

Jim's Profit Accelerator 25: The Demise of the Profit Helper

The 2008 recession gave many businesses a five-year hidden profit helper: as jobs were cut, pay rates stagnated or dropped. Business owners benefitted in three ways:

- They received a de facto profit subsidy.
- It was easier to find good employees.
- It was easier to discipline problem employees.

Now these “profit helpers” are disappearing, and you will have to reckon with these profit diluters:

- Employees will have more choices of good places to work.
- Employees will expect increased compensation:
 - Others are getting it, as noted in the press.
 - Workers have endured five years with pay stagnant or below former levels.
 - After waiting so long, workers want to start buying things again.
- Employee discipline will require more careful preparation and follow-up.
- Some employees will begin looking for work with other firms.
- Employee attention will split between doing good work and making more money.

Here's the data* that supports the idea that the picture has changed:

- Shift from practical cars to “muscle cars” at the North American International Auto Show.
- The November ratio of job openings (4.97 million) versus hiring (4.99 million) is the highest since 2002.
- The share of small businesses planning to increase compensation was 17 percentage points higher than those planning decreases, the widest margin since 2007.
- Major employer Aetna announced new minimum pay at \$16/hour for its employees, an average increase of 11 percent, to be followed by health benefit cost reductions worth an additional \$4,000 per employee per year. CEO Mark Bertolini explained that these actions will make it easier to retain good employees and fill vacancies. Like many firms, Aetna relies on employees with deep skill and experience to service customers efficiently and well.

What can you do this week to adjust to the new reality of profit diluters?

SPEED BUMP: *Help existing employees to accelerate their performance.*

Elevate Your Female Employees

Women frequently wait to speak instead of jumping in, missing the chance to contribute as men drive the conversation forward. The result is that women are often underused in U.S. businesses, as documented in a recent study of chief executives by Yale psychologist Victoria Brescoll**. She found

that men who talked more than their peers were rated as 10 percent more competent, but women doing the same were rated 14 percent lower by both men and women. Doubt it? Do your own fast research:

- Watch where folks look when a man and a woman start to talk.
- Ask your closest adult female friend if it's her experience.
- Steps you can take this week toward this goal:
 1. *Identify three high-potential female leaders in your firm.*
 - Assess their eighteen-month potential.
 - Link each with a mentor who can guide her path and learning.
 - Identify their next two positions, and prepare them to move toward the first as soon as possible.
 2. *Establish a "no-interrupt rule."* Interruptions can favor drivers and hide the good ideas of introverts; they divert problem solving away from more thoughtful and often more powerful solutions. (See the book *Quiet*, by Susan Cain.) Research has shown that women typically wait to speak, deferring to men or more aggressive women. With the "no-interrupt rule," the payoff in better solutions and more motivated employees (women who are part of the solution team) can be dramatic.
 3. *Call on women in team meetings first.*

SPEED BUMP: *When responsibilities and training fit students' gifts, results take off.*

Launch a "Treasure Hunt" for High-Potential Employees

This requires these actions in parallel, undertaken by someone (likely a woman) driven by results:

- Identify three high-impact leadership positions whose incumbent needs to improve. Determine whether training will kick-start performance. If so, do it. If not, move the person to another position in or out of the company.
- Specifically ask for female candidates.
- Formalize these plans and their updates as part of your quarterly tactical plan, and tie reviews and adjustments to reviews of your company plan.



Move People Carefully

One of my favorite supervisors explained, “If you want a good dog, get a good dog. You can’t make a mean dog into a good dog.” A single “good employee” profile does not exist. Skill and temperament must match job needs or performance will lag dramatically and major resources will have to be diverted to compensate for their weaknesses.

When we arrived at JFK Airport in New York, our luggage was missing. The understaffed Delta baggage service crew in New York had no idea they’d face thirty-plus people with missing luggage. But wait, there’s more: Delta in Portland knew six hours earlier which bags needed to find another way to JFK, because those bags were held off the plane! It took sixteen hours to get our bags, in spite of the twenty-four eastbound Delta flights from Portland that day. I’m betting that the problem came from one or two Delta people in Portland who didn’t jump on the problem in time.

Fight the Profit Diluters: Instead of cutting jobs, grow selected people.

ACCELERANT: When will you launch your People Treasure Hunt?

Call me.

For more information, visit www.grewco.com.

Jim Grew is an expert in CEO-level strategy and executive leadership whose clients refer to him as the Business Defogger and Accelerator. Jim helps leaders swiftly discover the hidden opportunities within their businesses and exploit them for dramatic results. Nearly three decades of success as a COO and CEO coupled with his experience running nine thriving businesses provide the foundation for his consulting work as president of the Grew Company. He presents regularly to industry groups, mentors business leaders, and shares insights on his blog, BizBursts.com: <http://bizbursts.com/>. He holds BA and MBA degrees from Stanford University.

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