10 Ways to Improve Your People-Effectiveness

By Wayne Wilson

When we think of improving business performance, numerous questions come to mind, such as:

- Do we have the right strategy?
- Are we focused on the appropriate market opportunities?
- Do we have effective sales processes?
- Do we have effective business processes to deliver the products or services that Sales promised to the customer?
- Do we have an efficient capital structure sufficient to support our business processes?
- Can we deliver improved value to our owners or shareholders?

The clear common dominator across all these issues is that they must be determined and implemented by individuals. Who are these people? What should they have in terms of education, skills and organizational fit? Where do we find them? How can we recruit them? How can we retain them? How can we ensure they will perform to our expectations?

Over the years, I have probably spent more time dealing with "people issues" than any other area of business management. Based on that experience, here are ten ways to improve your people-effectiveness:

1. Begin with the end in mind.

A contractor would never think of starting construction without a clear set of plans setting out how the building should look and how it should be constructed. However, many owner/CEOs hire people for key positions without carefully thinking through the skills and characteristics needed for success and developing clear specifications for the positions they want to fill.

I liken the specification process to developing an investment screen for picking stocks. The purpose of the screen is to filter out everything except the few situations warranting an extensive review, based on pre-established criteria. The specification process begins with a position description. Be as brief and specific as possible about what the person who will occupy this position will be expected to do or accomplish. Next, lay out the key skills and other requirements you believe are essential for success in the role. Finally, decide on a compensation plan that is likely to attract appropriate candidates.

Then, be patient, knowing you will readily recognize good hiring opportunities when they appear, while not wasting time on candidates who are not a likely fit.

2. Hire the smartest people you can find.

With clear specifications in hand, the task is to hire the smartest people you can find. For professional, managerial and key-contributor roles, there is simply no substitute for hiring smart people who can work effectively and independently. The type of intelligence sought should match the requirements of the role. Personnel who will be dealing directly with customers clearly need above-average people skills and common sense. A key research scientist, on the other hand, must have solid intellectual skills and scientific training to be effective.

Hiring the smartest people you can find, even if you must pay a bit more initially, will be well worth the cost.

3. Train for traction.

Whether you have just hired a senior executive or a junior associate, that person's performance, and the organization, will benefit from proper orientation and training in the new role and how it relates to the organization as a whole. For the senior executive, a deep-dive orientation into the organization, its people, processes and business models may be the most productive. For entry-level employees, specific training in the tasks of their new jobs will be the most efficient path.

Either way, the goal of the organization should be to position the new associate to become a productive, contributing member of the organization at the earliest possible time. I call that "training for traction."

4. Empower for action.

The smartest people with the best training will not accomplish much for the organization unless they have also been empowered to take action, make decisions and solve problems. Nothing frustrates capable people more than requiring higher-level approval for everything they do, unless it is the amount of time they must spend obtaining that approval.

Organizations of significant size tend to work more effectively and efficiently if they rely on a delegation-of-authority process that spells out at a high level exactly who is authorized to do what and what actions require approval, by whom and through what process. Small organizations seldom have them – everyone consults the owner/CEO directly about anything of significance. However, this model breaks down when the number of people involved grows too large. Beyond that point, owner/CEOs who do not organize for delegation greatly limit their organizations' chances for success.

Empowering people to take action within reasonably-defined and well-understood parameters helps build a nimble organization that can respond quickly and effectively to changing market conditions.

5. Create incentives for initiative.

Empowering people to take action does not ensure that appropriate action will be taken unless incentives have been designed to encourage them to do so. The classic example is the government bureaucrat who wields great power over matters under his/her purview, but sometimes resists taking action for fear of possible negative consequences. Lacking incentives for action, that person may feel there is nothing to be gained and much to be lost by taking an action that may later be proven wrong.

Organizations benefit when a customer-service representative has an incentive to solve the customer's problem or when the assembly-line worker can stop the production line to prevent an accident or the shipment of a faulty product.

6. Expect only what you inspect.

Management guru Tom Peters is fond of saying, "Nothing ever happens until you show up." Inspections communicate expectations. People want and need to know what is expected of them. Regular interaction, coupled with continuing inspections and inquiries about performance, quality and customer satisfaction, can provide employees with the positive feedback they need (paying attention to them and what they do), while clearly communicating what is expected of them.

Pointed questions are far more powerful than direct criticism. Follow-up with appropriate corrective actions as necessary emphasizes the importance of individual input.

7. Reward results.

A former colleague and sales organization leader often responded to compensation complaints with the mantra, "We acknowledge efforts, but we reward results." Everyone who is working hard to accomplish the task at hand wants those efforts to be appreciated. However, organizational success rests on how performance of those tasks produces business results such as new prospects, satisfied customers, improved safety inspections or profitable operations. Rewards should be closely linked to the results sought or the tasks necessary in both the distribution center and in sales. In addition, the criteria should be substantive, not superficial.

Think carefully about what your organization needs people to accomplish, and then link compensation to clear measures of business performance.

8. Celebrate success.

Many business tasks do not translate directly into sales made or costs saved. If certain tasks are not truly necessary to the organization's success, they should be eliminated; if they are, they are worthy of periodic recognition even though they cannot be directly tied to incentive-based compensation schemes. People work for more than just money; they want to know that what they do matters and that their efforts and performance are valued. Nothing highlights value more than formal, public recognition. Even highly-compensated sales people often care more about "making the President's Club" than the exact amount of money they will earn as a result.

Successful organizations constantly celebrate success with awards, contests and competitions because recognition drives excitement and excitement drives performance.

9. Applaud risk-taking.

The first reaction of many managers is that risk should be minimized or avoided, but that is not always the best response. Consider the customer-credit function. The job of the credit manager is to minimize the risk that customers will not pay for the goods or services they have received. However, the lowest bad-debt loss is not necessarily the best answer if the company's credit terms are so tight that significant sales are lost. The better approach is to set credit terms that result in the highest total sales and the largest possible profit, even after providing for bad debts.

People work the same way. To be most effective, they must be allowed to take reasonable risks within pre-approved guidelines. Most gains come from taking risks, not from playing it safe.

10. Condone failure.

Condoning failure is a first cousin to applauding risk-taking. While we all hope that every risk taken will produce a business benefit, many risks will result in failure. The goal should be to allow (not punish) small failures from which people can learn, while precluding actions that place the organization's future at risk. Clearly, "bet-the-company" risks should not be undertaken without careful consideration and approval at the highest levels of the organization.

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Follow these principles in your own organization and improve your business results as well as your effectiveness in dealing with people.

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