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Bolotin Points

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Go to Market Strategy & Execution  Revenue Acceleration  Due Diligence  Partnering & Asset Sales

How to Staff Properly, Manage People Well, and Be A Great Leader

A “rags to riches” extremely wealthy industrialist was once asked by a journalist, “What special talents have you used in order to become so rich and successful?”

The tycoon smiled knowingly and answered, “Every single person at my company can do their assigned tasks better than me, except for the one thing that I do better.”

“What is that one thing?” asked the intrigued journalist, leaning forward slightly in her chair.

“The only thing that I do better than anyone else in my company”, he postulated, “is to hire and manage people who are better than me at doing every other thing.”

Let’s explore this insightful businessman’s crucial ability to hire and manage people.

Before we proceed, however, let’s not forget that, before managing anything, you first need to completely understand and be able to apply your overall business strategy.

Only after you have mastered the strategy, can you move on to staffing, which is finding the right person for each set of tasks called for by the strategy. Here are some rules for choosing the right person for the job:

 **Business strategy** *n.* The roadmap that defines the best way to achieve a clearly defined goal or set of goals.

definition

 **example** “Strategy” is many times confused with “tactics.” Here’s an example of the difference.

The technique used when calling on customers is a tactic, whereas strategy is knowing which customers to call on, which techniques to use, and, extremely importantly, why.

>>> Fully understand the functional requirements of what tasks need to be done. The reason I underscored “functional” is make clear that a literal understanding of the tasks that need to be done (such as the title of the person doing the tasks) is not only not enough, but may even cause you to make a mistake.

For example, if you're managing a start-up and you've progressed to the point where you have something to sell, you may believe that the very next thing you have to do is to hire salespeople. If you thought this, you could be making a very expensive mistake. Why? Because "salespeople" typically have a tactical perspective.



definition

Tactical *adj.* Acts undertaken in support of a strategy.



definition

Strategic *adj.* The development and execution of a plan in a way characterized by flexible, abstract thinking, all in service of a well-defined objective.

Consistent with what you did before staffing, before hiring a single salesperson, you will need someone who is capable of providing the strategic marketing perspective, sometimes referred to as the "go to market strategy." This person (either you or someone you brought in) has the ability to define, among other things, your value propositions, target market, and appropriate sales process. (For more on "go to market strategy", see Bolotin Points Newsletter Volume I Issue 1, available on OnTargetConsultants.com.)

If you or your strategically oriented marketing person hasn't done this first, your typical salesperson (thinking tactically, not strategically) will not know what group of prospects to call on, what attributes of your product would appeal to your prospects, and what sales process to use. Your newly hired typical salesperson (the one who cannot think strategically) would probably call on people who were not very good prospects and try to convince them of value that made no sense to them. You'll waste valuable time, money, and opportunity.

Does this sound absurd? I assure you, it happens all the time. In fact, this is one of the most common mistakes made by startup companies: hiring a sales force without first developing a strategic go to market plan. Develop the strategic plan first (which will provide the outline for the salespeople), then hire the tactical salespeople to execute.



example

Here's the difference between generalized "sales" and generalized "marketing." Marketing is more strategic, does the positioning, value positions, and gets the leads. Sales is more tactical and is told the positioning and value propositions by marketing, which the sales force applies in order to get the prospect to purchase.

Tactical cavemen were the ones who threw the spears and dragged the game back to the cave. The strategic cavemen developed the weapons and traps, studied the migratory patterns, read the animal footprints, and directed the tactical cavemen where to go and what to do.

When you start a business, you need the strategic people first. Reason: it is not clear to the tactical people what tools to develop or where to hunt.



In order to match the right person to the right job, create a matrix. On one axis, put the functional attributes of each set of tasks that need to be done. On the other axis, put the attributes of the people in your organization. Next, see how well the two axes match up.



What happens if the people you have in house don't have the attributes you need? As a manager, you must do a cold-eyed assessment of what you have to work with. If you need additional people and you have the money to do so, hire them. If you don't have the money to hire the right people for the strategic plan, you've got the wrong strategic plan. It is better to make a new plan that you can execute with the people you've got than to try to execute on a plan that, given those people, is doomed to fail.

➤➤➤ **Choose or hire the (comparatively) right person to meet the functional requirements.** If you're considering more than one person who has the desired attributes, you should just select the one who has the most of that attribute, right? Not necessarily.



example

Several decades ago a Nobel prize winning economist (whose name I've forgotten) also happened to be a very talented typist: around 100 words per minute. This economist had an assistant who was a good typist, but not as good as the economist. The assistant typed about 70 words per minute. Here's your question: who should do the typing; the economist or the assistant?

The example to the left illustrates the concept of comparative advantage. Remember, the job of the manager is to arrange his or her resources in order to obtain the best overall result, not necessarily the best result in any one category. In this example, deciding who will do the typing depends on what is more important to the overall success of the enterprise at that time: 1) typing; or, 2) Nobel-prize winning thinking. Most of the time, this analysis leads us to the conclusion that the assistant should do the typing.

Why? While the Nobel-prize winning economist is a better typist than the assistant, the economist is comparatively a much, much, much, better economist than the assistant. Moral of the story: the right person for the job is the one with the comparative advantage, not necessarily the absolute advantage.



Using this same story, if, however, there is a deadline where typing has to be done and there is no more economic thinking needed to be done, who should do the typing? Answer: the economist. Why? Because, in this case, when the value of one variable (economic thinking) drops to zero, there is no comparative advantage; the only thing to consider is one variable remaining: in this case, who types faster.

➤➤➤ **Figure out the appropriate mix of people with "domain expertise" as opposed to "good athletes."**



definition

Domain expertise *n.*

Knowledge of a particular, limited market. Generally includes cultural understanding, knowledge of value proportions, industry practices, industry needs, industry jargon and industry contacts.

People with domain expertise tend to be tactical thinkers. Strictly speaking, they know how to do something, as opposed to figuring out which thing to do or why to do it. The people with the deepest domain expertise are, by definition, those who have spent the most time in a particular industry. Therefore, it is a safe bet that, as a general

rule, they tend to be the least able to recognize opportunities in other areas, or be able to execute in other areas.



definition

Good athlete *n.* In contrast with a domain expert, someone who may or may not have domain expertise, but who does understand how, in general, strategically, to be successful in many different industries and in many different situations.

Your optimal mix of those with domain expertise and good athletes depends on your assessment of the relative permanence of your business model. The extent to which you are quite certain that your current business model will not change and could not benefit from changing is the extent to which you should staff with those with domain expertise. As an example, if you were in a mature industry or absolutely infallible in predicting the future, you would lean towards hiring only those with domain expertise.

However, even mature businesses can have somewhat abrupt changes in their business model, sometimes even by established players in that industry. Consider Rubbermaid (which radically and quite profitably changed its products) and the airline industry at the time Southwest Airlines arrived.

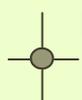
The mistake often made is for a start up to staff too heavily with domain experts. (Sometimes, to even compound this error, the sales people who are hired are also only domain experts, hired without any strategic plan.) If the business model shifts (and it almost always does), not only are the domain experts useless (as experts in the wrong domain, knowing nothing about the new domain and generally unable to learn), but they can be harmful, because they tend resist needed change.



example

Bill Gates is famous for eschewing domain experts for good athletes. He hired "the smartest people [he] could find", figuring that it was easier to teach the domain expertise to a smart person than it would be to teach strategic thinking and a new domain to an expert of an existing, but then irrelevant domain.

Is it possible that you could find a good athlete with domain expertise as well? Yes, it is, and these are the most desired people for a start-up.



how to test this:

How to test if the person you are considering is both a domain expert and a good athlete: Does the person you're considering have experience in the relevant domain, but also a demonstrated ability and willingness to learn and work in other domains? (Before you answer "yes", please consider that this doesn't happen very often.)



Make a continuum. On one end is the maturity of your product and the certainty you have of your business plan not changing. This is the "domain expertise" area of the continuum. On the other end is the opposite, and this is the "good athlete" area of the continuum. Where you place your company on the continuum will define the mix of people you should hire.

If you can't find many of these extremely rare domain expert / good athletes, staff your company with some people with domain expertise, and some good athletes. Then, put each person in their best functional role. The good athletes (strategic thinkers) can learn the domain expertise from the domain experts (tactical thinkers), but the good athletes should make all the strategic decisions (i.e., put the strategic thinkers in charge).

Now that you've got the right people in the right positions, here's some rules for good people management:



Make people individually responsible. When everyone's responsible, no one's responsible, and the chance of tasks not getting done increases dramati-

cally. Even if you're assigning tasks to teams, make one person (just one) the lead, responsible party.



example

When you're in a meeting and you hear that "we" should do something or you get an e-mail stating that a particular thing should be done but without who is going to do it, your project is headed for failure; a long, frustrating, slow-motion and inevitable failure. Reason: unless responsibility is explicitly taken, everyone will look to the other team members to do the tasks, and no one will take responsibility.



Don't "shoot the messenger."

Reason: It is critical for your success that you make good decisions. One of the absolutely necessary components to making good decisions is to have accurate facts. The extent to which people are afraid to give you the news if it is bad is the extent to which you are likely to make bad decisions. Ever wonder why the worst ty-

rants who run other countries so often make such awful decisions? One of the reasons is that they tend to surround themselves with "yes men" and to literally shoot the messenger. Take away: make certain to actively encourage everyone to provide you with accurate information, even if it's bad news.



definition

Shoot the messenger v.

Punishing the person who brings you bad news.



Some great managers will actually go around asking "So, what is the bad news I don't know?" Several years ago, I gave away t-shirts and gift certificates to the staff member who gave me the worst news for the month.



It is extremely important that you apply this same rule to you. You, yourself, should never ignore bad news.



Don't punish the failure that sometimes must accompany initiative and risk taking.

Thomas Watson, founder of IBM, said "The way to succeed is to double your error rate." Why did he say this? Because if no mistakes were being made, it meant that his staff wasn't taking any risks, and his company would be unable to innovate.

If you punish all risk taking, all the best employees (the ones who want to make things happen) will eventually leave to work at a place where they can rise above mediocrity, and all you'll be left with are the employees who are satisfied putting in their time, doing a barely satisfactory, run-of-the-mill job. In the end, your competitors will put you out of business.



Figure out if you have time to "grow" people, or you do not . If the people you manage are not matched properly to their tasks, either because your company grew or on account of other changes, you have a choice to make. If you are with a company that is making lots of money and has lots of time, you can try to grow people into new positions, perhaps even have some sort of in-house mentoring or

training program. The reason this makes sense in this situation is that, in general, it takes less money and time to grow talent from within than it would be to try to find the talent elsewhere. Also, people who "grow" within a particular organization tend to develop more loyalty than those who do not.



definition

Grow a person v. To provide training and other opportunities to a person to learn and enhance their skills so that this person can successfully take on successively more difficult and more important tasks.

However, generally speaking, in a start-up, you do not have the time to grow people. Either they can do the job now or very, very soon, or you need to find the talent elsewhere.



example

The mistake of trying to grow people in a start-up is made many times by managers who come from larger organizations. These larger organization managers sometimes have "cognitive lag", meaning that they continue to act as if they are still in the larger company, when they're not. The big organization manager is used to "growing people", and may even be extremely good at it (a good skill for a larger organization), so that's what they'll tend to do. He or she just hasn't evolved to realize that the situation in the smaller company calls for a different strategy.



Only criticize an employee for failure if he or she could potentially do the task better. Why? If he or she can't do the task better, all you're doing is ruining their confidence. Therefore, before you criticize anyone, even in private, first make certain that they can do the task. If they can't, don't criticize and just get someone else to do it. After all, if the person is mismatched to the task, ultimately, whose fault is it? Answer (if you're the manager): yours.



If you start feeling as if you're the only smart person around, consider what Mark Twain said: "We are all incompetent, just in different areas." I would be very surprised if even the biggest failure in your organization could not do at least one thing better than you. Humility (especially fact-based) goes a long way towards being a good manager.



Don't set up people for ultimate failure. Match tasks and personnel so that, for each particular task, if, along the way, there are big obstacles and other challenges likely, the person you chose can continue to perform well and ultimately succeed.

The reason this is important is that, many times, even though some people can learn from intermediate losses and do well with more extreme challenges, for many others, a failure or an extreme challenge along the way can damage their self-confidence, and therefore, his or her performance in the future. How well do you believe you'll be able to succeed if your company is staffed by people like this?



example

Ever wonder why, traditionally, major league baseball teams "season" a player by having the player play in successively difficult leagues before arriving in "the majors"? The reason is to maintain and even build upon the player's self-confidence as he continues to move up levels. If a player is "brought up" too fast, sometimes, he performs very poorly, loses his self-confidence, and never recovers.

➤➤➤ **Avoid "groupthink."** In order to avoid groupthink, bring diversity to the group. Have "outsiders (those who do not have a stake in the status quo)", and encourage respectful chal-

lenges to orthodoxy. Constantly challenge assumptions. It is almost always the challengers who create real innovation. In contrast, quite a large percentage of bad decisions are the result of groupthink. Try your best to avoid it.



definition

Groupthink *n.* Bad, unanimously arrived at conclusions reached as a result of there being no independent or critical thought by the members of the group.

Peter Drucker said " Management is doing things right. Leadership is doing the right thing." Consistent with this, let's close out with a necessary, overall component, one at which you must succeed: the role of management in leading and inspiring.

A leader must have a vision, and the ability to translate that vision into a message that his or her staff can understand and embrace.

A leader must have integrity.

As a manager, one of your most important jobs is to maximize the value of your staff, and you can't succeed in doing this in the long term without loyalty.

How do you earn loyalty?

You make certain that you have a sincere desire to consider the interests of your staff and for your staff to achieve their own, personal objectives. There's got to be something



definition

Integrity *n.* The personal characteristic of transparently and predictably adhering to high moral standards, irrespective of circumstance or personal gain.

 *Not only is it of paramount importance that you act with honesty and integrity, but it is also of extreme importance that you demand honest behavior and integrity among and between your staff. If your staff doesn't trust each other, they will spend time on all sorts of activities that not only don't help your effort, but actually hinder it.*

 *The qualities needed as a leader are the same qualities valued by your customers. If you have customers who believe that you truly are interested in helping them accomplish their objectives, both personally and for their company, you or your company can make a mistake and still keep the customer. (Believe me; I've unintentionally tested this and it's true.) If your customers come to believe that you have only your own interests at heart, just like your staff, they will leave you at the first good opportunity.*

"in it" not just for the company and not just for you, but for each and every one of your staff. If you don't care about them, there's a pretty good chance they won't care about you.

If your staff sees you "throw someone under the bus", you will lose everyone's loyalty. A good leader is one who will get people to follow him or her because the followers know that the leader has the followers' interests at heart. Then, even if the leader fails, the followers will almost always give the leader a "pass." In contrast, if the leader is seen as greedy and self-serving, he may be successful in the short term, but he won't be in the longer term.

Furthermore, managers who claim the credit but blame others for mistakes do not engender loyalty. If you don't engender loyalty, you will not get the best out of your staff. Eventually, adverse selection will take place, whereby the only ones who are left for you to manage are those

who could not find better jobs elsewhere.

In contrast, if you treat people with integrity, honesty, and with a sincere desire that they succeed as individuals, you will have earned their loyalty, and everyone will succeed.

The best leaders match up the objectives of the company with the objectives of the employee so that they are the same. If you do this, your staff will work "all-nighters" and do what they have to in order to succeed. Why? Because your success is their success, and they know you care about them.

Keep, grow and nurture your good staff and your customers for the long term. Like Peter Drucker said, "do the right thing", and thrive.

About Chuck Bolotin

Chuck founded, funded, operated and sold two companies. The On Target Consultants Process™ he developed, and the success he has achieved applying it has made him an expert in bringing products to market in virtually any vertical market, many times when the target market is not known in advance.

Chuck is available for talks to your organization as well as personalized consulting assignments.

