

10 STEPS TO GETTING THE RIGHT PEOPLE DOING THE RIGHT THINGS

Overview

- Your people are not your most valuable asset, they are your organisation. Without them, nothing will happen.
- If your staff are not performing properly, it is your fault. You are responsible for running the people management process.
- Your staff are your customers. Work to make them successful.
- The better you look after your staff, the better they will look after their customers.
- Be clear on what type of person will fit best with your customer driven culture.
- Develop a recruitment process that will produce the type of person you are looking for and then induct them into your organisation.
- Manage their performance through goal setting, frequent performance reviews and 360 degree surveys. Invest in training your people. The more they know, the more value your company can add for your customers.
- Recognise effort, reward achievement and celebrate success. Measure staff satisfaction, absenteeism and staff turnover to know how well your people management process is operating.

"Numbers are impressive, systems are effective, slogans are moving but people make it happen." Ray Kroc, Founder of McDonald's

Ray Kroc was right. People do make it happen. Your people are the public face of your business and they operate the processes that drive your business. But most importantly, your people make or break your customer's experience through their attitude and their behaviour.

Over the years, I have worked with many enlightened chief executives who have said to me, Ian, our people are our most important asset." But they were wrong. Your people are not an asset. They are your organisation. Without them, everything would grind to a halt. Indeed, staff are such a critical part of business success that some very successful business leaders, such as Herb Kelleher of Southwest Airlines, one of the most consistently profitable airlines in the world, maintain that your employees are even more important than your customers and should be the first focus of your attention. Look after your staff, and they will look after your customers, is their argument. Sam Walton, founder of Wal-Mart, the world's largest retailer, used to say, "There is a three week gap from the time you start treating your staff properly to the time they start treating your customers properly."

Since your ability to retain your customers is dependant to a very large extent on your staff, you must first be clear on what type of person you want to hire. Then, you must make sure your selection process recruits the people you are looking for and you must induct them properly into your customer driven culture. Most importantly, you must help your staff develop the behaviours, knowledge and skills that will enable them to create the superior value that will keep your customers coming back. Then you must recognise their efforts, reward their achievements and celebrate their successes. Effective people management takes work and it costs money. But it is worth it because people do make it happen.

Think of staff as your customers.

There is no need to debate who is more important, staff or customers because, if you think

back to the internal customer concept, you will remember that a customer is defined as being anyone who uses your products and services. As I mentioned in Step 2, if you are a senior manager or team leader, your products and services are things such as information, decisions, directives, resources, training and support. Since your staff uses all these, your staff are really your customers. You will remember, too, that the aim is not to service or even satisfy your customers, but to make them successful. Therefore, in a customer driven company, managers and team leaders come to work on a Monday morning and say to themselves, "Right, my Number 1 job this week is to make my staff successful!" I wonder just how many business and team leaders really do that? I suspect most come to work thinking, I have 21 things I want to get done this week but I don't stand a chance because some clown will get it wrong and I'll have to spend time fixing up their mess."

If you want your staff to look after their customers, you must look after them. This begins by providing a safe working environment. Indeed, if you cannot provide a safe working environment for your staff you have no right to be in business. People can expect to give you their labour in return for a wage but they should not have to give you their physical or mental health. Safe work practices are good for business. Paul O'Neill, the current US Secretary of the Treasury and former CEO of Alcoa, turned that company's financial performance around simply by measuring everyone's performance, from senior managers to shop floor workers, on lost time injuries. O'Neill knew that in order to get those injuries down, they would have to solve all the problems that were causing high waste, poor quality, staff turnover and customer dissatisfaction.

7 It is effective people management we are talking about, not human resource management. How many human resources live in your house?

Figure 20

Are your staff performing poorly? If they are, it is your fault.

Here's a brain teaser for you: Why spend a lot of time and money attracting customers to your business and then, when you finally succeed in capturing them, or even more remarkably, actually persuade them to purchase something, do something to annoy them?

I don't know the answer either but there must be one because so many businesses do just that. You know, the companies whose customer services number should, be 0800 ALWAYS BUSY. Or those whose managers recruit graduates from the School of Rudeness. Then there are the customer service departments full of people who make Mike Tyson look like a pussy. And, we won't even mention the salespeople in retail stores who chat with each other while you desperately search for assistance.

I expect that the boss's of these businesses would be horrified to see that their staff were treating customers as if they were so plentiful that they could afford to lose a bunch. But in the end it really is the boss's fault that their customers are being turned off. Here are four reasons why.

1. It was the boss who hired these people in the first place. Think about your own situation. Did you hire your people because they had a spectacular attitude towards customer service, or because they had product knowledge or just happened to be handy? Do your customers hear your staff say, "That's not my responsibility," "We don't do that." "I don't know," "Most of our customers are happy with that," "They don't pay me to do that"?

2. It is ultimately the boss's job to provide training, coaching and performance reviews. What about your business? Do your people know their strengths and weaknesses, particularly in the area of customer relations? Have you implemented a process for providing customer feedback to all staff, especially front line staff. Are staff required to attend regular training courses? Does their supervisor or manager provide regularly scheduled coaching sessions? Athletes train, actors rehearse, operators learn how to operate a machine before taking over responsibility but most people who have customer contact just walk in and start doing what they do. The trouble is, what they do is costing you customers.

3. The boss gives the wrong direction. In spite of customer focused mission and vision statements, the boss's actions and words tell people what's really important. Take the case of a bus service in rural England where drivers

often drove past long queues of passengers without stopping (they did smile and wave). It is impossible for drivers to keep to their timetables if they stop for passengers," explained one company official. Guess what mattered most to management?

4. Company policy, for which the boss is ultimately responsible, prevents staff from satisfying the customers. Do your staff say, "Our policy is..." "You'll have to call back between 9am and 5pm." "We cannot do that because? Don't forget, your customers don't want to hear "no." From you they want 100% solutions to their problems not more problems. So, do your customers and yourself a favour this year. Make it your goal to eliminate company policies and staff behaviours that annoy your customers. You worked hard to attract them and they are worth a lot of money to you. Why give them a reason to leave?

from The Brooks Royston Business Report

As a result of the occupational safety and health legislation in most developed countries, managers are aware of their responsibilities in the area of physical health but I am not sure that extends to mental health. "Our people are really stretched and stressed," a senior manager of a large corporation told me the other day. "Why just half an hour ago I had someone in here in tears. She just couldn't cope any more." Sadly, that is where the conversation ended. There were no plans to do anything about the high levels of stress. It was accepted as a fact of life in today's corporate world. I wonder what kinds of experience stressed out workers give customers?

The news is not all bad, of course. In New Zealand, Dick Hubbard has built a successful cereal business based on the value of looking after his staff and Stephen Tindall, the country's most successful retailer, has done the same at The Warehouse. The pharmaceutical company, Merck, Sharp and Dohme, recognises that its employees have a life outside of work and, therefore, provides programmes to staff that range from school holiday programmes for children to eldercare kits for those looking after ageing parents. "Our attitude is that it is a bit pointless having someone at their desk when they have a personal crisis going on somewhere," says managing director Alistair Brown. The philanthropy is paying off. Staff turnover dropped by 50% over the past five years and growth has increased from minus 56% to plus 35%. Staff, like customers, are expensive to acquire so it is worth looking after them to keep them happy and productive.

Decide whom you need

Most business leaders know that before you enter the market place, you need to give some thought to the type of customers you want to target. You cannot be all things to all people and, besides, not all customers are good guys (see Step 8). To be successful, you have to work out which customers you want to do business with. It is the same with your staff, the people who will be dealing with those customers on your behalf. What type of people do you want representing you and your organisation? You have to think beyond the usual issues of skills and experience, to attitudes and behaviours. In fact, business leaders like Herb Kelleher believe that attitude is the most important thing. 'Hire for attitude and train for skill,' is Kelleher's rule and it certainly has worked well for him.

Customer driven companies need to employ people who understand that customer retention is Number 1. There is no sense hiring someone who does not believe that because you would be taking a great step backwards. New staff need to be friendly and have a positive attitude towards life in general. Negative or surly people destroy both the customer's good experience and staff morale. Their sour attitude sucks the people around them into their black hole. Recruits also need to be can?do people so they can help your customers find a solution to the problem they have come to you to solve. Customers do not need to get the solution they first requested, but if they are ever going to come back, they do need to go away with a workable solution they are happy with. New recruits also need to be enthusiastic and keen to learn so they will accept change, increase their knowledge and help your company find better ways of doing things. Most importantly, they need to be good team players so they can work with their colleagues to operate effective and efficient processes.

The first step to effective people management is to sit down with your existing staff and discuss the type of person they think you should be hiring. Remember, this applies to all employees and all positions because if someone is not serving the paying customer, they should be serving an internal customer who is serving the paying customer. Use these qualities to write a generic person description, which can be part of every job advertisement, every interview and every reference

check. In the interview, ask candidates to give examples of how they displayed these characteristics in their previous jobs. Remember what Kelleher recommends: hire for attitude and then train for skill.

Recruit to get them

Amateur companies do things but good companies have a process for doing things. Managing people is a process in its own right. The generic person specification is just that, a specification for what the people management process should produce. The next step is to have a process that will recruit the type of person you want. This process should identify where you will recruit from, whether you will head-hunt or advertise, what the advertisement should say, who will be involved in screening the applications, how you will select a short list, who will be involved in interviewing the candidates, the questions you will ask, who will do the reference check and the information they will seek.

Figure 21

Hire people who:

are enthusiastic

understand customer retention is Number 1

are can-do thinkers

will go the extra mile

are likeable

get on well with people

have a positive attitude

are open-minded

are receptive to change

are good team players

are friendly

are eager to learn

are respectful

are polite and courteous

Generally speaking, it is wise to involve people who are on the same team as the successful new recruit and who have a good understanding of the activities, responsibilities and demands of the position. Interviews should focus on the applicant's behaviour rather than the usual run of the mill questions such as, "Tell us about your last job, 'Why would you like to work here?" or "What do you think you can bring to the organisation?" Ask specific questions about situations that might arise. You might ask, "How would you handle a customer who complains about a late delivery? What specifically would you say and do?" Ask the applicant if they ever had a situation like that in their last job. Ask them to describe a specific incident and how they responded to it. Verify what they have told you in the reference check. Also, when doing a reference check ask about how customer driven the applicant was and, again, ask for examples.

Good companies have a process for doing things but excellent companies review that process. After you have recruited a few applicants, evaluate them against the criteria set down in the person specification. Did you end up with the type of person you wanted? Are they displaying the behaviours you want them to? Do not rely on your own impressions. Ask the person's customers and teammates. Involve the new recruits in this review and get their views. How did they feel about the way they were recruited? What suggestions do they have for improvement?

Induct them properly

Many companies take care to recruit the right person and then squander their efforts by not inducting the new employee properly. As a result, people have to figure out for themselves what is important and how they should behave. Murphy's law says that if you leave induction to chance, it will be your most negative employee who breaks in the new recruit. Your investment in hiring someone is too great to leave it to chance. You need a process to welcome staff into your company so that they get the right idea about your culture right from the beginning.

Figure 22

Who's running this place?

I telephoned a supplier, a very large company, and asked if they had a particular service available. I was told they did and that the cost was \$65 per year. That sounded good to me so I jumped in my car and headed into town to sign up.

When I arrived, the man behind the counter said they had been instructed by the boss not to offer the \$65 service. There was, he said helpfully, a \$120 service available. I told him that I didn't want the \$120 service, that I had just 15 minutes ago been told the \$65 service was available and I would not have driven downtown if I had been told the right story in the first place.

The man shrugged, wrote down a name on a piece of paper and suggested I call the boss. I borrowed the phone and did just that. After 10 minutes talking to the boss I was getting nowhere so we ended the conversation. The boss was adamant. He was not going to give me the \$65 service no matter what I had been told.

"Well, what did he say?" said the worker.

"Same as you", I sighed. "No deal."

"Tell you what," said helpful Harry, "I'll give you the \$65 service anyway."

And he did!

As we were completing the paperwork the employee explained to me that the boss wanted to phase out this service just so he could downsize the staff, and maybe even close this branch completely. "I'll sign you up," he chirped cheerfully. "You get the service you want and I get to keep my job!"

The boss was probably sitting in his office feeling smug, because he was in control.

Your workers have all the power they need. The question is, are they making the decisions that will take your company where you want it to go or, like my encounter, are they subverting your strategy?

All is not lost. You may not have the control you imagine, but you do have influence. Use it to inform, persuade and motivate your people. Show them that following your vision; strategy and plans will benefit them too.

From The Brooks Royston Business Report.

The induction process does not have to be complicated, expensive or time consuming, but it does have to be well thought out and consistently delivered. Induction needs to be led by the CEO. Whether through a video or in person, the CEO must explain their vision, describe the kind of company they want to lead, outline the type of experience they want to create for their customers, and most importantly, explain what they expect from all staff including the new employee. I believe the new recruit's team leader should be present when the CEO makes their presentation or when the video is shown. This makes it possible for the team leader to follow up by answering questions, amplifying points raised by the CEO or discussing issues the company presently faces. The team leader can then add their vision for the team they lead and talk to the recruit about the team's customers: who they are, what they need from the team, why it is important that they have these things and what the team is doing to make their customers successful. All of this is critical, of course, if the team is to be customer driven. The induction is also a good opportunity for the team leader to show the new person what the team measures and how they use this information to improve their part of the business.

The induction is also an opportunity for the company to sell itself to the new recruit. Do not be afraid to boast about the organisation's achievements and to explain what it does for its customers, its employees and for the community, in that order. If you are not prepared to be seen as being proud of your organisation how can you expect your staff to be proud to work for it? And if they are not proud of the company, what impact will that have on the way they look after your customers, on whether your customers stay with you and on the bottom line?

Manage their performance

Once you have started the new employee on the right track, you need to make sure they stay the course. For 25 years, I have been amazed at how we maintain buildings, plant, machinery and even gardens, but we just leave people to sort themselves out. Perhaps, deep down, we all feel the way Henry Ford did when he said, "Why is it that whenever I ask for another pair of hands, I get a person?" It seems we want the labour but not the human providing it. Short of going to robots, who ironically do get maintained regularly, if you want the best out of your people you will have to manage their performance.

You do not need complex and time-consuming systems to manage performance. What you do need is a process that you follow diligently. The process should begin by meeting with your direct reports to set goals for the next few months. In a customer driven company these goals will relate to both paying customers and internal customers, to process efficiency, to behaviours that are related to the kind of culture you want to create and to personal goals the employee has for themselves. The goals should be SMART: specific, measurable, achievable, realistic and time-oriented and, of course, they should be written down. After agreeing to the goals, ask the employee what assistance they require from you to achieve those goals. Do they need information, additional resources, coaching, or further training?

The next step is to meet with your employees regularly to assess their performance. While there is no set rule for when these meetings should occur, I believe very strongly that once a year is not enough. People can learn some very bad habits in a year and, worse, they can get out of some very good habits if no one praises what they are doing. Personally, I recommend short informal meetings every three months. The format for these meetings is simple. Review performance against the goals, praise achievement, problem solve failure and set new goals for the upcoming period.

In between these meetings, of course, the employee's team leader should be having frequent but informal chats about how things are going. The general attitude of the team leader to their team members should be 50% supportive and 50% demanding. Clearly, if the team leader is too

demanding and not sufficiently supportive, which is often the case, a culture of fear and resentment is created. This destroys morale and impedes performance. On the other hand, if the team leader is too supportive and not demanding enough, people stay in their comfort zone and cruise. It takes a leadership style consisting of equal parts supportive and demanding to create a high performing team. Consequently, when employees do encounter a challenge or a problem, the team leader's response should always be, "What are you going to do to solve your problem, and what can I do to help?" This makes it very clear that (1) the responsibility lies with the employee but that (2) they do not have to deal with it alone. This response is very different from the old style of management, which was, "I'll tell you what to do." That style bred dependency and helplessness. It is also different from the modern "empowerment" style of management, which says, "it's your problem. Deal with it." This causes people to feel alone and alienated. It also undermines their confidence.

Once a year, you might want to have a more formal meeting and to introduce some objective data into the performance review process. I am in favour of 360-degree feedback, which as you probably know, involves conducting a written survey of a person's superiors, colleagues, direct reports and anyone else the person typically deals with in the company. Responses to the survey are confidential so the individual gets only anonymous feedback. Nevertheless, many people feel awkward about rating their mates, so the response is often poor and the quality of the feedback is sometimes not good. All of the people asked to give feedback are the person's customers, of course. Consequently, I suggest calling these 360-degree surveys customer surveys. In my experience, this makes it much easier for people to give feedback, particularly in a customer driven company.

Grow and develop them

It is generally recognised that we live in a knowledge economy. So much so, that many people argue the only difference between you and your competitors is probably your expertise. It would stand to reason, therefore, that the more your staff know, the more competitive your company is likely to be and the more value you should be able to create for your customers. Or put another way, if you are doing today only what you did yesterday, then you have already fallen behind. Employees who are not learning will keep doing what they have always done. Whichever way you want to look at it, it seems to me that smart companies would invest in training their employees on the grounds that the more their employees know and can do, the greater the chances they will retain their customers.

As with everything else we have discussed, you need a formal process for developing your staff. This process should be linked to your performance management process since your review meetings will more than likely identify areas where people need, or wish to have, further training. It should also be linked to the information you get from entering your customer's world (Step 4) and from your customer feedback system (Step 8) because your customers will identify areas where staff training would improve their experience. Finally, your training plan should be linked to the management of your processes. Often technical training or training in problem solving methods and tools will assist your staff to improve the efficiency and effectiveness of their processes.

Recognise and reward performance

Has there ever been a time in your life when you worked hard at something only to have your efforts and accomplishments ignored? How did you feel? Most people feel cheated and angry in that situation. If it happens consistently over a period of time they will feel bitter, resentful and used. None of these feelings are conducive to creating the kind of experience that will make your customers want to come back. It is essential that you recognise and reward the right behaviours if you want people to continue behaving that way. This is especially true if you want to become customer driven. You must seek out examples of people doing great things for your customers and then acknowledge their achievements.

There are few acts of recognition better than a one to one conversation, whether it is face to face or over the telephone. People know that their leaders are busy people with lots of issues to occupy their minds. When they see that something got their leader's attention, it makes an impact on them. This is particularly true if the leader takes the time to come and talk to them. It takes only a few minutes and so little effort to make contact with an employee but it says to all staff, "When I said that looking after our customers is Number 1, I meant it. See how I notice when we do? See how proud I am of the people and the company who do it? See how pleased it makes me feel?"

As we discussed in Step 2, another powerful way of recognising performance is to send out hand written notes. This is a good way of reinforcing the face-to-face or telephone recognition of what the employee did. There is something more formal about the note, which adds weight. Staff really appreciate it. As I said before, Jack Welch used to make a point of writing half a dozen notes every day thanking people for their efforts, congratulating them on their achievements and letting them know his disappointment if their behaviour did not come up to the mark. You can add extra weight to your note by letting staff know that you have put a copy in their personal file. This tells them that what they did was important, important enough that it will be taken into account if they apply for a promotion.

There are three myths about recognition and reward, which causes managers to under-use this powerful tool. The first is that you should not recognise people for just doing their jobs. This does not make sense to me. Forty years ago, behavioural psychology taught us that if you reward an animal when it does something, it will be more likely to do that thing again. Do you want people to keep doing their jobs? If so, recognise good performance and perhaps even reward them for it. The one area where there is consistent high performance is in the sporting world. When someone scores a try in rugby or a goal in hockey or netball do the spectators sit back and say, "Well, I should think so. After all, that is their job"? Perhaps if we cheered our staff, we would get premier league performance.

The second myth is that one can give too much recognition and reward. Again, this is simply not true. As long as the praise is specific and genuine, it will be powerful. If you told someone everyday that they were doing a good job, it would wear thin. But if on Monday you praised them for going the extra mile to help a paying customer, on Tuesday you passed on some positive comment an internal customer had made, on Wednesday you congratulated them on a contribution they had made to a meeting, on Thursday you thanked them for a suggestion they had made and on Friday you told them how much you liked their enthusiasm for the job, then I think that by the end of the week you would have one very motivated employee.

The third myth is that rewards must be financial. They do not, although it is smart to give all staff a bonus, even a small one, if the company produces a good financial result. I once found myself trying to talk to the engineering staff of a large airline the same day that the company announced record profits and large bonuses for its senior managers. Staff had not had a rise in several years and for some reason they were not very motivated to think about their customers or ways to reduce waste. But rewards do not have to be financial. Dinners for two at a restaurant, for example, are always appreciated. It is much better to use a reward that can include the employee's partner because often the partners have paid a price even if it is only that the employee worked longer hours. But even if the partner did not pay a price, a reward that includes them is likely to make the employee look good in the eyes of their partner. In that case, the reward will be even more appreciated by

the employee. Merck, Sharp and Dohme, for example, sends something to the family at home, such as chocolates or flowers, when one of its people has to go away on business.

Figure 23

Three Myths About Recognition And Reward Programmes

1. You should not praise people for doing their jobs.
2. You can give too much praise.
3. Rewards should always be financial.

Just as the right behaviours should be acknowledged so that people continue to behave that way, the wrong behaviours need to be dealt with. You must have the courage, and the skills, to talk to people about their poor performance. If you do not, you will send a message to all the good performers that in spite of what you said, it does not really matter how they behave. Again, the rule is to be specific about what they did and why it is a problem. Then you describe how you would like them to behave instead. For example, you might say, 'When you ignored that customer standing by the suits, you caused a problem because they might walk out and tell others that we don't care about our customers. I would prefer that you stopped unpacking this box and went over to help them.'

Conduct exit interviews

Because all organisations need new blood, staff resignations can be positive opportunities to bring new ideas, fresh faces and additional enthusiasm into your business. But high staff turnover is expensive and for most companies, it is an expense they cannot afford. Of course, there is the direct expense of having to recruit, induct and often train a replacement for the staff member who has left, but there is also a less obvious and more costly expense. A large number of companies who find it difficult to keep their customers have high staff turnover. These companies spend all their time and resources helping new staff understand the basics of their business. There is no time to develop their customer care skills or to teach them the more intricate aspects of the business. Moreover, these companies are often desperate for staff and so it is never a question of hiring for attitude. The hiring policy is to take anyone who is breathing but preferably not a serial killer ? unless they really have to. As a result, the customers of these companies are subjected to indifferent customer service by staff who are struggling to get the basics right. Not a recipe for delighting customers!

You cannot afford high staff turnover. Therefore, when a staff member does leave, you should be as concerned as you would be if a key customer left. The best way to reduce the problem of turnover is to understand why staff are leaving, and the best way to do this is through an exit interview. This interview cannot be conducted by a member of your staff, and certainly not by you or one of your senior managers. The departing staff member would not feel comfortable opening up to you or another company employee. You will need to hire an outside firm to do the interview. They have the skills, they are seen as being impartial and they will, if they are professional, give it to you straight. It might not be easy to listen to what they have to say, but you do want to hear it.

As I have said before, the first step to fixing a problem is to face it, and hearing what the departing employee has to say about your company is the first step in facing it. Discuss the results with managers and team leaders involved. It should also be an item for the senior management team meeting agenda. You will probably not discuss individual cases at the senior management level, but once a quarter you should look at trends. Remember, this is not a witch hunt. The object of the exercise is to learn what you have to do to keep staff longer. The more stable your staff, the easier it is to build a high performing customer driven company, and therefore, the easier it will be to keep your customers longer.

The people management process

Throughout each part of this step, I have talked about a formal process and by now you probably think you have processes coming out of your ears. But, there is in fact only one process for managing people. The process begins with identifying what type of person you want to have working in your organisation, proceeds through recruitment and induction, continues with performance management, training, recognition and reward, and ends with promotion or leaving the company. Manage this process as you would any other (see Step 5). Document the process, appoint a process owner, identify KPIs and hold a team responsible for monitoring the process's performance and bringing about improvement. Most importantly, do not forget

the customers of the process who are staff and senior management. Find out what their needs are and make sure the process delivers the value they are seeking. If you do regular staff satisfaction surveys, and if you measure staff turnover and absenteeism, you will have a good idea about how well your people management process is working.

Good people management takes time and effort, and, therefore, has a cost to it. But if you think good people management is expensive, you should see the costs of poor people management! The direct costs of absenteeism and staff turnover are very high. But even more costly is the customer dissatisfaction that arises from low morale and staff who do not know your products and services, the names and needs of their customers or even their jobs. Good people management is essential for becoming customer driven, and for giving your customers a quality experience that will keep them coming back.

"If you're going to have a great organisation, people need to be able to answer three questions every day.
Were you treated with dignity and respect by everyone you met?
Were you encouraged to make a contribution that gave meaning to your life?
And has someone noticed you did it?"

Paul O'Neill,
US Treasury Secretary
and former CEO of Alcoa

From 10 Steps to Becoming Customer Driven,
Nahanni Publishing, Auckland, 2001