



information and resources to help you build and retain a high-performance company
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FROM JIM SIRBASKU'S DESK

'America's Most Productive' Thrive Through Turmoil

Who survives a treacherous economy? At Profiles, we want to find out more about the organizations that not only live through turmoil but also thrive in spite of it. Thus our report on the attributes of America's Most Productive Companies.

The best practices we discovered offer ideas for any organization seeking to perform at ever-higher levels. As usual, the best practices involve workers, and how those workers are selected, trained and treated both in the short term and in the long run.

Here is what we learned about the people attributes that drive productivity at America's Most Productive Companies:

1. The most productive companies strive for a performance-driven culture.

What does that mean, exactly? If you are the CEO of your organization, form a picture in your mind of what the culture looks like within your walls. Do you see workers handling customers with energy and a smile? Do you see clean and orderly offices and employees who are actually engaging with each other and with their work? Are phones answered on the first or second ring? Are people still at work after 5:00?

The office culture of the top leader in your organization will be the same for the rest of the organization as well. Conjure up in your mind, or on paper, what you want to see. Tell your managers what it looks like. Walk the walk. As we learned from our research, the attitudes, beliefs and values of an organization define its culture, and the head of the "beast" will drive the whole body.

2. The most productive companies train and promote effective managers.

This statement assumes that you selected the right people for your organization in the first place. Then you trained them to do the job you hired them for with the understanding that their training would be ongoing.

AMPCs constantly develop effective managers. They watch for excellent communication skills, strong leadership, creative thinking, team play, efficient work habits, achievement, development of others, and self-development. AMPCs give their

POP QUIZ

Profiles' research on American's Most Productive Companies reveals a number of best practices that lead to outstanding productivity. Take our pop quiz to see where your organization fits in the big picture.

1. A strong organizational culture alone provides enough positive influence to enhance productivity.

True False

2. People who consistently underperform on the job should be given time to bring their performance up to standard.

True False

3. Keen insight is as important as training, mentoring and experience for giving managers an inside track to success.

True False

4. Contract and temporary labor interfere with an organization's efficient execution of its strategy.

True False

5. Staffing levels might need to be increased if your organization is seeing lots of absenteeism, high turnover, missed goals, and injuries.

True False

6. Praise in public; correct in private.

managers the information and resources they need to understand and develop their own teams. They encourage coaching. They encourage the success of subordinates.

3. The most productive companies use employees in the best ways possible.

In the "old days," idle employees might have run personal errands for the boss. In today's high-performance landscape, *there are no idle employees*. If you see them in your organization, you are not working for an MPC.

Just as defining the culture starts at the top, effective employee utilization begins there too, with an eye to designing a company where every job is dedicated to executing strategy in the most efficient way possible. No matter what a worker's job is, he is guided by a job description and knows what he is expected to achieve. MPCs complete projects quickly because they are lean. They rely on contract workers or temporary employees to help them over seasonal or temporary, non-recurring bumps in production. They increase their number of full-time, permanent employees only if there is a proven need for it.

4. The most productive companies encourage high employee effectiveness.

And the only way to do this is to know everything possible about your employees—know them better than they know themselves. Understand what they do well and what they do best. Know their interests so you know where they will be most effective.

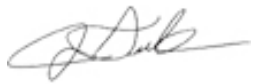
How do you gain this knowledge? Through assessments, surveys, postings of internal openings, nudging when necessary, and managerial development. Don't forget that managers sometimes hold their people back. Find out who does this and why, and find a way to stop it.

5. The most productive companies recognize and reward innovation.

Chances are that the CEO is very good at this and that her managers need to get better at it. CEOs are often most familiar with the fact that the small innovations are priceless. Did someone figure out a way to make a stubborn piece of machinery work better? Who cured the delay problems in the shipping department by making a simple change to the order form?

Some organizations listen too hard for the cheer when they issue a press release about a life-changing new product or service. Cheers are nice, but they are rare. Top leaders have control over their own cheering sections, and they use that control liberally when an employee doing his job well figures out a way to improve something. Encourage the exchange of ideas and an open dialogue. Urge people to take calculated risks by not punishing them if the results are less than you, or they, wanted. Always focus on action instead of control.

Do you see your organization as you read this? If your answer is an honest yes, then you already rank among America's Most Productive Companies. If your answer is a maybe or a no, what are you going to do about it?



Jim Sirbasku, CEO
Profiles International

____ True ____ False

Answers:

1. FALSE. While a strong organizational culture is crucial for smooth operation, it is only one part of the puzzle. Another piece is employees who will take initiative and work as part of a team.

2. FALSE. If an employee is a chronic underperformer and supervisors have tried—and failed—to correct his behavior, he is not a good fit for the position and needs to be removed. This sends the important message to all employees that poor performance is not acceptable.

3. TRUE. Not all employees are cut out to be managers. Those who do not have natural management talent or the insight to see the strengths and weaknesses of others will have significant difficulty achieving managerial success.

4. FALSE. With strong talent management practices that ensure that three people are not doing the work of one or two, leaders can make good use of contract workers and temps to ensure that the work is completed. The best-managed organizations carefully examine requests to create new jobs.

5. TRUE. Organizations need to think through the results that they need to achieve and the department goals that will help the organizations reach those results. If turnover and other negative indicators are high in a department, temporary staffing can give leaders time to determine the permanent staff required to achieve success.

6. TRUE. Just as important as correcting employees in private is giving praise that lets all employees know when someone "overperformed." Making a big deal publicly out of superb performance might even set a new performance standard.

CASE STUDY

A Snapshot of Success in the Insurance Industry

This month's Case Study comes from a publicly traded insurance holding company employing more than 400 people. Leaders are able to clearly describe the organization's culture and their expectations of employees. They also describe how employees can achieve success within the culture.

These two factors—culture and expectations—are equally important, as our study of **America's Most Productive Companies** illustrates. Culture is an important driver of worker behavior, and it is a powerful tool for focusing the workforce on achieving the results that the organization wants. As this Case Study illustrates, you cannot have one without the other.

The Company

The organization has been publicly traded since 1986 and consists of wholly owned subsidiaries. Although it began in one specialty, it has added other property/casualty lines over the years.

Leaders designed the company with the goal of minimizing administrative burden on the underwriters in order to generate underwriting profit. The organization does not pressure its underwriters to hit goals, but to reach targeted returns for each line of business. Rewards follow for workers who achieve those returns.

How the Practice Works**Underwriters must understand the nature of the market.**

This is especially important for managers, who are empowered and motivated. Employees work toward common goals and interests and communicate clearly with each other. They celebrate successes, and openly discuss concerns and management tactics in the face of external issues.

The company is cost conscious. As is characteristic of AMPC companies, managers discuss bringing on new employees, establishing new units, and supporting employees. Managers recognize that people are the most important factor in the company's success. AMPC companies ensure success by using clear job descriptions and goals that articulate the organization's mission and vision. This way, every worker knows what needs to be done and how, and two people are never doing the job of one.

Employees are "best in class." The company hires the best and has a culture of continuous improvement.

Clear communication is crucial. Orientation includes general information about corporate communication and organizational technology. Leaders don't just talk at employees—they invite feedback. Leaders maintain contact with employees through a quarterly employee conference call, and the quarterly newsletter goes beyond birthday and anniversary greetings by including a section that details the most recent IT tools. The organization employs proprietary online distribution systems for brokers and agents as well as for potential customers. Video conferencing also improves communication.

Summary

The organization has grown its successes by increasing its products, establishing a strong connection with brokers and agents, and insisting on disciplined underwriting. The result was a growth in book value in 2008, even at a time when others in

PRODUCT FOCUS

Finding the Integrity Bone with SOS II

If integrity was as easy to spot as eye color, or right- or left-handedness, no one would give it another thought. Hiring managers would spot it in a heartbeat and immediately determine whether or not a job candidate was suitably "groomed" in the character area.

Step One Survey II® makes the job selection process almost that easy.

Even the smartest hiring manager needs help identifying the best potential employees. Without known truths to guide him, he often relies on the resume, the job interview, the opinions of others, and his gut reaction. If any one of those hiring aids fails—and they often do—the boss can end up with an employee who at best is a poor fit for the position he was hired to do, and at worst a thief—of company property, reputation or time.

Here is a scenario of the worst-case sort: A candidate, Josh, appeared at first to be an excellent fit for the job, but he was missing project deadlines after only six weeks. His manager talked to him. Josh pushed the responsibility onto another department, saying that he was having trouble getting the information he needed. More checking revealed that not only was the data on his desk, but that he spent hours at work making personal telephone calls and trolling websites unrelated to his job. When his manager tried to find him for a follow-up conversation, she could not.

Thus began the energy- and time-sapping process of removing him from the company—energy and time that could have been spent on more pressing issues if only the organization had used Step One Survey II®, which gives leaders insight into an applicant's work ethic, honesty, integrity, likelihood for substance abuse, and attitudes about theft—including the theft of company time. SOS II also provides a look into the future to determine how well the candidate blends in with office culture and climate.

If you want to stuff your workplace with positive behaviors, consider how valuable these might be:

1. An honest day's work for a full day's pay
2. Promptness
3. Conscientious use of company time and resources
4. Confidentiality of proprietary data and other information
5. Dependability
6. Loyalty
7. Increased productivity

SOS II offers insight into each of these areas. Your next step is to use Step One Survey II® next time you hire. Call Profiles at 254-751-1644.

"The real source of wealth and capital in this new era is not material things. It is the human mind, the human spirit, the human imagination, and our faith in the future."

– Steve Forbes, president and CEO of Forbes

"It is an immutable law in business that words are words,

the industry saw great losses. As with many AMPC companies, this organization's clearly articulated culture, paired with its flexibility, help it deliver what its customers need.

explanations are explanations, promises are promises, but only performance is reality." – Hal Geneen, American businessman

"When you're trying to create things that are new, you have to be prepared to be on the edge of risk." – Michael Eisner, former CEO of The Walt Disney Company

STRATEGIES FOR WINNING

How to Become an Employer of Choice* - Attracting and Retaining the Very Best People

While many employers complain about the difficulty of attracting and retaining quality people, other employers never seem to have this problem. What's the secret of these Employers of Choice?

In our experience, it's not really a secret. Employers of Choice simply know what's important to their prospective and current employees, and they work hard to meet those needs.

Before you can start to consider the challenge of attracting and retaining the very best people, you must first look at the dark side—what drives people from their jobs. Profiles International recently completed a survey to explore why people leave their jobs. Some employers have found the results to be fascinating. Here are the five main reasons people change jobs:

1. Boredom
2. Inadequate salary and benefits
3. Limited opportunities for advancement
4. No recognition
5. Unhappy with management and the way they were managed

Before we reveal the relative importance of each reason, we've got a challenge for you. Consider which of the five reasons you would address first, second, and so on, if you wanted to improve your company's reputation as an Employer of Choice. After you rank order the list, read the boxed material titled "HOW DID YOU DO?" and see how you fared. Then continue reading here.

* * * * *

Were you surprised by the answers? Most employers are. The message is simple—if you want to attract and retain top people, these are the key items for consideration.

Follow these six steps and you are likely to become an Employer of Choice:

1. Evaluate Your Managers

The numbers don't lie. People leave people, not jobs. Look at the results: 30 percent of people didn't leave their jobs; they left their managers. Poor managers can cancel out the positive effects of your recruitment advertising and public relations efforts, your outstanding remuneration package, your excellent share option plan, and all of the other good things you do to attract and retain the right people. Your human resources people sweat blood to bring in a sufficient number of the right people, and 30 percent of the time, poor managers shred them and send them back out of the company before you've even recovered the cost of hiring them. Crazy.

So what do you do? First, start measuring your staff turnover by manager. Pinpoint the real problems. It will frighten but enlighten you. Until you know which managers are losing their people, you can't do anything about it.

After you identify the managers who need help, help them! They can learn to become better managers. Review all of your managers in terms of their leadership and management skills. That's how you will discover what these managers are doing to drive away good people. We humbly suggest you use Profiles International's CheckPoint 360° to give managers, their superiors, their direct reports, and their fellow managers an opportunity to provide feedback about what they are doing well and what they could do better. Be sure to act upon what you discover. Provide training, coaching and support to those managers who struggle in a way that encourages productivity and retention. Good management is key to good retention.

2. Create a Recognition Culture

Insufficient recognition for their contributions is the reason 25 percent of all people leave their jobs. Fix this or learn to live with the attrition. Task your managers with responsibility for seeking out the many ways in which their people perform above and beyond the call of duty. Have them consciously seek out opportunities for positive recognition. Create awards for exemplary performance and give everyone an opportunity to bask in the glow of positive recognition for a job well done.

But be aware that a recognition culture cannot be created from nothing. It requires a healthy working environment to thrive.

3. Create a Healthy Work Environment

To encourage the development of a genuine recognition culture, you'll need to create a healthy work environment. Not healthy in the sense of lots of fresh air and few toxic chemicals knocking around (although that's always a good start), but a healthy *psychological* work environment—one where providing recognition for exemplary performance seems normal. There are several key elements to achieving this.

First: **Open Communication.** There are too many old-economy attitudes in our businesses. In the old economy, scarcity was the driving force—information was power, and those who had information hoarded it and kept it scarce. That's how they amassed great power, privilege and wealth. Look around. The world has changed dramatically. Our modern economy is based on abundance. Those who prosper are those who share information with everyone who can make use of it effectively. This is the information age, and any environment where the workforce has not tapped into all that's going on in their organization is toxic. Suspicion, mistrust, and resentment grow, and key people go.

Let all of your people know where the organization is going, how it plans to get there, how their jobs play a part in the grand scheme of things, and why they are key to your success. Their contribution is just as valuable as the CEO's, and they know it. Let them know that you know it, too. Spread information liberally throughout your organization; give your people an *I'm on the inside!* feeling. It's hard to leave something that has you on the inside.

Next, **Develop an Attitude of Cooperation.** Give and take is the order of the day. Be prepared to consider anything that makes it easier and more practical to work for you than for anyone else. Look at flexible hours, compassionate leave, sabbaticals, teleworking, child care facilities, anything else you can afford to do that shows that you are prepared to meet your people halfway (or more) in balancing their work/personal life commitments.

Finally, **Develop an Atmosphere of Trust.** If you want people to trust you (with their jobs, their careers, their development, their lives), then you have to trust them. Create an atmosphere in which management automatically expects the best of its team members. They'll respond. Give people a good reputation to live up to. They won't let you down. This is one of the key sources of recognition. No one is more flattered than when they are trusted implicitly.

4. Create an Atmosphere of Continual Self-Improvement

Of the people who leave their jobs, 20 percent do so because they feel that they're not getting sufficient advancement. Flat-structured organizations don't have the dizzying promotional heights to which previous generations of workers could aspire, so there's really nothing we can do about this point unless we still have an old-fashioned multilayer hierarchical organization, right?

No! That thinking is about as wrong as you can get.

Today's job-seekers want the opportunity to develop themselves so that they can be all that they can possibly be. They want to polish their skills, abilities and experience so that their potential market value continually rises. And if they can do this without the uncertainty of job-hopping, then so much the better. You don't necessarily have to have multiple promotional opportunities in order to meet this demand. What you need is a clear, ongoing development path, a way for each employee to advance his skills and value so that he becomes all that he can be. This means investing heavily in training and development.

Create an atmosphere of continual self-development. Give everyone access to training that will enhance their skills, value and self-esteem. Don't limit training to those skills specific to an individual's current job. Remember that you are not simply training employees for job-effectiveness. You are also offering them development opportunities that make them feel good enough about the pace of their *personal* advancement that they don't feel the need to seek out greener grass elsewhere. Invest heavily in training and development, and then encourage your people to take advantage of your programs. Provide them with the means for success. Train them on company time; give them study leave; let senior managers coach and support them. Engage them in their own ongoing, longer-term development. Show them how they can access all of this within your organization; focus their minds on genuine developmental goals that extend far beyond the availability of the next recruitment supplement. This creates truly compelling and self-serving reasons to stay.

Well done! If you implement these first four steps, you've already eliminated 75 percent of the reasons people leave their jobs. And did you notice that we haven't even mentioned money?

5. Put Your Best Foot Forward

What about the 15 percent who leave for more money? Will more recognition, better management and opportunities for continual self-development help you retain them? In many cases, yes (at least for a time), but you still have to pay the market rate or better to stay in the game, and you must know when and how to pay at this level.

Chances are that you're sitting down as you read this strategy. Good. Because the next suggestion might topple some old-style thinkers. When it comes to remuneration, put your best foot forward immediately. Pay your people as much salary and give them as many benefits as you can afford—and do it from day one.

Abandon the "What can I get her for?" thinking in favor of "How much is this position worth to me, and what can I afford to pay?" Then pay it. Let your people know that this is what you're doing, and that you need their support as you seek to maintain a situation in which you can continue to do this in the long term. Let them know that you need them to engage with you in making the organization successful.

Think about it sensibly. If you pare back the package by the 10 or 15 percent you can get away with, will the savings be enough to retain these people in the face of an offer from another employer? Most likely not. It will be too little, too late. So put your best foot forward and let everyone know that you are paying as much as you can. Furthermore, let them know that, if you are to continue to do so, everyone will have to pull together as a team to generate the productivity necessary for the organization's success.

Now, don't misunderstand the advice. Pay as much as you can, not more than you can. Pay more than you can afford and you are likely to pay your way out of business. Our advice: Know what each job is worth, and pay it early.

6. Match People to Jobs

After following 360,000 people through their careers over a period of 20 years, the *Harvard Business Review* published a major study demonstrating that a key ingredient in retaining people is ensuring that they are matched to their jobs in terms of their abilities, interests and personalities. The study found that when you put people in jobs in which the demands matched their abilities, in which the stimulation offered by the job matched their particular interests, and in which the cultural demands of the position matched their personalities, staff turnover decreased dramatically and productivity increased dramatically.

Use psychometric tools to determine the requirements of each of your positions in terms of abilities, interests, and personality, and then use this information to match your jobs to people who will excel in them. Gut feeling cannot do this assessment for you. You need to use properly validated tools designed for this purpose.

Once you know what each job requires, you can more effectively match people to their jobs and provide any training, support, or coaching necessary for them to be successful. Put the right person in the right job and you eliminate a large portion of the 5 percent who leave simply because they are "bored with the job."

Sadly, there is no quick, easy and inexpensive "silver bullet" to help you win the war for quality people. But apply these six sensible steps and you can eliminate more than 95 percent of the reasons people defect.

HOW DID YOU DO?

The study found that of the job-leavers surveyed:

- 30% were unhappy with management and the way they were managed
- 25% felt they got no recognition for good work
- 20% complained of limited opportunities for advancement
- 15% cited inadequate salary and benefits (low, isn't it?)
- 5% were bored with the job
- 5% cited other reasons (retirement, career change, sabbatical, travel).

So, if you want to attract and retain the people essential to your success, these are the key factors that you have to consider. The priorities are abundantly clear. Money, for example, is important, but not nearly as important as most employers seem to believe.

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