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- Dealer  
Success  
Guide ■ volume 13

A supplement to Yard & Garden magazine

- Recruiting, Training &  
Retaining Employees

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## Changing Perceptions: Advancing Service Tech Careers



Dear Servicing Dealers,

I recently had the opportunity to host the Honorable Carlos Gutierrez, U.S. Secretary of Commerce, here at STIHL Incorporated. While this isn't an every day occurrence, we did discuss several issues endemic to U.S. business and the Outdoor Power Equipment industry. And it's no secret that one of the biggest challenges employers face today is filling openings for skilled trade positions, including those for service technicians. Much of this can be attributed to how the image of the skilled tradesperson in the U.S. has changed over the years.

In Germany, skilled trade workers such as electricians and technicians are highly respected professionals perceived comparably to white collar workers. In North America, we have a certain "sheepskin psychosis" and tend to ascribe too much value to purely academic credentials—a nice blend of practical and theoretical would be ideal. Consequently, it can be difficult for educational institutions specializing in skilled trades to attract students. This seems quite extraordinary given the appreciation we feel when our plumbing is professionally repaired, the wiring in our homes expertly installed, and our cars and small engines properly serviced. The value of skilled technicians is obvious and essential.

The good news is that with the help of manufacturers, non-profits, academia and you, the dealer, progress is being made in the way we attract, train and retain skilled workers. Programs like SkillsUSA promote skilled trade professions and attract the best and brightest from around the country. With manufacturer support, courses in small engine service are being taught in high schools and post-secondary educational institutions. Also, dealers are improving employee benefits, compensation, opportunities for advancement, and work environments.

In this issue of the *Dealer Success Guide*, you will find dealers sharing techniques they utilize to compete for employees, what manufacturers are doing to support the cause, and ideas to help you find qualified recruits. Yes, the shortage of technicians is critical but viable solutions are within our grasp, and there is no better time to reach out and affect positive change than today!

Continued Success,

Fred J. Whyte  
President  
STIHL Incorporated

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## Gregg Wartgow, editor

Welcome to yet another edition of the *Dealer Success Guide*. This issue's theme is "Recruiting, Training & Retaining Employees." It's a challenging aspect of your job as a small business owner. It's also a critically important aspect that requires thoughtful preparation and careful execution.




Just like inventory control, advertising or running a service department, managing the human component of your business should be guided by a strategy that will yield results. The articles in this issue are designed to help you devise such a strategy.

As a business grows, owners must typically become more involved in management-related tasks, which means they must also relinquish at least partial control of daily operations. A staff's ability to function effectively and independently is a prerequisite to profitable growth.

That's why one part of your employee management strategy should be how you go about rallying the troops around your cause. As the article on page 6 points out, employees like to have a sense of control over their work. They like to be challenged and then recognized for a job well done. They like to have fun, learn and grow. And they like to be part of a team.

In order to truly get the most out of an employee, it must be made clear to that employee that he or she has a very important role in the overall success of the team. Take the time to thank "Jack the two-stroke technician" for everything he does, and explain why everything he does helps the business accomplish its objectives. That's when Jack will really take ownership of his job. By the way, it doesn't hurt to let Jack share in some of the business's prosperity. A few of this year's Dealers in Excellence Award finalists offer bonuses and/or profit sharing to employees (see article on page 10).

It's hard to find good employees. When you have them, you sure don't want to lose them. Dealer Jeff Johnson of A-1 Outdoor Power in Corcoran, MN, says, "We're willing to invest whatever's needed to treat our personnel fairly." The only way to know if your employees feel like they're being treated fairly is to ask them. Make it part of your employee management strategy. Then, make that employee management strategy part of your overall strategy for business success. 

# The power to change the image

## *Finding and keeping the next generation of technicians*

By John Keeler – National Training Manager, STIHL Inc.

One of the biggest challenges facing the outdoor power equipment industry today remains the shortage of qualified technicians. With more and more product being sold, the volume of service work can only get larger. This is an issue that must have a solution—and fast. Other factors also add to the concern, including the pending retirement of 78 million baby boomers.

“Look at the overall demographic shift here: You have 78 million baby boomers who start retiring in 2008 being replaced by Generation X, which is comprised of only 45 million workers,” says Richard White, vice president of marketing and communications for the Automotive Aftermarket Industry Association in a recent issue of *Fleet Owner* magazine. “Basically, you have a lot of people retiring very soon and not enough people to fill the jobs they’re leaving. This is going to impact the maintenance profession at every level, from the repair technician on down to the store and parts distribution level.”

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**You have a lot of people retiring very soon and not enough people to fill the jobs they’re leaving.**

In addition, participation in vocational education classes by high school students—the traditional entry point for skilled technicians—has waned. According to a Department of Education study, the percentage of students graduating from high school with a concentration in vocational education fell from 33% to 25% in a six-year period.

The difficulty in attracting younger workers to small engine technology is a perception issue, including poor public image and competition from other technical repair fields. There is a stigma attached to vocational education where parents who are helping these children make their career decisions say, “Small engine technician? Not my kid. He or she is going to be a computer technician.” Vocational schools tell us all the time that it’s a

difficult sell to parents when there are, what appear to be, more glamorous options. It’s the proverbial Catch 22. Vocational and career technical educators have to fill their schools with high-profile programs at the risk of lowering enrollments in other career areas.

So who’s to blame? Simply put, our industry is. We as an industry have not done a good job in letting the general public know that our jobs can be well-paying and provide a good lifestyle for those joining us in our profession.

### The industry must take control

Now, here is the good news. The power to change this image is within our control. Many dealers have already modernized their showrooms and shops to provide an attractive, clean work environment and offer competitive benefit programs to appeal to this new generation of skilled workers. We can also look at the way other groups have built programs to attract more youth to the trades industry.

**The SkillsUSA Championships** is a national competition for public high school and post-secondary, college and technical students enrolled in trade, technical and skilled service programs. This annual event has grown from 54 contestants in 1967 to now over 4,500 contestants showcasing their talent in many skilled disciplines, including small engines technology. This event will help ensure that many technical fields will have the people they need for years to come. Chances are, there is a participating SkillsUSA school in your town. For more information on SkillsUSA and participating schools, visit [www.skillsusa.org](http://www.skillsusa.org).

**The FFA** has an outstanding program for training and development that will help maintain future employment levels for the agribusinesses; programs include Agricultural Mechanics. More than a half million young adults who are active members have developed an affinity for the industry, and outdoor equipment companies have embraced this organization. For more information and to locate your nearest FFA chapter, visit [www.nationalffa.org](http://www.nationalffa.org).

**The Student Chapters of the Professional Landcare Network (PLANET)** hold a competition each spring that

has been dubbed “The Landscape Olympics.” Each year, approximately 1,000 students ascend on a college campus to compete in 54 disciplines from landscape design to salesmanship to wood deck carpentry, paver installation and arboriculture.

They also have the opportunity to participate in the Student Career Days career fair. Attending the PLANET competition are more than 100 companies trying to hire these competitors who are arguably the best and brightest in the nation. For more information on PLANET Student Career Days and local chapters, visit [www.professionallandcarenetwork.org](http://www.professionallandcarenetwork.org).

As an industry, we must support these and other such organizations that are raising the level of respect for the skilled trades, and specifically small engine technology. Manufacturers and distributors are developing relationships at the national and regional levels.

At the local levels of these organizations, it’s you who can have the most impact. Get involved with these groups now and also work with local vocational and career technical educators on improving the image of the small engine technician occupation, and you can have a leg up on the brightest stars who may want to learn more about your business. Who knows, you may even meet several future employees. Many businesses volunteer their expertise by providing instruction and in-kind support for programs in local areas, thereby letting them get to know the potential superstars. Sponsoring contests for technical skills in local programs is something we can all do more of to step up the pace of training and recruiting these young people.

**Paying attention to shifts in demographics** in our industry is becoming increasingly important to the hiring process. A large portion of our end-user population comes from the Hispanic community. As more and more landscape and arboriculture companies are becoming minority-owned, it makes sense to have multi-lingual technical professionals on hand to help serve this fast-growing segment of the population.

### Developing a strategy for retention

The other challenge the industry faces is how to keep your existing techs on board, not losing them to other careers. Evaluate your pay and benefits programs

to determine where there might be room for improvement within your business. In addition, allow for investment in the professional development of employees. Many outdoor power equipment manufacturers have helped address this issue by offering online training for techs servicing their equipment. This new technology can often offer an evaluation tool for dealers to establish skill levels within their own shops; so when it comes time to hand out raises or bonuses, they have a quantitative tool for evaluating performance.

Attitude is the most important attribute we need to evaluate in developing retention programs for employees. As the work load increases for the shops, so must the attention to detail. Identifying your superstars through training programs and factory certification are ways to evaluate these future leaders. Providing competitive compensation packages and an aesthetic work environment is how retain them. Success will breed success.

The proverbial wake-up call has arrived, and we must rise to ensure the future of our industry is in good hands. The lifeblood of our back office operations is the technical managers and technicians that will set us apart from the big box enterprises. Never has it been more important for our industry to seek and nurture programs that will keep our employment coffers supplied with the next generation of technical professionals.

As owners and managers, we have a responsibility to get involved and stay involved with the local programs that will feed our businesses for years to come. Our future is in the hands of our youth. It’s up to us to provide the best guidance we can in leading them to a great and rewarding career in our industry. **YG**

### About The Author

*John Keeler is the National Training Manager for STIHL Inc. He has over 43 years of outdoor power equipment industry experience, the last eight with STIHL.*



# Hang on for dear life

*The only thing worse than having to look for good employees is having to replace a good one that just quit.*

Finding good employees, especially technicians, is a complex process—one you don't want to have to repeat very often. Losing a good technician is even worse. In fact, the cost of replacing a productive employee ranges between 70% and 200% of that employee's annual salary. Add that to the disruption in your shop, the domino effect on other workers, potentially dissatisfied or lost customers, and you have a costly problem.

Sometimes employees leave because they can earn more money elsewhere, and you just can't afford to give them a raise. Sometimes, however, that's not why they leave. Sometimes keeping good employees is largely within your control.

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**The cost of replacing a productive employee ranges between 70% and 200% of that employee's annual salary.**

## Top 10 reasons employees stay in their job

10. Flexibility in the job
9. Autonomy – a sense of control over their work
8. Fun on the job
7. Getting recognition for work well done
6. Having a good boss
5. Being part of a team
4. Great people to work with
3. Having meaningful work – making a difference
2. Challenging work
1. Learning and career growth

You might be surprised to learn that “more money” is not on the list. That's why offering a raise at the last second isn't always the answer. Of course, people want to earn a living so they can live comfortably and pay their bills. Typically, when someone cites “money” as a reason for quitting his or her job, the underlying issue is a feeling of being treated unfairly. Employees often become dissatisfied when they believe their pay doesn't match their workload, or what their co-workers or others in their profession are making.

## You do have control

Research shows that employees tend to stay in jobs where they can learn and progress. They stay in jobs where their work is recognized and they are part of a team. They stay in jobs where they like their boss and have fun. These are all things that are well within your control.

What are some things you can do to retain your excellent employees? Perhaps the most important step you can take toward keeping good help is to understand why they're still there. It may sound like a strange question to ask, but knowing what your employees like and don't like about working in your dealership is critical.

## Open communication

Sit down and talk with your employees, one by one, in a non-stressful setting. A meeting like this requires an atmosphere of open communication, so you will need to set the stage for a successful discussion. Don't put your desk between you and your technician, for example. Doing so makes the technician feel as if he's at the principal's office.

Here are a few questions you might like to include in your discussion:

- How challenged are you in your daily work?
- To what extent is the training you want available?
- Tell me about the feedback you get from your supervisor, co-workers and customers.
- Describe the things that make your job harder.
- What would make your job easier, faster and better?

The first time you and your technician have this kind of conversation, be prepared for a few awkward silences or a few wild requests. The technician is probably wondering why you are asking all these questions. Remember, he sees things from his point of view. But when you continue to touch base with him, he will learn to trust that these meetings are designed to make everyone happier and more productive.

## Create challenges

People tend to stay in jobs where they are continually challenged. No one does excellent work when they are bored. So ask your good employees to create ways

to expand or enrich their jobs. While a promotion isn't always possible, an expansion is. That doesn't necessarily mean "more work." You can add a responsibility without piling on more work than one person can handle.

For example, assign one of your top technicians to mentor the tech school intern you arranged for. This experience gives your technician a chance at supervisory experience, and gives the intern a valuable role model.

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**Research shows that employees tend to stay in jobs where they can learn and progress ... where their work is recognized and they are part of a team ... where they like their boss and have fun.**

Respect rules

As a dealer, it's up to you to create your company's culture. You have probably seen examples of successful culture in a restaurant or store. It's that undeniable feeling that tells you the employees are happy working there. We have all seen examples of corporate culture at its worst—squabbling employees, or a boss berating an employee right in front of you. You may have asked yourself why anyone would want to work there.

In order to create a dealership where employees want to show up, work hard and go the extra mile, there must be an atmosphere of respect. That includes respect for everyone: managers, employees, vendors, customers and the owner. It means that when an irate customer leaves your shop, you don't talk badly about that customer. Of course, some customers are very irritating. But when you belittle or ridicule them, it tells everyone in your shop that it's OK to treat people poorly. People want to stay in jobs where respect is the cornerstone of company culture.

Keep employees in the loop

Few people like to work in a place where there are whispered conversations. No one likes to be the last to know the news. Keeping employees in the loop is an

outgrowth of a respectful culture. Whether there is good news, such as record sales for the month, or there is bad news, like 90% of your last parts order is on back order, your employees want to be told.

Sharing news, even bad news, may have a surprisingly positive outcome. You never know when one of your employees will come up with an innovative idea to turn things around. This happens in companies where the employees feel invested and committed to the success of the dealership.

Encourage industry involvement

Your technicians have chosen a career in the power equipment industry. Helping them to be a part of the industry at large is certainly good for them—and you. You want employees who are committed to doing good work for your dealership. You want loyalty. Helping your employees feel part of the big picture makes them more committed to you and your dealership.

For example, assign each of your employees, including technicians, the responsibility for reviewing a monthly trade publication and reporting back to the group about what's new and important. Give others the responsibility to monitor online newsletters and chat rooms. You can divide this up any way you like ... the point is that involvement breeds commitment.

Look at your workflow

Spend some time looking at how your repair process works. Does your repair procedure work efficiently? Are people standing around waiting for machines to be prepped? Is your best technician cleaning equipment, or worse, is he out on pick-up and delivery?

Watching how things happen in your shop can help you be more efficient and more profitable. But just as important, it can help you offer your technicians more challenge and variety in their jobs. Remember, people who are challenged tend to stick around.

If you notice inefficiencies, ask your technicians to come up with a plan to improve the process. They are your best source of information, because they are doing this job every day. Asking for their input is one more way

*continued on page 8*

you can demonstrate respect, offer new challenges, and increase the likelihood that your good employees stay with you.

## **While no one expects work to be play time, having some fun energizes everyone and increases productivity.**

### Inject fun in the workplace

People spend at least 1/3 of their adult lives at work. While no one expects work to be play time, having some fun energizes everyone and increases productivity. We're not talking about silly hats and balloons. People want to come to work and enjoy performing their jobs. They want recognition for their efforts. And they want to believe that what they do makes a difference.

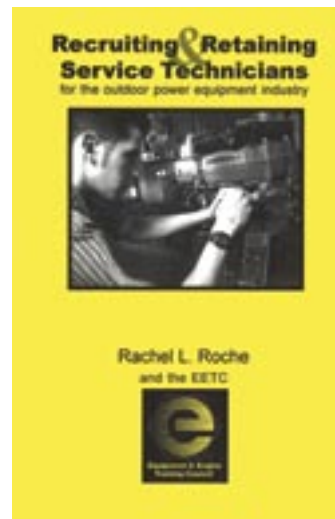
Here are some concrete ways you can inject a more positive atmosphere in your shop:

- Promote certification and provide rewards for it.
- When you ask a technician to do a rush job, explain why. Barking an order without explanation creates resentment and the job will be done grudgingly.
- Compliment good work. When a technician solves a sticky problem or does a job well, say so.
- Tell your technicians about positive comments from customers. Be sure to post thank-you notes and press clippings where everyone can see them.
- Set the tone for your company. When you exhibit a positive attitude, your staff will sense it. Good moods are contagious, but so are bad moods.
- On a particularly tough day, acknowledge how tough it was, recognize that you all got through it, and try to leave things on a good note. Remind your technicians that tomorrow will be better.
- Remember the little things. Say good morning, ask about your technicians' families once in awhile.

- Create reasons to celebrate success. At the height of the season, when everyone is working long hours, bringing in pizza and inviting everyone in your dealership to join in can revive everyone's spirits.
- When one of your technicians passes a certification test, use the occasion to gather everyone together for donuts or cake to recognize the success.
- Create an "employee of the month" award. It doesn't have to be overly serious, but it should be fun. Maybe the employee gets a free soda every day. Chances are, the employee will be extremely proud of this recognition.

Employee retention strategies are very important. The cost of replacing a productive employee ranges between 70% and 200% of that employee's annual salary. Plus, research shows a direct correlation between employee retention and customer satisfaction. The employee retention strategies presented here cost very little, but the payback can be great. It all starts with you—the owner. You can create a company that attracts the best technicians, and you have the power to make sure they stay. **YG**

*This article has been based on chapters 9 and 10 of the EETC's book, "Recruiting & Retaining Service Technicians." Visit [www.eetc.org](http://www.eetc.org) or call 262-367-6700 for more information.*





# Beefing up your benefits package

*Identify affordable benefits that appeal to employees and fit your company culture.*

**M**ost of today's workers expect their employers to offer more than basic health insurance. They want comprehensive benefits packages that help them lead healthy and productive lives. Some of the unique benefits offered by many small businesses today range from pet insurance to onsite child care. How do you decide which benefits to provide to your employees? Below is some advice from a think tank of human resource professionals:

- Make sure the benefit is important to a large number of your employees
- Choose benefits that work well with your company culture
- Decide if your benefits package will offer a good return on your investment

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## **By being creative and identifying things that really matter to your employees, you can expand your benefits offering without wiping out your bottom line.**

- Let your benefits package evolve with your company and employees.
- Perform a cost analysis of each benefit to determine how it will affect your bottom line.

**Brainstorm with your health care provider.** Ask how you can supplement existing benefits. You may be able to offer your employees new benefits and perks without spending a lot of cash. Some traditional providers offer such benefits as prenatal care, smoking cessation and weight loss programs, onsite flu shots, CPR training and retiree health care benefits. Then try adding a few new perks that your employees will appreciate and enjoy.

**Offer assistance to new recruits.** Consider providing services that will help spouses of your new employees find jobs. Family transition packages help

family members find jobs, schools, activities, and churches or synagogues.

**Incorporate "lifestyle" benefits.** Add benefits that help employees simplify their personal lives. Collaborate with local businesses so you can offer your employees discounts on things like dry cleaning services, cell phone plans and health club memberships.


**Offer domestic-partner benefits.** Many businesses include packages that accommodate an employee's significant other, regardless of their marital status.

**Create a time bank.** Build a sense of loyalty among coworkers with a time bank. Encourage your employees to donate sick, vacation or personal days to others in the company.

**Match employees' charitable contributions.** Donate money to your employees' favorite charities, and offer employees paid time off when they volunteer for a charity.

**Utilize the Web.** There are a number of Web sites that help you supplement your benefits package. Sites like BenefitsLink.com can help employers create perk programs for their employees.

**Explore options for child care.** Company child care centers help cut down on absenteeism. If your company is too small to provide onsite care, consider offering referral services and subsidies.

Benefits can be costly, but are often necessary in attracting and retaining good employees. Not all small businesses can offer benefits such as profit sharing, retirement plans, company vehicles and the like. By being creative and identifying things that really matter to your employees, you can expand your benefits offering without wiping out your bottom line. And remember, your employees are your greatest asset—so don't be afraid to invest in them. 

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## Dealers see the benefit

*Benefits are becoming more necessary to attract and keep good employees. Here's a look at what some of this year's Dealers in Excellence Award finalists have to say about this important topic.*

Independent outdoor power equipment dealers provide employees with an assortment of benefits. Depending on a variety of factors, including the dealership's annual sales volume, which benefits are offered will vary from dealership to dealership.

Health insurance, paid vacation and paid holidays seem to be the most common. Of the 15 Dealers in Excellence Award finalists this year, 12 said they provide paid vacation, 10 said they offer some sort of health insurance plan, and six said they provide paid holidays. Other benefits offered, in order of popularity, are:

- Free uniforms – four dealers
- Bonuses – three dealers
- Sick leave/personal days – three dealers
- Profit sharing – three dealers
- Dental insurance – two dealers
- Life insurance – two dealers
- 401k retirement plan – two dealers
- Product discounts – two dealers
- Trips, event tickets, etc. – two dealers
- Disability insurance – one dealer
- Vision insurance – one dealer
- IRA retirement plan – one dealer
- Reward programs, such as employee of the month – one dealer
- Sales spiffs – one dealer
- Cell phones – one dealer.

Let's take a look at what some of this year's award finalists have to say about the importance of offering an attractive benefits package as part of an overall team-building strategy.

"The biggest thing to me is keeping employees from year to year," says **Russ Harrington of Four Seasons Equipment in Tupelo, MS**. "The longer they're with us, the more they learn and the less hands-on management they need. This has become even more important as we've grown the business.

"We don't view benefits any differently than an employee's salary. It's part of the total compensation package. We're in a very industrial area. Many furniture manufacturers are within a 90-mile radius of our store.

We decided several years ago that if we were going to be able to attract quality people—and keep them—we had to offer some of the same benefits these factories were.

"We've been offering health insurance for 12 years. We decided that was the most important benefit to offer because we asked our employees what they really needed. It's been a big plus. Not many companies of our size can offer health insurance.

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**"We decided that if we were going to be able to attract quality people—and keep them—we had to offer some of the same benefits these factories were."**

– Dealer Russ Harrington

"We've also been offering profit sharing bonuses for the past 10 years. We tell employees the bonus is part of their salary. We also tell them that if the business makes money they make money. Employees are empowered to look for ways to be more efficient and not as wasteful.

"We earmark around 25% of pre-tax net profit to be set aside as profit sharing bonuses. That amount is then distributed to employees. How much a given employee receives is based on how long he or she has been with our dealership. Fortunately, we've been able to show a pre-tax net profit each year since we started offering the bonuses, so this has also worked out very well."

"I feel my biggest investment is my employees," says **Ken Peters of The Mower Shop in Medina, OH**. "I let them have a lot of input in day-to-day decisions. I try to pay them very well and make their jobs as pleasant as I can. To my employees, working here is more than a job. If it's not they won't last long—and neither will I. We also offer health and medical insurance."



**Garnett Vance of Vance Outdoor Power Equipment in Glasgow and Bowling Green, KY**, says that without good people, hardware such as computers and other equipment is worthless. “My father was one of the smartest people I ever knew. He once told me, ‘You need good people. But if all you’re going to pay is peanuts, all you’re going to get are monkeys.’

“We feel like one of the biggest failures in this industry is qualified technicians and counter people. How do you attract these qualified people unless you can offer them a package where they will perform in your environment and not be job shopping? We figure that it costs \$3,000 per year per employee just to keep staff trained and updated on the changes in our industry. I feel that in order to move more into the retail concept and away from the mom-and-pop style of operation, we have to build a business model to attract and keep very skilled personnel.

“We want our employees to retire from Vance Outdoor Power Equipment. The benefits we offer are what we feel meet the needs of our staff. We want to provide them with the security that working at our stores is a career move, not just a step in their career. It has proved very successful. Our employee retention is great.

“We have weekly employee meetings, and insurance is often a topic. As employers, we compare our insurance plan to others. I think one of the most important aspects that has helped us is that we are not only store owners, but also employees. We do not want anything less for our employees than we would want for ourselves.

“Once you start a benefits package, the worst thing you can do is take something away after you have already given it. I would recommend starting small and listen to your staff and their needs. We have often found that by listening, not only can we provide good benefits,

but also save money, because what we thought was needed really wasn’t; the staff would rather have something completely different. Communication is the key.

“Not offering a benefits package is not in our business model. If we as retailers in the power equipment industry cannot attract good people and keep them, we will not have a business to invest in—period.”


**Jeff Johnson, president of A-1 Outdoor Power in Corcoran, MN**, says all areas of dealership investment are reviewed throughout the year, including parts and wholegoods inventory, computers, shop equipment and advertising. “We also prepare for our annual employee performance review process each spring,” Johnson says. “All benefits are looked at individually and as a group to see if changes are needed and able to be made.

**“Once you start a benefits package, the worst thing you can do is take something away after you have already given it ... Start small and listen to your staff and their needs.”**

– Dealer Garnett Vance

“We feel strongly that our benefits offering is important in attracting and retaining quality personnel. We always strive to treat our personnel fairly, as we would want to be treated.

“As we have added to our benefits package over the years, we have looked at other organizations (often larger than us) have to offer. We’re willing to invest whatever’s needed to treat our personnel fairly.”

Several industry financial analysts say that the most profitable outdoor power equipment dealers spend around 35% of gross profit on employee wages and benefits. However, you probably don’t want to go much higher than 50%. Then, what you choose to spend that 35-50% on is up to you—and your employees. 

# Hire personality first and last

By Ed Kovalchick

**Y**ou have heard or said it more times than you can count: “Hiring the right people is the key to success ... if I could only find the right person ... I just don’t think I have the right person.” Agonizing over the “right person” has become a national pastime for owners and managers everywhere, and the issue becomes more predominant with each passing year.

The question begs to be asked, “What constitutes the right person?” Everyone rattles off the most common attributes that we aggressively seek, like good appearance, people skills, loyalty, minimum jail sentences, and especially knowledge of the selected position. Of course, after we attempt to discover if our interviewee possesses our predetermined requisites, we usually make an educated decision by the scientific observation, “I liked him or her,” and we are glad “that’s over.” After that we gently pray that somehow we were correct in our coin-flip decision.

For the sophisticates of commerce, there are hiring “tests.” These know-all, tell-all sorties into the gray matter of our job applicants are designed to reveal the inner most secrets and all-important “tendencies” to the interviewer. We hope these tests are the answer to our previous prayers.

I am not professing to know the absolute answer to effective hiring, but I have learned some very valuable lessons from making a multitude of mistakes (i.e. dumb decisions). One of the most poignant observations I made was that the knowledge of a job is absolutely secondary to the personality traits being hired. In fact, I found that wide-of-the-mark personality traits, applied to all the knowledge in the world, still resulted in disappointment.

## You can’t fix a jerk


Professional child psychologists teach us that the personality attributes of humans are fully developed by the age of five, based primarily on interactions with adults, and the genes inherited from parents. Personality from that point, they say, changes very little, unless a catastrophe occurs that permanently affects one of their developed emotional attributes. The outcome is simply that if someone is a jerk in the second grade, that person will most likely be a jerk at the company they are

employed by later in life. It’s unfortunate that we can’t go ahead and hire from the second grade where these matters are more easily judged.

I have observed the following factoid: We can teach a person essential functions to perform a job effectively. However, we cannot teach him or her to embrace these functions, nor to perform acceptably. Job candidates who have been exposed to job functions through experience may or may not perform well with that gained knowledge. However, it’s most common for us to assume that this “experience” is far more important than the individual personality traits these people may now possess. Did I say that right?

## Can you “learn” this person?

In reality, so-called “past experience” can be a negative when applied improperly. Unfortunately in hiring, it is usually the No. 1 concern. It’s much more important to evaluate for a personality that has some type of track record for learning and operating effectively with any type of job function, regardless of the application to the current job requirements. Generally, an effective manager of a fast-food restaurant will be an effective manager of almost anything. Unfortunately, competing candidates are hired based on past experience within a chosen job function, more often than on past performance.

Once you have satisfied yourself that a person has performed well at some job function, no matter what that is, the most difficult part of hiring is completed. So hire on and let the learning begin. 

## About The Author

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# How to hire the right talent

By Marsha Lindquist

You probably think good talent is hard to find these days. You may even be frustrated with the process you have to go through every time you need to add help. In many instances, you're not too impressed with the candidates you interview for the job. But you're forced to make a decision because you need to hire someone for the position right now, or so you think.

Too often, employers hire the wrong people for their organization because of the perceived need to hire someone right away. As a result, they fall into the same pattern they've always used to seek employees, and they're less than pleased with the results. But good talent does exist—you just have to know how to find it. The key is to try a new approach for locating top-notch talent. When you do, you'll realize that finding exactly who you are looking for is actually quite simple. The following tips will enable you to find the right talent so you can make your organization a success.

## Seek seasoned employees

Many organizations today employ young, inexperienced people who think and act like they know it all. Having young, dynamic and energetic people within your organization is great, but you also need to have seasoned individuals with the knowledge and skills you can only gain from years of experience to mentor and teach the younger employees.

## Consider more than one job category

If you can't seem to find the right talent, you may be looking for the wrong type of employees. Most employers automatically think they have to hire full-time permanent individuals. This is not always true, so you need to get out of that mind-set. Re-evaluate the position you're hiring for. Is it really a permanent position? Do you really have enough work to justify bringing someone on full-time, or might you be better off hiring part-time people?

## Don't rush

One major mistake employers make is being in a hurry to fill an empty position. Slow down and analyze what needs to be done and what type of person you are looking for to join your organization. Really think of all

of the possibilities. Can you move people around within your organization? Do any employees have crossover duties that you can combine into one position? Maybe you'll find that you can combine two jobs previously done by two different people, thus freeing one of them up who would be absolutely ideal for the position you are seeking to fill. When you slow down and take the time to really evaluate what your organization needs, you may realize that the solution is not hiring someone at all.

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**Too often, employers hire the wrong people for their organization because of the perceived need to hire someone right away.**

## Consider a different demographic

When looking to fill a position, don't forget about retirees and senior citizens. You can find a lot of talent from these people who don't want to work a lot, but they have incredible experience. This group is likely not seeking full-time employment, so you may be able to hire them as part-time employees. Students are also looking for part-time seasonal employment, which is when you need extra help the most.

## Don't hire from a piece of paper

When you first try to find somebody to fill a position, you probably have a wish list in mind of exactly what skills and qualities you're looking for. But if you find someone with the right attitude, you will likely end up getting a lot more than what you were looking for and you will be more satisfied with your decision.

Always base your hiring decision on the person, not on what's on his or her resume. Sure, you may have to look for a little different skill set than what you originally thought you wanted, but the important thing is to find the person who will mix well with your current team. In the end, you will be better off hiring the person with

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# Don't take new hires for granted

By Bill Lee

the right attitude and only part of the skill set you were looking for rather than someone with the right skill set and the wrong attitude. You can always train job functions, but you can't train somebody's attitude.

## Get demonstrated results

Before you hire someone, be sure you ask for and get demonstrated results. You don't want to interview someone and have them just talk about what they've done in the past and the type of results they attained. You want them to put their results in writing. You want to find out what they did differently to make a difference in the last organization they worked for.

For example, if you're hiring a salesperson, you want to know how they increased sales at their last job by a certain percentage in a short period of time. Don't just ask for these demonstrated results. Verify them, as well. Find out if this candidate has already done what you will be asking them to do now for your business.

You know that hiring individuals for your organization is difficult. Hiring the right talent is even more difficult. The truth is, it doesn't have to be. When you slow down, examine what you really need for your organization, and approach the hiring process differently than you have in the past, you may be surprised how much easier it can be to find the right talent. **YG**

## About The Author

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**H**iring good people is only half the battle. The other half is keeping them, especially in a relatively strong economy where quality people are difficult to attract.

When I interview a newly hired employee, it's sometimes like listening to a bride who recently returned from her honeymoon. What happened to all of the bouquets of flowers, the love notes and impromptu candlelight dinners that were so much a part of the dating process that convinced her that she was marrying such a thoughtful man? Much of the romance seemed to slowly disappear soon after newlyweds settle into the routine of marriage.

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## **A new employee's initial impressions can make a big difference in both attitude and performance over the long-term.**

The same scenario often occurs when owners or managers bring in a sharp new employee they have been romancing for several months trying to persuade him or her to leave his or her current job and join a new work team.

After completing a warm and professional hiring process, the new employee's first day on the job can be a real shock. More times than not, the new hires report for work only to be greeted by a sea of quizzical looks from veteran workers who had no idea that they were scheduled to arrive.

Bringing in a new employee to your company carries a lot of responsibility. How the orientation process is handled is critical. A new employee's initial impressions can make a big difference in both attitude and performance over the long-term.

If managers will discipline themselves to follow a few well-thought-out procedures, they can create an environment that will increase the comfort level of both new employees and their existing staff.

### Send company info

Well in advance of the new employee's first day on the job, send a packet of information on your company. Included in this packet might be the following:

- A write-up, accompanied by any booklets or pamphlets, describing the benefits and other perks offered by your company, such as insurance, IRAs, vacation, etc.
- A list of all employees and their respective roles at the dealership
- Marketing materials your dealership has done, such as mailers, Yellow Page ads, newspaper ads, business cards, etc.
- Your company policy manual, if you have one.

## **Assign each new employee a mentor who has been around long enough to know the ropes.**

### Brief current staff

Advise new employees' co-workers of their arrival date, but be careful not to oversell the new employees' credentials. Existing employees are naturally a bit insecure anytime someone new comes on board, so overselling can cause the new hire to sometimes be perceived as a bit of a threat.

### Get ready for their arrival

See that new employees' workstations are prepared for their arrival. There's nothing more frustrating than to arrive on that first day on a new job and find that you have no service bay or tools to work with, which may include a desk or computer.

### Help get them started

Hand new employees an activity schedule that you have planned for their first couple of weeks on the job. This will keep them from suffering from that "lost feeling" as they settle into their new positions.

### Bring them into the fold

At least for the first week on the job, assign a different co-worker to take your new hires to lunch each day and include the co-worker's name and job title on the activity schedule.

### Mentoring works

Assign each new employee a mentor who has been around long enough to know the ropes. Be sure to select the mentor carefully. Choose mentors who are respected by their co-workers and who will unselfishly help the new employee's orientation period become as pleasant as possible.

### Welcome their family

If the new employee has been hired from outside the area, be sure to arrange for his or her spouse to receive a warm welcome to the community. Assign an appropriate person to show the spouse around and answer questions about the community, neighborhoods, schools, etc.

The first few days on the job can either be a great beginning or a nightmare for new employees. It is management's job make sure that new hires' initial impressions of the company give them every reason to believe that they made the right decision when they chose your organization. **YG**

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# Four steps to managing anyone

*Motivation and communication get the job done.*

By Mimi Donaldson

**M**anaging means getting results through people. We do this in many different settings from work place to household. If you are alive, you have more than likely already been a manager. You've managed delivery people, repair people, pets, children, in-laws, spouses and more.

One myth is that you need to throw money at people to motivate hard work and loyalty. That's not entirely true. Management has less to do with charisma than with consistency. Managers depend on effective interpersonal communication skills to get things done.

Many of you are called "boss." To avoid "boss" becoming another four-letter word, follow the four steps laid out below.

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**Management has less to do with charisma than with consistency. Managers depend on effective interpersonal communication skills to get things done.**

## Step 1

**Tell the person clearly what you expect them to do.** This is often easier said than done. In management training environments, this is called "delegation." My definition of "delegate" is to empower and motivate a person to accomplish results for which you are ultimately responsible. Delegation includes these guidelines:

- Choose a person capable of doing the job
- Explain the result you want
- Give the authority to get it done
- Monitor the activity
- Give recognition or praise along the way.

**Set the climate.** Be sure you're in a place conducive to concentration at a time when the person can concentrate. Listen to your words as you set the tone. Over the years, I've heard many a harried manager unwittingly say, "Now this is a simple, mindless task ... that's why

I'm giving it to you." Not very motivating.

**Give the big picture.** Describe the overall objectives. People need to see where their part fits into the whole to feel part of the loftier goal.

**Describe steps of the task.** This is the meat of the delegation discussion. Sometimes these are already printed in an instruction or procedures manual. You still need to go over these steps, however briefly, with the capable person to assure yourself of the person's understanding. If the steps are not already written out, have the person take notes as you speak. This increases understanding.

**Cite resources available.** Point out where there are other references, if any, on the task. Resources include people who have done the task or parts of it before.

**Invite questions.** Even if it feels as if you don't have time to do this, it's worth it. Better to spend the time up front than be unhappily surprised later. Invite questions with open-ended prompting such as, "What questions do you have?" not "You don't have any questions, do you?"

**Get the person to summarize what they will do to get the job done.** This takes some courage on your part; you risk being answered with a defensive "Do you think I'm stupid?" I use this sentence: "Call me compulsive—I need to have you summarize how you will get this done." When you take responsibility, you reduce defensiveness in the other person.

**Agree on a date for follow-up.** How soon will depend on the complexity and value of the task. You may need time and practice to develop the fine art of follow-up without hovering.

## Step 2

**Give them a reason to do the task.** This is the fine art of motivating. Motivating people is impossible ... they have to motivate themselves. There must be something in it for them.

Remember when you were in third grade, sitting at a little desk in class, listening to the teacher. He or she was droning on and on, boring you to sleep. Suddenly, an obnoxious kid in the back row yelled out, "Hey, teacher, is this gonna be on the test?" You were so embarrassed



to hear someone actually ask that question. But you listened very carefully to the answer. If the answer was “no,” your reaction was probably to relax—it’s not on the test. But if the teacher said, “yes,” you straightened up, borrowed a pencil and started taking notes. Ever since then, we have done only what we perceive is on our test.

To motivate people, you’ve got to find out what’s on their individual test. Then put your priority squarely on their test.

**Motivating people is impossible ... they have to motivate themselves. There must be something in it for them.**

Step 3

**Give the person the tools and resources they need to do the job.** This requirement can range from a desk and pencils to on-the-job training and enough time to get it done. This is the “put-your-money-where-your-mouth-is” step. Teamwork among individuals of varied backgrounds, experience and human interactive skills does not just magically happen. If managers want people to be productive and happy, they must put time and effort into training themselves and their people in technical skills and communication skills.

Step 4

**Give feedback.** All people, when accomplishing a task, want to know how they’re doing—even your “stars.” There are two types of feedback: positive and corrective. Here are four tips for each.

*Positive feedback:*

- Make it succinct, specific and sincere
- Stick to praise only; don’t use it as an introduction to another discussion
- Tell them why their accomplishment is important to you and others

- Don’t be surprised if the person is embarrassed or suspicious; this may mean they’re not accustomed to praise and need more of it.

*Corrective feedback:*

- Never attack the person—attack the problem, whether it’s job performance such as inaccuracy, or a work habit such as tardiness
- Keep calm; it’s a problem-solving mode you are seeking
- Be prepared to tell the consequences if the problem continues—and be prepared to carry them out.
- Don’t be surprised if the person reacts with hostility; even if you’re being calm and objective, some people tend to take this discussion quite personally.

It takes practice and, quite often, some training and acquiring of new skills to carry out these four steps to managing. But stick with it. Managing people and empowering them to accomplish things makes a difference in their lives ... and yours. **YG**

About The Author

*Mimi Donaldson is co-author of the book, “Bless Your Stress: It Means You’re Still Alive.” She has more than 25 years of experience training companies like General Motors and Proctor & Gamble on stress reduction, life balance, management and communications. A master’s graduate of Columbia University, Mimi was previously a human resources trainer for Northrop Aircraft, Rockwell International and Walt Disney. She is also co-author of the popular, “Negotiating for Dummies.” For more information on her speaking, training or books, please visit [www.mimidonaldson.com](http://www.mimidonaldson.com) on the Internet or call 310-577-0229.*

# Effectively managing change

By Jim Dawson

**N**o matter how we feel about it, the one thing we can always count on is that things are going to change. What we may not realize is that how we handle change affects the quality of our lives. Whether it is a new employee, market opportunity, product line or job responsibility, any change in our work life can generate strong emotions. We may feel joy, hope and enthusiasm. But more often change frightens us. If we aren't ready for it, we can become anxious, depressed or angry.

When we learn how to manage change effectively, we become less afraid of the unknown and more excited about the opportunities it may bring. We also become a greater asset to our organization and to those around us.

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**When we learn how to manage change effectively, we become less afraid of the unknown and more excited about the opportunities it may bring.**

First of all, understand that there is nothing wrong with feeling uncomfortable when your patterns and routines are disrupted. It's human nature to prefer a certain amount of stability and predictability. When a change at work threatens your sense of security, think about some of the changes you've been through that you initially resisted but later embraced because you saw the benefits. It may not have been easy, but things did get better. From this point of view, you can make a more objective assessment of the current situation. By asking yourself "What can I do?" rather than "Why me?" you will be well on your way to making change work for you.

## The four stages of change

An awareness of the four stages of the change process will help you manage your expectations and your personal response to it more effectively.

**Change.** The change event happens. In this stage, emotions are heightened. A lot of people fear change

because they don't know what it is all about. If the individuals affected by the change don't understand or agree with the reasons for it, they may feel anxiety, dread or resentment.

**Resistance.** Once the initial emotional response is over there is usually a period of resistance. During this stage you may hear, "This will never work." "They don't have a clue what they are doing." "The way we used to do it worked just fine!" "I'm not going to do this unless I have to." "They'll have to prove it to me first!"

**Compliance.** In this stage people begin doing things the "new way" even though they are still feeling some resistance. They may say, "I don't like it but I'll do it." "I'll go along with this for now because it will never last." "OK, I'll do it but I don't agree."

**Acceptance.** The new way of doing things becomes the norm. In fact, the new norm has become "the good old way" that people cling to when the next change comes along.

With a general understanding of how people move through change, there are four specific steps you can take to benefit from the changes around you.

## How to D.E.A.L with change

How well you deal with change depends on your internal barometer. If the face you put on for the rest of the world and how you feel inside are not in alignment, it affects your potential for success, as well as everyone you come into contact with on a daily basis. To successfully manage change, you must first align your feelings with your actions.

**Don't react – do respond.** What is the difference between reacting and responding? When you react, you feel and act without thinking. When you respond, you think first, suspend your automatic judgment or reaction, and then you choose your emotions and your actions.

People have a tendency to react to change by thinking the worst and imagining undesirable outcomes. "Life as I know it is over!" This is when you need to take a deep breath and ask yourself, "How do I really feel?" because how you feel depends on how you interpret your experiences. If you determine that your uncertainty and fears are legitimate, you can move to a place of self-


empowerment by becoming engaged in the change. By choosing not to be a victim, you will immediately see things differently. Instead of focusing on the negative, you will focus on positive alternatives.

**Engage your personal power.** Engaging your personal power is about reaching inside yourself to find the willingness to change, to persevere and to help others. It's about maintaining a positive approach in your thoughts, words and emotions so that you stay energized and ready for new challenges. Your personal power will be greatly enhanced if you maintain your sense of humor and keep your business and personal life in balance.

If you can keep an open mind and employ tact, common courtesies and patience, and be tolerant of ambiguities, you will sidestep most of the confusion and misinformation that accompany any change event. It's during this "period of chaos" that an individual with a level head will stand out.

**Acquire facts and information.** Be proactive about your situation. Learn all you can about the change and why it is taking place. Don't be afraid to ask questions to help you determine where you are in relation to where the organization is going. Do your research. Find out which products and services are going in and out of vogue. Learn more about your industry and the current trends in your marketplace. Having accurate information gives you a stronger feeling of control over what you can do and who can help you move toward your potential future.

**Leverage your skills and abilities.** When you are confident about your abilities and the talent you bring to the work place, change will be less threatening. Constantly inventory the skills you have and pay attention to changing requirements in your field. When you find a gap, close it.

In essence, the best way to deal with change is to always be running toward something you want, not away from something you don't want. By aligning your feelings with your actions, asking the right questions and sharpening your skills, you will be amazed at how you can turn change into just the opportunity you were looking for. Remember, change is inevitable. It's up to you to make it work for you. 

### About The Author

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### *Cultivating a positive culture*

When your business experiences a growth surge, you need a united front of employees who support your company's efforts. Too many businesses lose sight of the importance of a coherent company culture. If you neglect your culture, you may begin to notice some warning signs in your employees' behavior. You may hear less laughter in the dealership or notice that people seem unfocused. Employees may begin working shorter days, taking longer lunches or even asking for more compensation.

Business owners need to present a clearly defined company vision as well as a steady and sustainable work ethic for the company to follow. During a period of rapid growth, owners need to assess what they're doing to promote their culture and consider some of the following tips:

- On a regular basis, have lunch or coffee with randomly chosen employees and really listen to their concerns and suggestions.
- At least two days a week, walk through the shop and chat with the technicians.
- Offer training to your leadership team and provide them with the tools they need to be effective managers.
- Set a sustainable work pace and watch those who tend to work excessive hours. A well-balanced work week will significantly reduce sick days and burnout.

Managers must consciously foster the development of the owner's vision and should take the following steps to increase productivity and promote culture in the workplace:

- Make sure employees have clearly defined goals and understand their professional growth path in the company.
- Develop open and trusting relationships with your employees.
- Interact regularly with employees, and offer praise or clear suggestions for improvement.
- Evaluate employees by their achievement of measurable goals, not by the hours they spend in the office.

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# Planning for the future

*Avoid these common business succession crises.*

By Thomas E. Kaplan, Ph.D.

**A**t some point in time, you will find your business in a state of transition. For some dealers, that time is right now. For others, it may still be a ways down the road. But as they say, it's never too early to start planning for the future. Whether your plan is to hand the business down to a family member, or to sell the business to an outside party, it's a much better alternative than simply closing your doors; as several dealers have had to do.

It's the dream of many a business owner to hand the company's reins to the next generation. However, that's not as simple as it sounds. All family businesses have problems from time to time. The key is learning how to work through those problems and minimize their impact.

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**While the details are certainly unique to each family, many of the issues and problems facing business families are quite common.**

## Learning to cope with the struggles

When a family business struggles, those involved often believe their problems are unique. In some instances the family wonders if the founding generation also struggled with the same issues. Many are also concerned that the next generation will face the same issues. They watch other family businesses in their communities and assume that these families are likely dealing with these "family business" issues more effectively than they are.

Sometimes this is so, but perhaps not as often as they think. While the details are certainly unique to each family, many of the issues and problems facing business families are quite common. In many cases, so is their reluctance to address these issues until the situation becomes critical. If left unchecked, some of these problems can spin so far out of control that members of the family and business begin to feel hopeless.

## Typical crises family businesses face

Some of the typical crises faced by many business families include:

- No one in the next generation is interested in the business.
- No one in the next generation has the ability to take over the business.
- The designated heir apparent to the business feels powerless to make any decisions.
- What happens when the family or business leader goes down?
- Some family members are working hard to move the business forward, while others feel entitled to the benefits of the business with little or no effort.
- No one follows through with their commitments.
- The entitlement mentality seems to have taken over the family.
- Every time family members try to talk to each other, it turns into a disaster—so most have stopped trying.

## Steps to avoiding succession crises

**No one in the next generation is interested in the business.** When children are young, develop and honor family traditions and rituals. Articulate the family's shared purpose and values. Clarify what makes your family special and why you are in business together.

When children have grown, make a commitment to shareholder education. Involve the next generation in developing a shared vision for the family and business. Create real and rewarding career paths for family members in the business.

**No one in the next generation has the ability to take over the business.** Identify the skills that will be needed by the business in the future. Communicate these needs to the family (as well as non-family employees) and help those interested in working to develop these skills.

Avoid sheltering family members in the business. Put people in roles with real responsibility where they can grow professionally. But do not deny reality. If a family employee is not working out, don't avoid dealing

with the issue. The situation will only become harder to address as time goes on.

**The designated heir apparent to the business feels powerless to make any decisions.** Members of the next generation should demonstrate initiative to make a difference in the business. Learn to appreciate the difference between initiative and subversion, and don't try to "show up" the current leaders of the business.

If you aspire to a future leadership role in the business, communicate this to the senior generation—don't assume they know this.

Members of the senior generation should make it clear that they welcome the ideas and initiative of the next generation. Don't forget, though, that they will be watching how you respond to their early efforts.

**What happens when the family or business leader goes down?** Develop long-term and "disaster" plans for your leadership transition, and actively work to prepare the next generation.

Understand the financial aspects of the next ownership transition, and implement plans to ensure that adequate liquidity will exist when it is needed.

Build a "real" board of directors. A strong board will buffer the business in times of crisis.

**Some family members are working hard to move the business forward, while others feel entitled to the benefits of the business with little or no effort. No one follows through with their commitments. And the entitlement mentality seems to have taken over the family.**

Clarify the responsibilities that come with being a shareholder of your family's business. Openly communicate about expectations and the commitments you are willing to make to each other. Address issues or problems when they are small. Many families have allowed themselves to be driven apart by a pervasive entitlement mentality.

**Every time family members try to talk to each other, it turns into a disaster—so most have stopped trying.** Commit to regular family meetings. Create a forum for open dialogue before you are facing a weighty issue. Establish ground rules for family meetings and the sharing of information—and stick to them.

Work as a group to avoid pushing "hot buttons."

## *Being proactive makes a difference*

When the problems family businesses face (including those relating to business succession) reach the point of crisis, they become very difficult to deal with. The good news, however, is that when it comes to family business, an ounce of prevention is really worth a pound of cure. Proactive families can do a great deal to prevent these and other crises. Some of the most important steps include:


1. Maintain a commitment to frequent, inclusive family meetings where values and goals are discussed and reconciled. This structure also allows family members to deal with issues when they are small and often easily resolved. Perhaps more importantly, it provides everyone in the family with an opportunity to practice communicating prior to when the stakes are high.

2. Share information openly and honestly. Many family business crises find their roots in a lack of trust. The manner and degree of information sharing becomes increasingly important with each generation.

3. Approach succession objectively, and well in advance of an anticipated transfer of ownership and management authority. This should include considerable conversation about the needs of the business and the career goals of the next generation of family members. Families that support open discussions about succession are more likely to make good decisions about entry and advancement.

4. Run your business like a business. Families that commit to shareholder education and maintaining an active, independent board of directors do a great service to their family as well as their business.

Work to stay focused on the topic, and avoid the behaviors that will derail the communication process.

Some families thrive for generations without appearing to face a crisis. Their secret is not luck—it's the consistent attention to the health of their family and business. By being a proactive family business, you're more likely to rectify problem situations before they reach crisis mode, in turn, helping secure your family business for the future. 

# Exit strategies

## *Finding, developing and retaining non-family successors*

By Thomas E. Kaplan, Ph.D.

“**M**y business depends too much on me—how will I ever be able to retire?” ... “I just can’t see my kids stepping up to run this business—and I’m not sure I’d let them take over even if they wanted to.” ... “All of my best employees are either my age or too green to take over the business.”

Many small business owners start with the vision of building a company that they can pass down to the next generation of their family. While many owners do just that, many others at some point find themselves facing an uncertain future. Having concentrated most of their years and wealth in the business, many find themselves relatively alone in deciding “what comes next.”

Business owners who are unable to develop family successors—either by choice or necessity—can greatly increase their prospects for a successful transition to others by taking a couple critical steps.

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### **Many business owners assume that their employees, particularly highly valued employees, understand what is expected of them.**

**Clarify your personal, ownership, business and financial goals.** Until you have clarified your goals as the owner of the business, it is not possible to effectively prepare your business for transition. Many business owners assume that their employees, particularly highly valued employees, understand what is expected of them. Many owners are frustrated that these individuals will not “step up” and lead. They wonder why their managers “can’t see the opportunity” that exists to “someday take over” the business. They feel betrayed when these “potential owners” leave the business, and they cannot understand why things didn’t work out.

**Communicate openly with key employees and managers about your goals and expectations, and clarify the goals and expectations they have of you—in writing.**

Are your goals in sync? What do you expect or require of others before you will relinquish authority? Is ownership transition on the table? What must happen before you will transfer ownership? Do you clearly understand their expectations of you? Many business relationships are broken because of the failure to clearly discuss goals and expectations. Many owners unwittingly oversell to employees the possibility that “one day this could be yours.” Many employees, feeling both flattered and pressured, respond in a way that the owner interprets as, “Yes! I accept! Thanks for choosing me!” In many cases, this is where the conversation about goals and expectations ends. Business owners would do well to first assess the abilities and willingness of others to accept responsibility before discussing the many opportunities associated with ownership.

#### Focus first on the business

In every aspect of business succession, the details matter a great deal. Regardless of the ownership picture, the best way to begin the succession process is with a thorough assessment of what the business needs in the future. While many owners find it difficult to “not” take the lead in this process, it is far more beneficial for all if the potential successor(s) spearheads this process. The insights gleaned from the planning process will certainly benefit those who will lead the business into the future. The relative effectiveness of the successors in the planning process will also go a long way toward increasing the confidence of the owner as he or she struggles to let go. In the same manner, the effort and ability required to lead the business planning process also tends to highlight any gaps in ability, interest or cohesiveness. Regardless of the results of this planning process, it will offer great insight to everyone involved.

#### Create a leader development plan

The process of considering the future needs of the business will help everyone identify the specific needs and gaps in the area of leadership. The owner and successor(s) should consider these needs in several areas:


- Managing the work—throughout all operations of the organization, particularly in the area of sales

- Managing the people—structure, leadership style, transitional issues
- Managing the money—access to information, financial management knowledge, critical business-specific performance measures
- Learning how to be an owner—ownership issues, profit allocation, implications of buy-out provisions.

## **The best way to begin the succession process is with a thorough assessment of what the business needs in the future.**

While many owners find it difficult to structure effective programs to develop the skills of subordinates or potential successors, their commitment is critical to the success of most small business transitions. Most owners underestimate the degree to which their organization is dependent on things known only to them—and typically not written down anywhere. Owners who make a commitment to document and transfer this information will go a long way toward increasing their chances of effective succession.

### Define the transition deal

Business transitions have many important dimensions, some of which have been defined above. Many owners have come to regret their failure to define the many details of these transitions in writing. These details should include specific milestones and a succession timeline. While the details may evolve over time, the initial discipline of documenting the process will go a long way toward improving the prospects for a successful transition. 

## ***Can management skills be coached?***

Everyone can be coached. The key questions in any coaching situation are 1) how much will the coaching change the behavior and 2) who should do the coaching. Most people are receptive to coaching if it's done constructively and with the individual's best interests in mind. But there are a few rules to follow when coaching management.

If the owner or president requires the coaching, ask someone from outside the organization to do it. Mention how improving management can reduce turnover in the ranks.

Performance reviews are a good time for coaching. That's when people are paying attention and anxious to know where they might need improvement. But remember to keep the coaching (and performance evaluations) separate from any discussion of compensation.

It is better to coach those who work for you than it is to coach your boss. If your boss asks for coaching, always confine pointers and advice to business conduct ("You could have closed the deal sooner.") and avoid personal comments ("If you shaved that scruffy beard, customers would respond to you a lot better.").

Remember that successful coaching depends on the relationship forged between the employee and the coach. The best coaches can find creative solutions that may seem chancy or baffling to others. Coaching demands not just listening skills, but also flexibility, empathy and the willingness to take risks.

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# The price of protection

*Is your worker's comp premium more than it should be?*

**W**ith rates already going through the roof, being overcharged for worker's compensation insurance is not an option if you want to clean up your bottom line. Unfortunately, overcharges are a fairly common occurrence, according to Norm Goodman of Premium Review Associates in Nashua, New Hampshire. Are you being overcharged? What are the warning signs? And what can you do to ensure that your worker's comp premium isn't a dime more than it should be?

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## **The subjective discretion available to auditors and underwriters leaves enough room to steer the premium in a desirable direction for the insurance company.**

"In 1979, as the premium audit manager for a regional insurance company, I realized that most employers could save significant monies if they were familiar with the rules of worker's compensation, and knew when and what to question," Goodman says. "The mistakes that are made are not necessarily deliberate. But it is clear that the subjective discretion available to auditors and underwriters leaves enough room to steer the premium in a desirable direction for the insurance company. Permitting a worker's compensation auditor to determine your premium without an independent review is like permitting the IRS to decide how much you owe in taxes without first consulting with your accountant."

### Why do overcharges occur?

According to Goodman, subtle overcharges are often made when an insurance company evaluates your business's history of safe work practices, determines which classification(s) your business belongs in, and calculates the total size of your annual payroll. There are numerous factors that contribute to these common miscalculations.

**Personnel turnover.** Goodman says personnel turnover in the insurance industry is notoriously high. The people who are conducting the audits and pricing the policies are typically entry level staff—people who are much more susceptible to making mistakes. Once these entry level underwriters are on the job for a while and start to get good at it, they advance professionally. So you, the business owner and policyholder, are perpetually relying on "trainees" to price your policy.

**Complex system of regulators.** Insurance regulation is conducted at the state level. Each state department has its own set of laws. However, each state also relies on expertise from one of the 13 different state rating bureaus, along with the NCCI.

"The NCCI is the organization that collects all the data, and either determines the rates or submits them to the various state insurance departments for approval," Goodman explains. "It's a very complex system involving a tremendous amount of detail. Furthermore, all these people—rating bureaus and the NCCI—want to appease the insurance companies. They don't necessarily have the policyholder's interests at heart."

**Complex, aggressive pricing.** "The complex system to determine a premium allows for mischief," Goodman says. "Little exists to inhibit the impulse to maximize a premium." Most states, Goodman adds, have approved about 600 different classifications for businesses. Some states have more while some have fewer. Regardless, the interpretation of the classifications varies from state to state.

"Insurance underwriters and premium auditors frequently handle multi-state territories," Goodman points out. "They are expected to know all the rules and nuances of multiple jurisdictions. As a practical matter, even the most conscientious of underwriters and/or auditors are overburdened."

### A matter of class

Classifications are the starting point for determining how much your company will pay in premiums for each type of job your employees perform. "Classifications are the insurance industry's way of lumping employers together with a similar likelihood of claims," Goodman explains. The general rule is to first place a business into



a primary (governing) class. This class typically has the highest rate. For a dealership, Goodman says this is the “repair” or “dealer” class, depending on the state.

Then, there are “standard exceptions” that are factored in. Goodman says there are four standard exceptions, two of which generally apply to dealerships: office employees and salespeople. These classifications carry a much lower rate, and help lower your overall premium. But in order for this to happen, you need to make sure your employees are accurately classified by your insurance provider.

Misclassification is a common culprit in overpaying for worker’s comp. If you misclassify even one worker into a riskier job, your total premium can increase significantly. Goodman explains, “If you have six employees—five technicians and one salesperson—your premium will be much higher than another dealer who also has six employees, but only three are techs, two are salespeople and one is a full-time bookkeeper.” As you can see, it’s important to make sure your insurance company is kept up to date so your company and your employees are classified correctly.

### The effect of ‘total payroll’

Your total payroll—which includes wages and salaries, holiday and vacation pay, and other factors—measures how large your company is. Total payroll then works in concert with your classifications to determine how much your premium will be. For example, say you have four techs who are classified at \$6 per \$100 in wages. If they collectively earn \$112,000 a year, your worker’s comp premium for those four techs will be \$6,720 ( $\$112,000/100 = \$1,120 \dots \$1,120 \times \$6 = \$6,720$ ).

Insurance companies normally audit your payroll before setting their rates. However, it’s a good idea to schedule audits of your payroll on a regular basis, especially if your company experiences a fair amount of shifting among your employees from year to year. Also keep good records of your overtime pay. Some states allow you to reduce overtime pay to regular pay for purposes of calculating your total payroll. Furthermore, commissions can sometimes be exempted from your premium calculation. Be sure to ask your agent if these things can apply to you and your policy.

### Experience counts

The third factor used to calculate your premium is known as the “experience modification.” As the name suggests, this tool takes your claims history, or experience, into account. If your history is lower than the industry average, you’ll likely receive a better rating, and in turn, a lower premium. In most states, companies with annual worker’s comp premiums in excess

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### ***Warning signs that your premium may be wrong***

How can you determine if your premium is wrong and it’s time to question your insurance provider? Norm Goodman of Premium Review Associates offers the following red flags you can look out for.

- The effective date of your policy differs from the effective date of your experience modification
- Your policy’s modifier is labeled as either “contingent” or “preliminary”
- Your policy is frequently endorsed with changes to classifications, rates or payrolls
- Employees are paid a significant amount of overtime
- The insurance company’s audit of your payroll is always brief and superficial
- During the audit, the auditor asks surprisingly few questions, and few records are examined
- A classification that was not placed on the policy is added to the audit
- A classification that was on the policy is omitted from the audit
- The auditor never volunteers to leave copies of his worksheets
- Within the last three years you’ve merged with another company
- Within the last three years your business has expanded into another state(s)

of \$5,000 for two to three years—or \$10,000 for a single year—are eligible to receive an experience modification. It's a good idea to double check the experience rating given to you by your insurer. You can analyze your own rating with worksheets provided by the NCCI by visiting [www.ncci.com](http://www.ncci.com).

### Lowering your premiums

The first steps to possibly lowering your premium, as described throughout this article thus far, are 1) making sure your insurer calculates your total payroll accurately, 2) making sure your insurer classifies your employees accurately, and 3) making sure your experience rating is accurate and up to date. Then, there are several other things you can do that might help lower your premium.

## **Some states allow insurers flexibility in rewarding companies that institute better working conditions.**

Keeping your workplace safe and healthy can lead you to credits that reduce your premiums. Some states allow insurers flexibility in rewarding companies that institute better working conditions. Check with your agent to see if you qualify. Even if you don't, it's still advantageous to do everything in your power to ensure that your workplace is as safe as possible.

"Enlisting the services of workplace safety specialists is becoming more common with small businesses," Goodman says. "The safer your workplace is and the longer you go with a minimal number of claims, the lower your premium is going to be."

Deductibles are another way you may be able to lower your premium. A little more than half of the states allow you to pay a deductible—typically between \$100 and \$1,000. Sometimes, by agreeing to a deductible, you can lower your premiums by as much as 25%. Again, check with your agent on whether this may apply to you.

These are just a few tips designed to help you find errors in your worker's compensation policy. Worker's comp can be an expensive cost of doing business. By familiarizing yourself with how your premium is calculated, staying on top of your agent and/or insurer to ensure accuracy in your classifications, and striving to maintain a safe workplace, hopefully it will not be any costlier than it has to be. **YG**

### *Get a good agent*

"Insurance agents and brokers, though skilled at what they do, just do not have the background in the area of worker's compensation," says Norm Goodman. "Most are generalists in the sense that they are familiar with many lines of insurance. They must also know insurance markets and policy coverage." Goodman has well over 30 years experience in the insurance industry, specializing as a premium auditor.

Do you have a good agent when it comes to your worker's compensation policy? A good agent will:

- Be familiar with your industry
- Uncover discounts for you
- Be your advocate during the premium negotiation process
- Provide you with resources to begin a loss-control program
- Be vigilant about accurate claims reporting, since inaccurate claim reports affect your premium for three years
- Review insurers' audits of your payroll to make sure you're not misclassified.

# Safety

*It's not who you know, it's what you know.*

By Carl and Deb Potter

**M**any companies look at safety in terms of outcomes. For instance, their employees are either injury-free or injury-prone, or their workplace has a greater or lesser number of incidents this year than last. Do you believe your employees' actions or behaviors determine their safety? Does your company determine its safety level with a formula based on the number of personal workplace injuries or vehicular incidents your drivers had last year?

While useful in some circumstances, these types of measurements are often referred to as "lagging indicators." They reflect what has happened and in what quantities, but they really don't tell the whole story of safety in your organization.

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**Consider how much you and your employees know about the way everyone works. This knowledge can help everyone to work safer and to go home every day without injury.**

There's another, often better, way to measure and improve workplace safety. Consider how much you and your employees know about the way everyone works. This knowledge can help everyone to work safer and to go home every day without injury.

The next time your employees sustain an injury or have an accident, even when they only experience near-misses, take the time to think about what the event reveals about the level of safety knowledge in your organization. You may be shocked at what you learn when you ask yourself and others involved in the incident the following three questions:

**1. What are the work procedures related to the task you were doing at the time of the incident?**

For example, if a worker was injured while using a hand tool, he or she may describe what they *thought* was the proper procedure for using the tool, when in fact no one

may have trained him or her to use the piece of equipment properly. In this case, you may learn that employees need training in the appropriate use of certain tools in order to avoid future incidents.

**2. How did you learn to do the task you were doing when the incident occurred?** Accident investigations often reveal that workers primarily learn to do their work from their peers through on-the-job training. In many industries, advances have been made over the years in technology and equipment, yet more seasoned workers may not be aware of these improvements. Sometimes these experienced, yet unaware, employees inadvertently pass along unsafe work practices to others who join their workgroup. As a result, new workers are continually trained in older, and probably less safe, work methods. If training and safety knowledge aren't updated, dangerous situations can easily result.

**3. What can we all learn from this so that no one else experiences a similar incident?** Most people genuinely want to help their co-workers to go home every day without injury, so you will probably get good ideas and valuable information when you ask this question. Share what you learn from these interviews throughout your organization, especially with those who may face comparable circumstances, so everyone can avoid injury if a similar situation arises.

You'll discover that, in many cases, good safety rules exist, and employees understand safe work procedures, but they feel they must rush their work, so they take shortcuts that lead to injuries. When the employees involved in incidents or near-misses identify the underlying causes that result from being in a hurry, they can share with their fellow employees the lessons they've learned for the benefit of all.

## Get employees involved

Good communication is essential if the safety process is to be successful. Workers need to feel as if they are involved in a process and making a contribution to the overall benefit of their co-workers and the company, not as if they are snitches or will risk punishment

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# Safety in the shop

for divulging what really happened when the incident occurred.

Ask the previous three questions in such a way that the involved workers feel comfortable about sharing information with you. If they feel as if what they offer you will be used against them in any way, forget it. They will be unwilling to speak honestly—or possibly at all—so you will lose the opportunity to learn. On the flip side, if employees trust you and believe that your questions are truly designed to uncover ways to make the workplace safer for everyone, then you will tap into a gold mine of good information. Then it is vital to pass this information on to others throughout the company in a meaningful way.

When it comes to safety, it really doesn't matter who you know, it's what you know. By asking these questions, you will gain knowledge that will allow you to provide your employees with an invaluable resource gleaned from the lessons learned by others. Share the information in safety meetings, employee discussions and pre-job briefings. Be sure to assimilate it into appropriate employee training courses. When you do everything you can to ensure that employees know what they need to know in order to do their jobs safely and effectively, you'll find that more and more injury-free workers will go home to their families every day. **YG**

## About The Author

Carl Potter, CSP, CMC and Deb Potter, PhD, CMC have worked with hazardous industries for a combined total of more than 44 years. They work closely with many large corporations as speakers and consultants. They have authored several books including the best seller "Who is Responsible for Safety?" "Simply Seamless Safety" and their latest book "Zero! Responsible Safety Management by Design." For more information, contact them through Potter and Associates by calling 800-259-6209 or visiting [www.potterandassociates.com](http://www.potterandassociates.com).

*A "safety first" mind-set will help protect your employees and your bottom line.*

In order to maintain a safe working environment, a "positive safety attitude" is essential. Safety is a state of mind that needs to be adopted by each of your employees—namely your technicians. To achieve this, the impact shop safety has on your business should be clearly communicated to your staff on a repetitive basis. Then you must equip your service department with the necessary tools to perform its function in the safest, most productive manner possible. By adopting this "safety first" mind-set, you'll not only be protecting your employees, but also your bottom line.

**You must equip your service department with the necessary tools to perform its function in the safest, most productive manner possible.**

## Steps to a safer shop

There are a host of common accidents in outdoor power equipment shops. All are preventable when a "safety state of mind" is adopted by you and your team:

- Cut or burned fingers from equipment
- Debris in eyes or fingers from flying objects
- Hearing loss from chain saws or various other loud equipment
- Breathing carbon monoxide from the exhaust of an engine
- Electrical shock from repair generators or electrical appliances
- Back injuries, etc. from lifting heavy objects around the shop.

A safe work environment first requires an orderly workplace with regularly maintained and/or serviced equipment. It's important to maintain a clean and uncluttered shop, work area and workbench. Many dealers require techs to clean up their work stations on a weekly

if not daily basis. You'll also want to ensure that each work area has adequate lighting.

Technicians must be made aware of the potential dangers associated with each machine or operation. Periodic safety meetings and "warning" signage that serve as reminders in the shop are often effective. Your employees must also learn to protect themselves. This is not just a word of advice—it's a requirement. Make sure that all of the necessary "protective devices" are readily available to each of your technicians, and implement a system to police their use.

Make sure each member of your service department has a clear understanding of all basic shop safety practices. And remind your techs to be especially careful of the following:

- Protect their eyes by using the proper safety glasses, goggles or face shields whenever they hammer, drill, grind, or work around pressurized air or liquids, springs or other stored-energy components. If there is ever any doubt, put on eye protection.

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## ***Cleaning house***

A cleaner working environment is a safer working environment. Thus, you'll be on your way toward instilling a "safety state of mind" once you first instill a "keep it clean" state of mind among your employees.

For dealers Paul Vigil Jr. and Phil Humphreys, the importance of cleaning house is conveyed quite clearly to employees—because it's a daily occurrence. "Our guys clean up their workstations every afternoon before they go home," says Vigil, co-owner of Paul's Lawnmower in Westminster, CO. "We're a smaller shop; my partner and I, along with one other tech. We monitor each other. Keeping things clean and safe is our No. 1 priority."

As owner of Humphreys' Wheel Horse in New Castle, IN, Phil Humphreys says it's ultimately his responsibility to make sure his shop staff keeps things tidy in the back. To do so, he's installed rigorous standards, leaving little margin for error. "I want a woman wearing white shoes to be able to step out of her white Lincoln, walk through our shop, and feel comfortable getting right back into her white Lincoln," Humphreys says.

To ensure that level of purity, cleaning house is an ongoing task that happens all day, every day. "When a mower deck is cleaned out," Humphreys relates, "we sweep it up immediately. If something hits the floor, whether it's oil or soda, we clean that up immediately. And I mean really clean it up. We

get some parts washer solvent and a rag. We don't have floor dry around our shop. That just makes an even bigger mess."

New technicians, Humphreys says, are initially stunned by the meticulous nature of his shop. Many are used to working "dirty," so it takes a little time for them to acclimate. "I rely on my experienced guys to mentor our new mechanics," Humphreys points out. The same scenario holds true at Paul's Lawnmower. Vigil says, "When we hire a tech, the first thing we do is pound the message into his head: Safety is critical. We emphasize the importance of wearing safety gear such as hearing and eye protection. Then as the owner, it's my responsibility to make sure my techs are properly equipped."

Aside from cleaning up messes and spills, Humphreys points to a couple of other things that help him keep his shop clean and safe. First, all blade and chain grinding is done in a separate room. "I don't want a grinder running in the same room where an engine is open," Humphreys says. Plus, he points out, grinding causes a lot of debris. "This way all that mess is contained in one room. Every couple of days, an employee brushes that room out and sweeps up." Secondly, Humphreys says repair jobs that are awaiting parts are hauled back to the warehouse until the parts arrive. "My techs don't have all that much room to begin with," he says. "We don't need to clutter up the shop with equipment that's waiting on parts."

- Use other protective wear when necessary. For example, handling hot or sharp parts can cause severe burns or cuts, so slap on a pair of gloves and safety shoes. Always wear gloves when sharpening blades. And always wear hearing protection when operating loud equipment.

As the business owner, you can help your technicians become safer by making investments in the shop that will not only enhance safety, but also efficiency and profits. For instance, provide your service department with quality equipment lifts. Maintain a well-ventilated shop area or exhaust vacuum system to expel the exhaust of an engine from the shop area.

## **You can help your technicians become safer by making investments in the shop that will not only enhance safety, but also efficiency and profits.**

### Use some common sense

Good ole common sense also plays a part in a safety environment. There is no substitute for common sense safety thinking. Don't grind blades around a gas can. Store gasoline in an approved gasoline container away from potential flames from a bench or blade grinder, for instance.

Make sure the engine is off before you begin any servicing procedures, unless the instructions tell you to do otherwise. This will help eliminate several potential hazards:

- Carbon monoxide poisoning from engine's exhaust. Be sure there is adequate ventilation whenever you run the engine.
- Burns from hot parts. Let the engine and exhaust system cool before working in those areas.

- Injury from moving parts. If you have to run the engine, be sure your hands, fingers and clothing are out of the way.

Gasoline vapors are explosive. To reduce the possibility of a fire or explosion, be careful when working around gasoline.

- Use only a nonflammable solvent—not gasoline—to clean parts.
- Never drain or store gasoline in an open container.
- Keep all cigarettes, sparks and flames away from all fuel-related parts.

Hopefully your service department, and dealership in general, has avoided any accidents so far this season. Regardless of whether you've been accident-free or not, start taking steps immediately to strengthen that "safety first" mind-set in each of your employees. In the long-run, both you and your employees will be happy you did. **YG**





*Karen & Bryan George, Owners, Santa Fe Power Equipment*

## **“The key to our success? Two heads, one brand.”**

Karen and Bryan run the business that his father started forty years ago based on his principles: integrity, trust and lasting relationships. Business was good, but the big-box stores were coming. Then in 2003 the couple put their heads together

and decided to go “STIHL-exclusive.” The result? “We had our first million-dollar gross and now we’re growing by leaps and bounds,” says Karen. Today they are a top dealer and Bryan gives STIHL much of the credit: “It’s made our business more

efficient, from sales to service to parts. Offering a number one selling brand doesn’t hurt, either.” Adds Karen, “We should’ve done this years ago.”  
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