiring expert Lou Adler recommends that when you do place an ad in the paper, you make sure to word it so that it attracts people looking for challenges and opportunities, not those just looking for a paycheck. The difference in quality between the two candidates is staggering. Here's an example of each style of ad to help clarify this strategy (material used by permission of John Wiley & Sons, Inc.):⁶

Type I: Typical ad attracting those just looking for a paycheck:

Sales

Thirty-year old jewelry retailer is looking for motivated individuals to join our professional sales team. Prior sales experience helpful but not necessary. You must possess great attitude and desire to succeed. We provide training, health and dental insurance, and 401k retirement plan. We offer a guaranteed monthly draw against commission. Must have high integrity and maintain a strong team concept.

This ad is typical and attracts anyone with a pulse. And you've coached the applicant to talk about what a great team player they are and fake a great attitude during the interview.

Type II: Ad attracting those wanting a challenge and opportunity:

Sales

We're a mover and shaker in the retail jewelry industry and need a self-starter who can build and manage his or her own business and complement our team of sales eagles. If you've got the horsepower to take over this critical position, hit our high standards, and grow fast with our company, send in your resume or apply online at www.eagles.com. Include a separate write-up describing the most significant impact you've had in your current job. We realize that a compensation package needs to be very aggressive to continue to build our team of eagles.

One of the key differences between the two ads is that the second one causes the candidates to sell themselves, whereas the first ad does all the selling. When you sell a job too early you cheapen it. The second ad will also scare off the worthless who want to just get by and pick up a paycheck. On the other hand, it will intrigue top performers and get their juices flowing. An old adage declares, "Be careful what you ask for because you're likely to get it." The same holds true for your recruiting strategies.

What you'll notice when you run the ad attracting people looking for challenges and opportunities is that it will bring in far fewer candidates. This is a blessing. In fact, if you're measuring the effectiveness of your employment ads based on the *number* of people they attract rather than the *quality* of the people they attract, you're using a deficient measurement metric. Would you rather have forty people to sift through looking for a gold nugget, or only four — two of whom you want to hire?

Myles Dolan Jr. is vice president of Millennium Marketing, a New Jersey-based financial services provider to 200 retail automobile dealerships nationwide. Millennium hires finance managers and, in the past, when running a traditional classified ad, would attract twenty to thirty applicants, resulting in fifteen interviews and approximately five placements. According to Myles, when he decided to change his approach and run the sample ad attracting candidates looking for opportunities, only six candidates applied — but four of the six were placed in positions. Dolan explained what happened: "The quality of the candidates was much higher based on the expectation level the ad created. Each of the six candidates actually had resumes, which normally ran below fifty percent when we'd run the old ad. It has always astonished me that these folks think they can interview for a six-figure-income job without a resume. The phone pre-interview was also an excellent tool."

Up Your Business! Bullet People are not your greatest asset; the *right* people are. The wrong people are your greatest catastrophe. Mediocre people are your greatest drain on resources.

UP YOUR BUSINESS! ACTION THOUGHTS

GET PROACTIVE: GO FROM HUNTED TO HUNTER

- Lose the mentality that your work roster is "all filled up" and start building your pipeline of talent by marketing to passive job candidates.
- 2. What will you have to stop or start to make your workplace environment your number one recruiting and retention tool for eagles? Be specific and be bold!
- 3. Design and print Eagle Calling Cards and give them to your management team to begin distributing.
- 4. Designate significant recruitment bonuses for employees referring workers to your business. Designate a meaningful amount and pay them on the spot.
- 5. Enhance your web site to create a compelling recruiting presentation to passive job candidates visiting your site. Post employee testimonials and intriguing job descriptions, and provide a short online application.
- 6. Use all your ad media to drive traffic to your web site to apply online.
- 7. Review and incorporate local and national recruitment web sites into your strategy.
- 8. With your key managers, designate a "raiding party" that descends on vulnerable businesses being acquired, merged, or downsized and recruits their talent pool. Stay in touch with those in your talent pipeline.
- 9. When you do use newspaper want ads, design them to attract people looking for challenges and opportunities, not just those looking for a paycheck.

EMPLOY GUERILLA INTERVIEW TACTICS

Once you find high-potential candidates your job isn't finished. In fact, it's just beginning. You must have an effective interview strategy in place that accurately assesses the people wanting to join your team. In fact, when you take time to contemplate the cost of hiring the wrong person, often because there's no real interview or hiring strategy in place, it is staggering! Get some Maalox ready before going over the following four penalties for hiring recklessly:

- 1. Calculate the *cost of lost production* between the poor candidate and your top-echelon performers. In many job functions this is the easiest cost to figure. And while it may be substantial, it pales when compared to the next three.
- 2. Try to put a price on the *cost of broken momentum* poor performers create. While this figure is not possible to quantify, let your imagination go to work here.
- 3. Attempt to determine the *cost of having lower morale* throughout your workplace as a result of having the wrong people on board, people who are not carrying their weight or contributing to organizational goals. While you're at it, factor in what it costs for your good players to have their personal performance compromised because they're carrying the weakling's load.
- 4. Now for the real killer: What is the cost of running your personal credibility as a leader into the ground because you can't choose capable people and everyone knows it? To compound this cost, add in the extended penalty to your stature when you don't remove these people as quickly as you should and your

solid players secretly call your standards, leadership, and judgment into question.

Up Your Business! Bullet The best time to fire people is before you hire them.

Why are so many of the wrong people hired by otherwise intelligent and effective managers? Too many interviews wing the hiring process or have faulty systems in place. Use the following nine interview strategies or adapt them to what you currently do so you can up the quality of candidate you bring on board.

CREATE AND STICK TO PREDETERMINED INTERVIEW QUESTIONS

The time you invest in preparing for an interview will be far less than the time required to rehabilitate the wrong candidate if you make a bad decision. Creating and sticking to predetermined interview questions will help you avoid a fatal flaw of interviewing: talking too much and letting the interview turn into a sales pitch. Your questions should revolve around past behaviors and performance. The key here is to determine what the candidate has actually done to get results in past jobs. Until you determine competence, factors like appearance, personality, education, and experience are mostly irrelevant. Keep in mind that the interview itself should be a fact-finding mission, not a casual conversation. You're better off asking fewer questions and then going deeper with follow-up questions than you are in presenting a wide array of queries covering general topics. The deeper you dig to follow up on the answers the candidate gives, the more exaggeration you'll weed out.

DISCIPLINE YOURSELF NOT TO MAKE AN EMOTIONAL HIRING DECISION

Hiring experts point out that making emotional decisions is the number one cause of hiring errors, and I couldn't agree more because I used to fall into the same trap. I'd get so blown away by how sharp someone looked or how articulate certain candidates were that I wouldn't assess them too toughly because I wanted them to make the cut. I see this same error repeated continually and ubiquitously. Managers make remarks like "Did you see the suit he was wearing? Were those Gucci shoes?" or "She was the most wellspoken candidate I've ever interviewed" or "He's got two degrees and fifteen years of experience." What's missing in these assessments is any meaningful discussion about what the candidate has ever done. Shortly after hiring one of these "apples of their eye" many a manager finds that the gap between interview performance and job performance is a gulf. In fact, I've seen more sales managers surrounded by gregarious, preppy failures than I care to remember. You have to focus on hiring people good at *doing* the job, not just those good at getting it. Some of them have had plenty of practice at the latter. Think about it: What difference does it make if someone went to school at Princeton or Podunk, or whether they went at all, if they've never accomplished anything significant on the job? All a degree that someone earned one, five, or ten years ago means is that at one time they knew a lot. It doesn't mean they can get the job done in your workplace.

During the interview process, when your emotions get too involved you stop assessing the candidates. You will maximize their strengths, minimize their weaknesses, and start selling the job too soon. When this happens you lose leverage. On the other hand, if

you are turned off by appearance or personality in those first few minutes you'll get bored and start to exaggerate the candidate's weaknesses while playing down his or her strengths. This is unfortunate because some applicants are rendered temporarily incompetent by the glare of an interview spotlight. Stick with the candidate by asking predetermined questions, keeping your emotions in check, and dialing in on job competence.

A technique that minimizes the impact of the first visual impression is a short phone interview. Thus, when the candidate shows up you are less likely to be swayed by appearances since you have already tested substance during the phone questions. I can recall interviewing a finance candidate on the phone and being favorably impressed and thus anxious to meet him in person. However, once the applicant showed up he sported the worst hairpiece I had ever seen in my life, and it horribly distracted me. (It's tough to take someone seriously when you keep waiting for the thing on top of his head to sit up and beg for a peanut.) Fortunately, because of the phone interview, I was interested enough in this person to get past the distraction and he made an exceptional hire. (His signing bonus was converted to a hair allowance.)

DIG DEEP INTO THE APPLICANT'S TRACK RECORD

You won't become as overwhelmed by experience, education, personality, and appearance if you dig deep into the track record of the applicant with precise, behaviorally based questioning and diligent follow-up questions. Remember, until you determine job competence none of those other factors mean much anyway. Why put so much emphasis on track record? You do so because the greatest predictor of future performance is past performance. It's not the

only predictor and it's not a sure thing, but it is the greatest predictor. Not to oversimplify, but winners tend to stay winners unless the job or workplace environment changes drastically. The opposite of this reasoning means that losers tend to stay losers unless the job or workplace changes drastically. In fact, if someone was an average performer at Place A, average at Place B, and average at Place C, he's probably not going to change in the moving van on the way to your place. Again, this isn't always the case, but stop looking for the exception and focus on what happens most often. While you look for the next exception, you'll lower hiring standards, give too much benefit of the doubt, and settle for less than your organization deserves. Playing Russian roulette with your hiring standards is a death wish for your culture and credibility.

Another reason you should focus more on past accomplishments than past experience is that when you don't, the best candidates get turned off. On the other hand, weaker applicants are relieved when you accept what looks good on paper rather than delving into what they've managed to accomplish. They can hide behind tenure and credentials without ever having impacted anyone or anything.

Here are two typically weak interview questions used all too commonly by misguided managers:

• "Tell me about your strengths." While this is an oft-accepted and legitimate-sounding interview question, it doesn't do an effective job of determining competencies. Think about it: How do you really expect someone to answer this question? If they're applying for a sales position, they're likely to say, "Well, I'm a people person. I've always gotten along well with people." Well, that's real nice, but the world is filled with likable failures. In

fact, Hannibal Lecter was a people person, but I wouldn't want him waiting on my customers. What the question fails to determine is what the person has ever done.

• "Tell me about your weaknesses." This one is really a joke. Do you really think people are going to 'fess up for you? Can you imagine an applicant saying, "Well, I'm going to level with you: My biggest weakness is that I'm a procrastinator. Sometimes I can't even manage to get up in the morning. The alarm goes off and I dream I get up but I don't. In fact, I'm amazed I'm even here today."

Or how about this one: "The biggest weakness I have — and I've been working on it quite some time now — is that I'm a thief. I steal money, food, and pens. And I have this cocaine habit. But that's really a strength because I'm motivated to make a lot of money." Absurd scenarios, aren't they? Yet managers keep asking these questions and reaping a banquet of useless answers.

Following are four interview questions that dig into track record, give you a better measure of competencies, and help you find the people you need to up your business. Customize the words to fit your needs:

• "Describe for me the most significant impact you've had in your current job and explain the keys to pulling it off." I know of no better question to determine what an applicant has actually done. You will uncover volumes about someone when they explain what they think their most impressive accomplishment has been in their current job. After they answer, dig deep with follow-up questions to weed out exaggeration. For instance, in automotive retail sales, the national average for a salesperson is ten vehicle sales per month. Thus, when the ap-

- plicant relates how selling eight cars one month during the zero-percent-financing special was the most significant thing he's ever done, you can look at your watch, gasp that you're out of time, point to the door, and keep looking for real help.
- "One of our objectives is to increase sales by twenty percent next year. Can you name for me the most relevant experience you've had doing something similar in a past job?" With this question, you determine whether the applicant has ever done anything close to what you need him or her to do. Oftentimes, there may be too large a reality gap between what you need accomplished and what the candidate has ever done. This might be acceptable if you have ample time to develop someone, but if you need him or her to have an instant impact and hit the ground running, he or she is probably the wrong candidate.
- "One of our goals is to get each of our salespeople up to an average monthly sales count of sixteen units. If you got the job, how would you go about accomplishing this?" A strong candidate will not rattle off quick-fix answers here. Instead, he or she will ask you questions: "How do you currently train your salespeople?" "Where is their greatest room for improvement?" "What current and clear performance expectations are set for them and are they held accountable for reaching them?" Only after a good candidate makes a diagnosis will he or she begin to prescribe solutions.
- "We expect anyone working for us to make some mistakes and cost us some money. What is the most significant mistake you've made in any job and what did you learn from it?" This question helps you determine whether you're interviewing a risk taker or a pretender. Good people take shots and they make mistakes, but they also have their share of breakthroughs. If someone answers that they can't recall any major mistakes

you have either a liar or a play-it-safe maintainer. Either way, keep looking.

Up Your Business! Bullet The most successful people aren't those who fail the least. The most successful people are the least afraid to fail. When they hit a wall they bounce, they don't splatter.

Wayne, a client who attended my workshop on interviewing and hiring, told me how immediately after the class he interviewed a sales candidate and asked what his most significant impact was at his current job. The young man replied that he had increased his capacity from being able to wait on three tables at once to five tables at once. His biggest mistake at any job was forgetting about a party of four for twenty minutes. My friend told me that the applicant was attractive, well groomed, and had a great personality, and that if he had interviewed him a day before the class he'd have assessed him as a high-energy kid who only needed a shot to prove himself and hired him. Instead, the application went into the discard box and Wayne kept looking for a stronger hire.

CLEARLY DEFINE AND EXPLAIN JOB PERFORMANCE EXPECTATIONS DURING THE INTERVIEW

During the interview you should explain performance expectations for the job at hand. You're going to be discussing these with the person after hiring, so you may as well lay the groundwork in the interview. If your company has minimum acceptable performance standards, this is the time to discuss them. Minimum performance expectations should always relate a negative guarantee, not a positive guarantee. In other words, if the standards are met,

it doesn't mean the person automatically keeps his or her job. Criteria like attitude, integrity, and customer care must also be factored in. What a negative guarantee means is that if employees don't maintain those standards they will be written up, be put on probation, or lose their job. We'll talk more about clear performance expectations in the next chapter. For now, remember that if you want superior performance you must first define it. By establishing what is expected in no uncertain terms during the interview you will charge up the winners because the best people will try hard to hit a standard if they know what it is. On the other hand, you'll scare off the mediocre looking for a place to park and pick up a paycheck.

KEEP HIGHLY DEVELOPED LEADERS INVOLVED IN INTERVIEWING, RECRUITING, AND HIRING

The Law of Attraction states that you attract into your business what you are, not what you want. I wish I'd known this law when I was building my first team. I didn't like interviewing or recruiting so I delegated it to junior managers. Let's call them 4s on a scale of 1 to 10. Here's the problem with my former strategy: If you have 4s conducting interviews, they will attract 2s and 3s because lowerlevel managers won't bring anyone on board they see as a threat. They are looking for the easy-to-control, the compliant candidate. Netscape cofounder Marc Andreessen's "Rule of Crappy People" says that bad managers tend to hire very bad employees because people anywhere close to their own abilities intimidate them. Weak managers look for people who won't make waves, who will be easy to control and will do as they're told. To compound the problem, think about what is going through an eagle candidate's mind when a 4 is grilling him during an interview. I bet it's something like this: "Life is too short to work for an idiot. I've got to find someone serious about hiring great people." Top leaders take recruiting and interviewing personally. They also have a better eye for talent: They can see what's there and — equally important — what's not.

The best candidates are often independent, aggressive, and a bit quirky. They'll intimidate weak managers. It's up to a highly developed leader to bring this eagle on board and draw out his or her best while helping the candidate find a team fit.

BUILD YOUR TEAM AROUND INDIVIDUAL EXCELLENCE, NOT HARMONY

When you keep highly developed leaders involved with interviewing, recruiting, and hiring, this strategy evolves naturally. While harmony and camaraderie are important to every team, they should not be the first things you look for in a candidate. Instead, great teams are built around individual excellence. You must have the talented people in place first. With a good coach at the helm and the right people on board you'll start winning. Harmony and camaraderie will be an extension of that success. After all, what good does it do you to have a bunch of harmonious 3s and 4s on your team who can't get the job done? While the ship is sinking, they can hug and sing campfire songs, but they won't have what it takes to save it.

I spent many childhood years growing up in a Texas neighborhood where I was a perennial team captain and my rival was a kid named Randy. For six years, Randy and I chose sides for football, baseball, and basketball. For those same six years my teams always lost and Randy's always won. As a manager in the making, I naturally blamed my team. However, as I grew older and wiser and began to reflect, the truth hit me: We'd lost for six straight years because I'd picked my friends while Randy had picked the best players. I'd chosen my brother, my neighbor, my best friend: all

kids I knew I could get along with — and control. Randy, however, picked the biggest, the fastest, and the meanest. I wanted harmony and he wanted to win. The truth was, though, that as we continually lost we had very little harmony on the team. On the other hand, Randy's victory streak caused his team to bond like brothers. Winning has a way of doing that when a good coach is at the helm.

HIRE PEOPLE WIRED FOR THE WORK

Excellence is impossible without talent, but you can't teach talent. You can teach skills and knowledge, but you have to hire talent in. If you could teach talent there would be hundreds of Michael Jordans, Eric Claptons, and Robert De Niros. Teaching a job skill to someone who is void of talent for the work at hand is simply a form of damage control. You'll get the person to the point where they won't hurt you too badly, but they'll never be excellent because excellence is only realized when working in an area of strength. People get by when they work in areas of weakness, but they get great when they work in areas of strength. Use predictive testing that gauges competencies — not preferences — to determine if someone has a talent for the job. I suggest you focus on competencies because preferences are mostly irrelevant. In reality, I would prefer to sing for a living, but should anyone ever have to hear me sing? Absolutely not! I can assure you that my joyful noise would not be yours. Competency tests are no guarantee of great performance, but extensive research (conducted by Caliper Corporation of Princeton, New Jersey) shows that they are three times more likely to identify a talented candidate than when you hire without using them. 8 While talent is a great head start, keep in mind it is only potential. There are plenty of talented people who never use their gifts. This is why you must dig into their track record to determine what they've ever done with their talent.

In fact, some of what Caliper reports should simultaneously give you hope and pause. What should give you hope is that one of every four people from nonsales jobs who were randomly tested scored higher for sales aptitude than those currently making a living selling. This opens many possibilities for recruiting passive job candidates into a workplace. What should give you pause is that their testing also showed that 55 percent of people currently in sales shouldn't be selling. They don't have the attitude, drive, or empathy. Another 25 percent should be selling something other than what they are; perhaps they sell a tangible like cars or homes when they are better suited to selling intangibles. This leaves just 20 percent who have a chance of being excellent in their current sales arena.9 Here's the catch: The eagles and turkeys often look alike, dress alike, and sound alike. But there's something inside the eagle the turkey will never have: talent. These candidates are analogous to a diamond and a piece of coal. They both are primarily made of carbon. The diamond, however, has something in its makeup the coal never will. Bearing this in mind, can you imagine how futile it would be to take a piece of coal to a jeweler and ask him to polish it up and turn it into a diamond? Yet that's what managers try every day as they train, motivate, and coach people who have no talent for the work at hand.

Up Your Business! Bullet Taking a stronger whip to a dead horse won't move the sucker.

Make It Tough to Get on Board

The easier you make it for someone to join your organization, the easier it is for them to leave it when they decide the grass is greener elsewhere. What people gain too easily they esteem too lightly. On the other hand, when you conduct a rigorous and serious interview

the candidate appreciates the job more and is likely to work harder to validate your confidence once hired. The Marines are the only branch of the military that exceeds recruitment quotas every year, and they do so with a fraction of the budget other service branches use. The money is not any better and the work isn't easier, so how do they do it? They sell *exclusivity*. Not everyone can be one of them. You don't join them strictly for what you get; you enlist because of what you have an opportunity to become. Find ways to sell exclusivity in your organization. Creating an EVP (Eagle Value Proposition), as discussed earlier, is a great place to begin.

Southwest Airlines does an exemplary job of selling exclusivity and recruiting proactively. Southwest is unique in that they are the only airline to be profitable for three consecutive decades. If you've ever flown them you know their people are different. They are free spirits, energetic, and a touch unpredictable. Southwest recruits, interviews, and hires year-round. In fact, for every 105,000 applicants they hire just 3,000. ¹⁰ It is statistically tougher to get on at Southwest Airlines than it is to get into Harvard. Their results speak for themselves, and no one has ever had to remind Southwest that "it's the people, stupid." What is your ratio of applicants to those you hire? Though they would never admit it, in many organizations it's about two out of three. (And the only reason it's not three for three is that one couldn't pass the drug test or background check.)

WHEN IN DOUBT, KEEP LOOKING

As mentioned previously, the cost inflicted on your organization when you bring the wrong person on board is nearly incalculable. Not only the cost in missed productivity, but the cost of broken momentum, lower morale, misuse of resources, and your own dimin-

ished credibility. If you were sick and couldn't find a good doctor, you wouldn't let a bad one start hacking away on you; you'd keep looking for a good one. Bad doctors make life worse and so do bad employees. When in doubt, keep looking. When you panic-hire and bring in the wrong person just to fill a hole you will pay for that mistake over and over again — and so will everyone forced to work with the nonperformer.

DILIGENTLY CHECK REFERENCES

You can't afford to take shortcuts verifying references and past income. Reviewing W-2's for the past several years will help determine whether someone is on the way up or down. While law prohibits the person with whom you're checking a reference from divulging personal information, he or she is not prohibited from talking about performance issues. Thus, make it easier for the person to talk openly by using a script similar to this:

"Since law prohibits us from discussing personal issues about John Doe, let's focus on performance issues...."

At the end of your questioning, make one last stab at insight with this question:

"If you could whisper one piece of advice in John's ear that would help him succeed in a new job, what would it be?"

Once when I asked this question, the person on the other end of the phone paused, sighed, and then remarked to me, "I'd tell him to be less abusive of his people and to work more as a team player." This one sentence told me more about the candidate than everything else I had gleaned from the reference check. Needless to say, I passed and kept looking.

Another tactic to use when checking references is to speak with the applicant's subordinates. Often, these people are less schooled in what they can and cannot say and will enlighten you with insights not revealed when checking with a superior or with Human Resources.

SET THE CANDIDATE UP FOR COUNTEROFFERS

Whenever a great candidate tells his current boss he's leaving, the games begin. Knowing in advance that an astute employer will pull out all the stops to keep an eagle, you can gain the upper hand by planting a seed that sets the candidate up for the counteroffer. Use a variation of this script to render impotent your opponent's retention efforts:

"Jane, keep in mind that when you give your notice ABC Company is probably going to make you a counteroffer. In fact, I'd be shocked if they didn't. One thing we've seen over time is that when an employee accepts a counteroffer and stays, her relationship with the company is weakened and they become a bit suspect. Future upward mobility is diminished and things can become very frustrating for you. Besides, it hardly seems right that it would take your leaving for ABC to wake up and show their appreciation. In fact, the thought is a bit offensive, isn't it?"

DEBRIEF NEW EMPLOYEES

Great people you hire from other companies normally know other great people within that organization. Debrief the new employee for referrals of coworkers who may want to join them in their new adventure. Find out who was a great performer, what they liked and didn't like, who just had a pay-plan adjustment, which departments may be downsizing, who is suffering under an abusive boss, and who might be a diamond in the rough whose potential the current employer has failed to notice, recognize, or reward.

UP YOUR BUSINESS! ACTION THOUGHTS

EMPLOY GUERILLA INTERVIEW TACTICS

- 1. Create and develop the discipline to stick to predetermined interview questions.
- Talk to yourself before the interview to create the selfawareness not to make emotional hiring decisions. Stay focused on substance.
- 3. Dig deep into the applicant's track record. Focus more on past accomplishments than past experience.
- 4. Clearly define and explain job performance expectations.
- 5. Keep highly developed leaders involved in recruiting, interviewing, and hiring.
- 6. Build your team around individual excellence, not harmony.
- 7. Since you can't teach talent, test for it. Hire people wired for the work.
- 8. Do you make it tough enough to get on board? What can you do to sell exclusivity?
- 9. When in doubt, keep looking. Don't settle.
- 10. Diligently check references. Ask performance questions.
- 11. Head off trouble. Set the candidate up for a counteroffer.
- 12. Debrief those you hire and get referrals.

DECLARE WAR ON POOR PERFORMANCE

Thus far we've focused on the human capital aspect of your business and have incorporated the mantra "It's the people, stupid" into your philosophy. You now have tools to build an exceptional pipeline of talent by becoming a proactive recruiter. You are also equipped to evaluate the candidates you find with high-impact interview techniques. However, you will defeat your purpose of bringing great people on your team if you deal ineffectively with the poor performers currently on board or fail to deal with them appropriately if they develop over time. It's like taking your favorite drink and gradually watering it down. Even though the drink was vital on its own, by diluting it you weaken its effect and render it undesirable. The same happens when you let the wrong people water down your roster of great players. Taking action on poor performers requires an iron hand in a velvet glove. Without the iron hand you are reluctant to confront poor performance and hold others accountable, and without the velvet glove the process can be demeaning and insensitive. To fix, build, or stretch your organization you must develop a greater sense of urgency in dealing with the poor performers on your team. My "Weak Link Manifesto" helps explain this detrimental impact: The weak links on your team determine the pace and overall success of the team. Just like a weak link in a chain determines what the chain can pull, regardless of the strength of the other links, the weak links on your team will determine how far you go and how fast you get there.

When you put the impact of poor performers in this light, you begin to grasp the devastation of their deficient performance. Whenever and wherever it exists, life cannot continue with a business-as-usual approach. While it's often considered politically incorrect to discuss poor performers and their lackluster results frankly, it's

essential we do so. Poor performance is a debilitating disease. If you had a debilitating disease in your body you wouldn't ignore it. You'd be alarmed and would take swift, appropriate action. But when poor performance takes root in a business, we often act like it's not happening, like it will fix itself—or worse, like we can live with it as long as it doesn't get much worse. But it doesn't take six poor performers to wreak havoc on your bottom line; it only takes one!

Up Your Business! Bullet You can't afford to take a casual approach to mediocrity. You don't handle mediocrity—you devastate it.

Granted that we all have equal value as human beings, the truth is that people do not create equal value in the workplace. Some people build the team and others drain it. Thus, leaders must take swifter, firmer action to turn around poor performance or root out poor performers. Most business owners I consult with agree that failing to deal swiftly and appropriately with poor performers is the number one reason managers fail. It boils down to a lack of emotional strength. A question I'm often asked in my workshops is how you define poor performance and how long you let someone stay at a deficient production level before taking action. My definition of poor performance is any performance that hovers at or below average with no upward trend. As for how long you let someone remain at this level before taking action, all I can say is not very long. An excuse commonly used by management cowards to justify keeping the wrong people is that dismissing them would leave the company shorthanded and overwork the good workers remaining. The fact is, if your good people are being forced to work with weak links, they're already overworked! They'd much rather be overworked carrying

their own load than carrying someone else's. Carrying their own load gives them a cause, whereas covering for incompetents is a curse.

Along this same line of thought, you must realize that if you have the wrong people working for you, you are already shorthanded. The only difference between being shorthanded by keeping them or firing them is the paycheck you sign for them twice a month. On the following pages are nine points concerning poor performance that should prompt you to take a second look at how you deal with it in your organization.

- 1. Would you rehire the person if given the chance? If there are people working for you that you wouldn't rehire if given the opportunity, you have an unacceptable situation. Ask yourself this question about every person on your team: "Knowing what I now know about Bill, if he applied for the job today, would I hire him?" In other words, knowing what you now know about Bill's character, attitude, work ethic, and production, would you hire him if he came in looking for work today? This is an important and eye-opening question. You might also ask yourself whether, if this person came and told you he was leaving the organization, you would be terribly disappointed or secretly relieved. If you have someone working for you whom you wouldn't rehire you have an unacceptable situation and must execute one of these three options (the *Three To*):
 - *Train.* If an employee isn't working out you must look in the mirror first and determine if you have equipped him or her to succeed. If not, do your job and train the person. Training is the most positive of the Three Ts because it invests in the employee and it's more economical to improve a current employee than to start a new one from scratch. However, there

are two reasons people don't perform: can't-do's and won't-do's. A can't-do is a skill issue, and training can make a positive difference in fixing it. A won't-do is a motivational issue. Training won't fix a won't-do. Here's a clue to determine whether you are facing a can't-do or a won't-do: If the person used to do the job well but no longer is, it's not a can't-do, it's a won't-do—and should be dealt with differently.

- Transfer: We've all seen people who are cast in the wrong role. Many have a good attitude, a strong work ethic, and high energy levels and would be valuable in another capacity. Stop trying to fix the person and fix the casting error. If you believe there is a legitimate skill match in another position, transfer the person. People aren't disposable, and you can't afford to throw good people away because you don't have the discernment to line their talents up with the jobs that require them. In fact, part of a leader's job is to get people doing what they're wired to do. However, transfers are not an excuse to move people around endlessly trying to find their niche in life. Some managers transfer people so they don't have to fire them. This is dangerous and allows nonperformers to inflict themselves on multiple people and departments over extended periods of time.
- Terminate. Think about where you're at: You have someone you wouldn't rehire if given the chance. Training won't make a difference and there are no feasible transfers. What option is left? Terminating, and it's a lousy job. In fact, some leaders lose sleep and get physically sick when faced with terminating an employee. In hundreds of workshops, I've had only one person tell me he enjoyed firing people. (I suggested therapy.) But removing a poor performer from the team is every bit as important as finding and keeping a good one.

One reason termination is so difficult is that oftentimes people

don't see it coming. And if they don't, it's an indication you're failing as a leader. If you're blindsiding people when you fire them, you've failed to set clear expectations, failed to hold them accountable throughout the process, failed to impose consequences for continued poor performance, and failed to let them know exactly where they stood along the way. Otherwise, they would have seen it coming. While it's never easy to fire people, it's easier if you're not catching them by total surprise. In fact, in today's litigious society you're asking for legal trouble if you don't have a paper trail documenting poor performance. Regardless of the situation surrounding a termination, tie severance pay to an agreement not to sue whenever possible.

The problem is, most leaders tend to keep the wrong people far too long. Think about yourself for a moment: When have you ever fired someone and then said later, "Gee, I wish I'd kept them another sixty days." Never! Rather, you probably wondered why you hadn't done it sixty days ago, six months ago, or perhaps even six years ago.

Up Your Business! Bullet It's not the people you fire who make you miserable. It's the ones you keep that make you miserable.

I've seen many leaders hide behind compassion as a reason for keeping the wrong person too long. They talk about how "good old Bill" has been with the company for ten years, has a family, and will have trouble finding work in the current business climate. What a crock! If managers are honest, they will admit that the real reason they keep the wrong people has less to do with compassion and much more to do with personal convenience. It's just a lot more inconvenient to go out and find someone else, interview them, and train them

with the chance they'll work out no better than the terminated employee. (Better the devil you know than the devil you don't.) In addition, a manager knows deep down that when he fires someone, he failed first and must bear a great part of the blame. When you fire someone, you not only give up on the person, you also give up on yourself—since you couldn't do anything productive with them—and we don't like to give up on ourselves... so by giving the person another chance, we're also giving ourselves one. Managers sometimes pontificate that it is harsh or disrespectful to fire someone and that they should keep working with them. Quite frankly, I can think of no greater disrespect you can show than to keep a person in a position where he or she is not considered successful by others, is losing self-esteem, and hasn't a prayer of ever reaching his or her potential as a human being. In fact, doing so is brutal.

Up Your Business! Bullet Removing poor performers should be done quickly, professionally, and humanely.

- 2. Keeping the wrong person lowers the collective self-esteem of the entire team. Everyone, especially top performers, feels cheapened when they have to share work space with people who aren't cutting it, who don't do their share and don't contribute to team goals. In addition, chances are that one of your strong players will have to carry his or her own load plus the weak link's load, and this will ultimately compromise his or her personal performance.
- 3. Keeping the wrong person diminishes your credibility as a leader. This one's a killer. So often a leader talks about high standards, how their workplace is number one, and how it's a special place to work. The problem is, your good performers are listening to what you say at the same time they're observing whom you're allowing to stay in the workplace, and quite frankly, they're confused. "High stan-

Declare War on Poor Performance

dards? We're number one? Special place to work? But Fred, Bob, and Sue are still working here! The boss is talking right and walking left!" When you fail to confront and remove poor performers, people perceive the company as being poorly managed and see you as a chief collaborator.

Up Your Business! Bullet You will lose the respect of the best when you don't deal effectively with the worst.

- 4. Care enough to confront. Most leaders would rather be well liked and popular than confront poor performance. But how well liked and popular will you be when you have to fire a person who never saw it coming? Great leaders don't let their people live in a gray area. If they're great, they tell them they're great. And when they're failing, they tell them that too and help them turn things around. Confronting a poor performer is a form of tough love. It means you care enough about your employees to help them correct their course and turn around their failings.
- 5. Use negative reinforcement as a last resort before termination. Negative reinforcement is a coaching technique that you use as a last resort to turn around a poor performer before firing him or her. Negative reinforcement attaches a consequence for continued deficient performance. This is key to improving results, because if you want to change the behavior of a poor performer you must first change the consequences for that behavior. In fact, one reason many people keep underperforming is that there has never been a meaningful consequence for doing so. If you don't confront poor performance and present a consequence for it, you unwittingly reinforce it. The bad news is that, as psychology teaches us, behaviors that get reinforced get repeated. Thus, by failing to address it you sanction and endorse more of it. Negative reinforcement says, "Do it or else." It

sounds like a harsh way to manage, but it's harsher to let someone stay in a gray area and surprise him or her with a pink slip because you never had the guts to draw the line and say, "Do it or else." Besides, there comes a time when enough is enough and you have to stop hugging and burping people, pull their head out, and get them going. You're running a business, not the Good Ship Lollipop! The key to negative reinforcement is that you use it only to turn around a poor performer; once he or she turns around, you switch back to positive reinforcement.

- 6. Redefine expectations and attach deadlines for attainment. If someone on your team is not cutting it, the first thing you should do is sit down with that person and redefine what is expected and by when. Then help that person figure out how to get there. When you do this, you take the person out of a gray area, establish a benchmark for accountability, and create greater focus and urgency. Accountability is impossible without expectations. Think about it: How can you sit down with me and say, "Anderson, you're not cutting it," if you've never defined what cutting it is? You can't. So you won't. And so poor performance continues its vicious cycle of destruction in your organization. Good people will try hard to hit a standard if they know what it is. But it's difficult for people to work with focus and resolve if their goal is shrouded in fog. When you redefine expectations you kick the crutch of convenient ignorance out from under the person and shine the light of accountability on his or her performance.
- 7. Remove poor performers when you're on a roll—don't wait until the bottom falls out. Many managers don't deal with poor performance quickly or appropriately because they don't face reality about their people. As a leader, you've got to force realism into every level of your organization, compelling everyone to evaluate their people, their plan, and their results and pulling the trigger by making tough

decisions when any of these falls short. Even more important, you can't let the overall success of your enterprise seduce or delude you into believing that dealing with poor performers is made less imminent by virtue of current results. This allows the invisible creep of mediocrity and entitlement to grip your culture. Too often, leaders don't feel the urgency to deal with the mediocre when things are rolling along. But what's the alternative - waiting until they've broken the momentum and you're in a rut? It's a bit late then, isn't it? You have much more at stake when you're on a roll than when you're in a rut because you have precious and priceless momentum at your back pushing you to higher levels. And if your momentum is broken while you're going 100 miles per hour it hurts much more than if it breaks when you're limping along at 15 miles per hour. When you give poor performers a stay of execution because results are rosy, you let them linger long enough to disrupt your roll and plant the seeds for a rut. You also miss a prime opportunity to send the team a clear message about performance standards, fail to preserve the culture, and miss the chance to enhance your personal credibility and resolve.

Don't misinterpret this point as saying you shouldn't deal with poor performers when the bottom falls out. Of course, you must. The point is that if you continue to wait until you reach that point, you're being too reactive and will never effectively sustain momentum or protect your culture as you should.

Up Your Business! Bullet The best time to fix the roof is when the sun is shining.

8. Overcome the loyalty dilemma. One of the toughest things a manager must do is confront a loyal and tenured employee who is no longer cutting it. These are the decisions that make your gut ache

and it's made more difficult if you promoted this person initially and must now deal with your own failure in judgment. Keep the following thoughts in perspective as you face your own loyalty dilemmas.

- Continue to stretch and develop your loyal, tenured people. Oftentimes, bosses let up on the loyal and let them do their own thing because they've been around so long and seem to need less attention. This is a common and severe error. Human nature is to let up, not to continue going the second mile. Thus, your loyal, tenured people need to have their bar raised, their skills developed, and some expectations and accountability established and employed over time, just as the others in your organization do. Give them stretch assignments, and if they are burned out in a current area of responsibility try to find a good fit for them within the organization that challenges them while it uses their strengths. If you take your seasoned people for granted, you will pay a hefty price in productivity, morale, and weakened culture.
- Realize that when employees stop performing, their lack of results is the ultimate disloyalty to an organization. I love yesterday's heroes as long as they're still delivering. But it's crazy to listen to managers make excuses for keeping good old loyal John when John's lack of productivity evinces the ultimate disloyalty and his lack of results can jeopardize the entire team. Loyalty is more than just showing up every day on time. It's more than the hours, days, or years someone puts in. It's what they put into those hours, days, and years that counts. Experience, tenure, and credentials don't substitute for results. A chief concern of every manager should be the high number of unemployed people they have on their payrolls. Many have re-

tired on the job. They borrow credibility from who they were and what they did long ago. When their output is down they try to cash royalty checks from yesteryear. There comes a time when your loyal, seasoned people have got to stop belching out the baloney and bring home the bacon. When they chose to stop producing, they chose the ultimate disloyalty.

- The good of the team must come before the good of any one individual. The interests of one individual can never come before the good of the overall organization, because if the organization suffers everyone is at risk. If you start making exceptions to excuse nonperformers because they are loyal and tenured, you begin an endless cycle of rationalization. Everyone has personal problems, challenges, and slumps from time to time. But these are not excuses to take a prolonged production holiday. Good leaders subordinate tradition and sentimentalism to the good of the team.
- You owe more loyalty to the fifteen people suffering under or around the loyal nonperformer than you do to the culprit who has stopped producing. Often you hear a boss say, "But good old John's been with us fifteen years. What kind of loyalty would we be showing by getting rid of him now?" What this manager should be more concerned with is the people suffering under or around John, coworkers and customers alike. And don't hide behind the fear of the negative message you'd send to others in your organization by discarding a loyal but nonperforming employee. Instead, be much more concerned about the message you'll send about your standards, expectations, and personal credibility when you fail to remove him.

A manager in one of my seminars remarked that he personally liked a loyal nonperformer and felt conflicted when confronted with the necessity of firing him. He mentioned how fun this person was to be around and that he was willing to work any shift without complaint. I told him that if he liked him that well he should remove him from the company payroll and pay his salary out of his own pocket. I then asked, "Now how well do you like him?" He got the point.

Up Your Business! Bullet Leaders create an environment where people come to work to prove themselves over again every day. No one gets paid to budget their efforts or pace themselves.

9. Confront and turn around or remove good performers who violate core values. What do you do with the hammer, the guy who hits the numbers every month but violates your core values in the process? You confront his performance and attempt to turn him around, but if you can't, you fire him. If you blink on this issue you reduce yourself to a leadership sellout, akin to a harlot who does business with anyone as long as they put cash in the till. I heard Jack Welch discuss this topic very effectively at a Fortune 500 Leadership Conference:¹¹

One of the toughest calls a leader makes is to remove the employee who doesn't share the values but delivers the numbers; the "go to" manager, the hammer, who delivers but does it on the backs of people, often "kissing up and kicking down" during the process. This type is the toughest to part with because organizations always want to deliver—it's in the blood—and to let someone go who gets the job done is unnatural. But we have to remove these people because they have the power, by themselves, to de-

stroy the open, informal, trust-based culture we need to win today and tomorrow.

We made our leap forward when we began removing the people who hit the numbers but violated our values and making it clear to the entire company why they were asked to leave—not for the usual "personal reasons" or to "pursue other opportunities," but for not sharing our values. Until an organization develops the courage to do this, people will never have full confidence that these values are real.

I have never seen or heard of an instance where a manager removed a negative top performer and overall production and sales didn't increase almost immediately. I was speaking on this topic at a convention in Florida when a car dealer approached me after the speech to relate how her top technician had been a cancer: always negative, stirring up other workers, playing politics, and doing so on a regular basis. After she mustered the courage to fire him, sales increased 30 percent overnight.

A large number of your poor performers must be asked to leave your organization each year, and you must develop an urgency to remove them more quickly. It's nothing personal, strictly business. It doesn't mean they are bad people; it just means they can't work in your business any longer. Pruning your organization of poor performers is a lot like trimming trees. If you don't cut off the deadwood, eventually the whole tree falls. But if you remove it, the tree becomes healthier and more productive and you make room for new productive branches on the tree. Think about the positive impact on your enterprise if you begin stretching your top 20 percent with more of your time, attention, resources, and support while at the same time you're moving on the bottom 20 percent more quickly.

When you do this, guess what happens to the middle? It moves up—and moves up quickly. One of your goals as a leader should be to gradually narrow the gap between top and bottom performers, because the wider the gap, the more your culture weakens. And while you'll always have a bottom 20 percent, by implementing many of the strategies in this book you'll find that the day will come when your bottom 20 percent is better than your competitor's top 20 percent. At this point, life gets good!

UP YOUR BUSINESS! ACTION THOUGHTS

DECLARE WAR ON POOR PERFORMANCE

- 1. Evaluate your roster and determine whether you would rehire your people. If not, exercise one of the Three Ts to turn things around: train, transfer, or terminate.
- 2. Be aware that keeping the wrong people lowers the collective self-esteem of the entire team.
- 3. Which poor performers are diminishing your standards and personal credibility?
- 4. Care enough to confront poor performers when they are off track and keep them out of a gray area.
- 5. Use negative reinforcement as a last resort to turn performance around before termination.
- 6. For whom must you redefine expectations and attach deadlines for attainment?
- 7. Remove poor performers when you are on a roll—not after the bottom falls out.
- 8. Which loyal nonperformer must you confront and attempt to turn around before dismissal?
- 9. Which people are violating core values and must be confronted—regardless of how good their performance numbers are?

Don't Screw Up a Good Thing

Once you've gone through the hard work of recruiting, evaluating, and hiring the right people and made the tough but necessary decisions involving poor performers, your work is not finished; it's just beginning. Now you must retain the winners on your team. You will also need to provide the opportunities and differentiation that help them develop to their fullest potential. This topic will be covered extensively in Chapter 3. For now, let's discuss three strategies you can use to get employees off to a great start and retain them over time.

- 1. Intensify the on-boarding regimen. A new hire's first few weeks on the job are critical. In fact, I believe you can attribute a significant percentage of voluntary departures from an organization to improperly assimilating the person into the culture. The key question a new employee asks him- or herself after the courtship process is whether the new job will live up to expectations. What is your organization's on-boarding regimen? Do you have one? Is it effective? Too often, a person's first few days on the job are spent filling out forms, being overloaded with data, being hurriedly introduced to countless people they'll never remember all right before they get tossed into the arena to sink or swim. To on-board effectively:
 - a. Formally share and review vision, values, company policies, and performance expectations. Ideally, you discussed these issues during the interview, and now you will review them. This clarity helps new employees internalize and understand the DNA of the organization, which makes it easier for them to make de-

- cisions and interact with others in the future. It also connects them to the business's purpose and plants the seeds of ownership and meaningful work.
- b. *Position the person for early victories*. When spelling out performance expectations, set up some short-term-win mile markers that will point to progress and build self-esteem and confidence. These short-term objectives should be reinforced once realized and the subsequent momentum used to move on to bigger objectives.
- c. Make certain the person's strengths are being leveraged. There is nothing more frustrating than doing work for which you're not wired. Make certain the person is starting off in your organization in an area of personal strength. You can move him or her on to stretch assignments in more diverse areas later.
- d. Appoint a mentor. Assign a peer to show the person the ropes, answer questions, make sure he or she meets the right people, and remove initial roadblocks. Choose this person carefully. The last thing you want is to assign Charlie with the chip on his shoulder, who will give dissertations on "how things really are around here." Pay the mentor extra for time spent with the new person. If you run a sales organization you may also want to financially vest the mentor in the new hire's production. Then you'll have people who are really pulling for the new employee rather than starting a pool to see how long he or she lasts.
- e. Provide ongoing feedback and support. Meet with the new person often to give feedback, offer support, and make yourself available for questions. Communication at this stage is vital. Good things the person does must be reinforced quickly;

- when the person goes off track his or her course should be corrected just as quickly so the deficient behaviors don't become habit.
- f. Conduct a "fresh eyes" meeting with the new employee. Do this within thirty days of the start of employment. Before the new employee's vision has been dimmed by your own orthodoxies, ask questions like: "What do we do here that's dumb?" "What has or hasn't lived up to your expectations?" "What could we do to be easier to deal with from a customer's point of view?" "What should we begin doing to make it easier for other new employees to get off to a fast and productive start with our organization?" In addition to providing you with invaluable insights, these questions will send a strong message to the employee that you are open to change and that his or her opinions are important in the future.
- 2. Motivate the person as a unique individual, not like another head in a herd of cattle. Take the time to discover what motivates the new employee, and then make certain you pull the right trigger to bring the best out in that person. Weak managers use the same canned, planned, generic approach to motivate people, but the best leaders know that motivation is the people's choice, not the leader's choice.

Up Your Business! Bullet Positive reinforcement and motivation are in the eyes of the receiver, not the giver. You've got to know them to move them.

Some people are turned on by public recognition; others prefer to be recognized in private. Many are moved first and foremost by tangible rewards and others by increased latitude and discretion. Find out what makes each of your people tick. It's much more efficient to motivate everyone the same way, but it's not effective. Keep in mind that people's motivations change over time and that it's your job to stay attuned to what moves your people; it's not their responsibility to let you know.

- 3. Don't micromanage. Micromanagement works in the short term, but it means that your people won't grow. If you feel you need to make every decision, have every idea, and do all the talking, let me break some news to you: Relax, you're not that good. Micromanagers rarely know as much about what needs to be done as the people they're harassing to do it. When you have the right people on your team you don't need to micromanage them. In fact, if you do, you'll lose them. Your people deserve a certain level of trust and discretion the moment they join your team. They should not have to earn it. They should be given the benefit of the doubt or you shouldn't have hired them in the first place. How they respond to the trust and discretion you give them will determine the increased or decreased levels you grant them in the future, but *you* must trust first. Great managers don't become overinvolved. They don't create complexity where it doesn't belong. They don't break their best people's momentum or sap their morale. If you can't trust or delegate to the people around you it's your fault, not theirs.
- 4. Clean up the joint. Review the Landfill Symptoms listed earlier in this chapter and know that if you allow these demotivators to take root in your workplace environment you'll never retain eagles. These land mines will slow down, devastate, and debilitate your best people. It's your job to remove them.

Accept Your Responsibility

UP YOUR BUSINESS! ACTION THOUGHTS

DON'T SCREW UP A GOOD THING

- 1. What will you do to intensify on-boarding efforts? Make it meaningful, not merely a formality.
- 2. Do you know how to motivate each person on your team as a unique individual? Care enough to discover what makes each one tick and pull the right trigger. Keep in touch with individuals' motivations as they change over time.
- 3. Don't micromanage. If you have to tightly manage your people you've made a hiring error. Whose way do you need to get out of?
- 4. Clean up the joint. Ridding your workplace of demotivators is endless work. You can't afford to give any of the demotivators listed earlier safe quarter in your business. Which must you take action on immediately?

ACCEPT YOUR RESPONSIBILITY

Let's stop looking out the window for a while and look in the mirror. One of the chief mistakes a manager makes is to underestimate his or her impact on organizational results while overestimating the impact of subordinates. Quite frankly, nothing gets better in a business until the leaders do. And when you have problems or fall short of your potential in a business unit you don't fix it at the bottom or in the middle of the organization. You fix it at the top. As we conclude our chapter on why "It's the people, stupid!" we need to discuss the biggest make-or-break factor in any enterprise: the leaders. Many times during the year our company is approached to

train an organization's sales department, and we unapologetically turn the business down if we have not trained the leaders first. Why? If we can get the leaders good they'll get their people good, but if the leaders don't improve, no success a client manages to wring out is measurable or sustainable. Quite frankly, it's easier for most managers to look out the window for answers to their organization's ills than to glance in the mirror. And because they do, they often come up with the wrong cure. What you misdiagnose you will mistreat. Your business is no exception.

In fact, I'm often sadly amused when I hear managers run their people down, because as they do they confess their own leadership sins. If none of your followers are any good, what do all those "losers" have in common? You! In my two-day leadership workshops I spend half of the class teaching the leaders how to develop themselves before we move on to developing others or the organization. The reason for this is very simple. It's the Law of Attraction. What this law states is that leaders don't attract into their business what they want; they attract what they are. In other words, on a scale of 1 to 10, if someone is a 6 as a leader, there's some bad news: A 6 doesn't attract 8s, 9s, or 10s. Here's some more bad news: A 6 cannot develop someone into an 8, 9, or 10 because you can't take someone on a leadership journey you've never been on yourself. In one class (before I had a chance to explain this law), I had a manager tell me, "Dave, where I work, I'm surrounded by losers! My people have a weak work ethic, marginal character, and do just enough to get by." I had to tell this manager to stop before he dug a deeper hole for himself and asked him, if none of his people were any good, to name for me the one thing they all had in common. I could tell by his flushed cheeks he got the point.

Listed next are four strategies that will help put the importance of getting the right managers in its proper perspective.

1. Institute ongoing leadership training within your organization. We'll cover this in depth in Chapter 3, but for now suffice it to say that one of senior management's biggest mistakes is to overestimate the leadership ability of their managers. Many of these managers have strong technical ability but don't know how to lead. They can budget, forecast, organize, and solve problems but they're weak at casting vision, creating the right culture, evaluating talent during an interview, making the tough decisions quickly, knowing how to treat and motivate people as unique individuals, turning around a poor performer, instilling accountability, and developing bench strength throughout their organization. They excel at tactics but don't think strategically. They maintain but they don't stretch. They chart results but they don't chart the course. They problem solve but don't problem predict. They defend the status quo but fail to challenge the process. They work hard on their jobs but don't work hard on themselves. They focus on the bottom line but never look at the horizon. They focus their time on what it costs to do something but ignore the cost of neglecting it. They command but don't communicate. They hoard decision making and power, and thus they never develop a team. Please don't misunderstand; management and leadership are equally important. Management without leadership means you can't grow what you keep, while leadership without management means you can't keep what you grow. Unfortunately, most people in management positions today have been trained more exhaustively in management and lack a balance of leadership skills. This is precisely why so many organizations today are grossly overmanaged and severely underled.

The good news is that leadership is developed, not discovered. It can be learned if an organization provides the training and creates the conditions for one to use what they learn. This goes beyond sending your managers to semiannual retreats where they whitewater

raft or rappel down a cliff to learn teamwork. It also goes further than sending them to a guru's seminar at the local hotel where they're led around blindfolded through the lobby with grapes atop their heads to learn trust. It's not that these occasions aren't helpful for leadership development. The point is that what you do to train your leaders in between these meetings is more relevant. Leadership training must be process oriented to be effective. You provide knowledge and let the trainees quickly apply what they learn in real-life situations within your business, then offer feedback on their efforts. This training will include putting them into stretch jobs, increasing latitude and discretion, and pushing more and more power and decision making down to lower levels.

Up Your Business! Bullet Life will not just come along and improve your people. In fact, time and experience can make them worse if it's the wrong experience. You must deliberately pour yourself into your team in order to grow it.

It's vital to remember that having a leadership title does not make you a leader. All a title does is buy you time: to earn influence or to lose it, to get the job done or to blow it. It's also worth pointing out that leaders don't automatically have followers; they have subordinates. How you act as a leader determines whether the subordinate ever turns into a follower. In fact, some leaders don't even have subordinates. They have subjects and have a longer road to earn followership. And for those leaders who are members of the lucky sperm bank and have attained their positions through blood or marital ties, please get real: Leadership is not genetic. In fact, there have been enough heirs who lost family fortunes and enough deposed monarchs throughout history to make this evident. Lead-

ership is earned. It is not assumed. In fact, if you are in a blood-tie position, you must work doubly hard to develop your leadership skills, connect with your people, and earn results since others are likely to harbor resentment and strong doubts about your abilities, sincerity, and legitimacy as a leader. Their attitude is "Let's see what you can do with what you've been given." Ultimately, it is the followers who decide if the person they report to is a leader.

- 2. Measure managers by whether they improve their people. I can think of no better way to measure managers than by whether the people they lead improve. Many managers increase sales and production within their businesses by adding bodies rather than by making the people already there better. The measurement metric you use depends on the job function and is up to you to determine. I have found no better way to focus managers on developing their teams than to tie a substantial portion of their compensation to the improvement of their people rather than to the department overall. Think about it. If people are improving on a person-by-person basis, the department will grow exponentially. This is a more valid measurement than looking strictly at overall results within the enterprise, since factors like cost cutting can boost a bottom line with no regard to whether people got better, and adding extra people can augment the top line with no regard as to whether those on the team improved.
- 3. The good people you're looking for could be right under your nose. Many times at a seminar a manager will ask me where he can find good employees. I always give the same answer: Start with what you've got. The good people you're looking for might be right under your nose. Have you set clear expectations, trained them with the skills necessary to succeed, given fast and frequent feedback on their performance, learned how to motivate them as unique individuals, and provided a culture that encourages success rather than

inhibiting it? If not, there's no sense in bringing in new people and subjecting them to the same abuse! When a business owner asks me where she can find good managers, I give her the same answer I do for finding good subordinates: Start with what you've got. If you have a manager who isn't cutting it, look in the mirror before you look out the window and determine if you've created the conditions necessary for him or her to succeed.

4. Bad managers should be given less rope. When all is said and done, if you have a manager who isn't getting the job done and you've done all in your power to ensure his or her success, you must make a decision about this person quickly. Before you do, exercise your responsibility to any manager not performing well: Redefine what is expected and by when, and help the person determine a plan to get there. Please make a note that earlier, when we discussed the "train, transfer, or terminate" option for someone you wouldn't rehire, it goes double for managers. Bad managers should be given less rope and less time to get the job done than an underperforming subordinate because bad managers make life worse more severely and more quickly than any other position in an organization. In fact, when a bad manager hangs himself he tends to snag a lot of other people with him. If you bond with bad managers for old times' sake or because it seems more convenient to put up with the devil you know than to go find one you don't, you're putting that manager's department and people on the endangered species list.

To fix, build, or stretch your organization to where you want it to be, you must become less tolerant of bad managers. This is why clear expectations must be set forth up front, fast and frequent feedback offered on their performance, and ongoing training supplied to make them more competent. You should also perform due diligence to guarantee they are uninhibited by unnecessary rules, red tape, and lack of discretion.

Up Your Business! Bullet If you think you must make every decision, have every idea, and do all the talking, relax! You're not that good. The surest way to lose good people is to abuse them with micromanagement.

UP YOUR BUSINESS! ACTION THOUGHTS

ACCEPT YOUR RESPONSIBILITY

- 1. Realize that nothing gets measurably or sustainably better in an organization until the leaders do. If you misdiagnose your organization's ills, you'll mistreat them.
- 2. Since most organizations are overmanaged and underled, install ongoing and effective leadership training in your business. Describe your current ongoing management training program. If you have good people, you have an obligation to develop them.
- 3. Measure your managers by whether their people are improving. Tie a meaningful portion of their compensation to this metric. Who in your organization is growing people? Who is simply maintaining them?
- 4. Before looking outside for different or better people, start with the ones you already have.
- 5. Become less tolerant of bad managers. Move more quickly to redefine expectations and to turn them around or remove them.

FURTHER UP YOUR BUSINESS

THE IMPORTANCE OF CREATING STRESSFUL INTERVIEWS

Of all the strategies presented in this chapter to up your business, the most common area I continue to find managers struggling in is conducting high-impact interviews. An interview is one of the most important tasks a leader undertakes as he or she evaluates who will join the team. This is serious business! It's time to put your game face on and discipline yourself to hire slower. To that end, and as counterintuitive as this may appear, I recommend that you find ways to make interviews more structured and tougher on the job candidate.

For some reason, many managers have gotten the idea over the years that an interview is supposed to be some kind of warm and fuzzy "get to know each other" session, a casual conversation, or, worse, a sales pitch. Think for a moment about all that is at stake during an interview: This is your best opportunity to evaluate someone you are considering bringing on board who will affect your customers, your other employees, and your results. Misjudging the candidate can literally cost you a fortune. This is why I have said for years that hiring should be an elimination process and that the best time to fire is before you hire.

While there are many traits you're looking for in an interview, one of the most important is this: Can the potential employee handle stress? I cannot think of a position in practically any business where this ability is not essential. Yet we often find out the hard way that the employee has little or no tolerance for stressful situations and reacts poorly when caught in difficult circumstances. The best way to find out if employees can handle stress is to make your

Further Up Your Business

interviews more stressful and not to wait until you've hired them to make this discovery! Here are three tips to toughen up your interview process:

- 1. Don't worry so much about putting the person at ease during the interview. Limit small talk. Don't be unfriendly, but do be professional and serious. You'll have a chance to become friends if you hire the candidate, but for now you need to have your game face on and dispense with too much casual conversation. Serious candidates expect a serious interview. Remember, they've got to sell you. You're not supposed to worry about selling them . . . until you're sure you want them.
- 2. Stay on track. Have prestructured questions and stick to them. When the applicant gives you a general answer, dig deep for specifics. This helps weed out exaggeration and shows that you are not some gullible boob who is going to accept everything he or she says at face value.
- 3. Ask some stressful questions—provocative and unexpected are the most effective. Again, you're better off finding out how candidates handle stress before they're on your payroll. Halfway through the interview, look the applicant in the eye and ask, "How would you feel if I told you the interview wasn't going very well at this point?" See how the applicant responds. Some of them will blame you and say you haven't given them a chance or that you asked the wrong questions, and so on. This tells you a lot about them, and it's better to uncover this victim mentality before they're cashing your paychecks.
- C. S. Lewis wrote that if you have rats in the cellar, you're more likely to see them if you go downstairs suddenly, before they have

a chance to hide. The suddenness of your approach doesn't create the rats. It merely reveals those already there. The same holds true when you ask a sudden, provocative question during an interview: It doesn't create an ill-tempered, sarcastic, or defensive person. It merely reveals the ill-tempered, sarcastic, or defensive person seated before you.