

THE ULTIMATE CHALLENGE

What to do with company management personnel when you're in a downturn and have to revert to a 'survival mode.'

by Rudd McGary, Ph.D., AGMA Inc.

When times get tight, companies often reduce personnel to help them survive. Almost always included is some sort of reduction in management. While this makes sense from several viewpoints, there are also reasons why you should take a long look at what and whom you cut from management.

You remember the good old days, don't you? Those days when you only had three other people working with you and you knew everything that was going on? You did the work, you invoiced the customer, you collected, you marketed; you know—the good old days.

Then, because you were so good at what you did, the company started to grow. Remember when you went through the year trying to manage 11 people by yourself? You waited until the off-season, then you said, "I need to get a manager!"

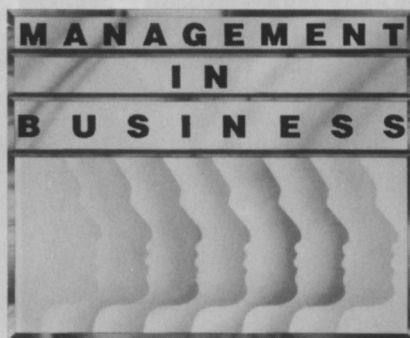
So you hired a "right-hand-man." If you were lucky, you found someone who thought along your lines, who also had other talents. If you were unlucky, you found someone who didn't fit your ideal for this management job. If you were really unlucky, you went through several people before you finally found the right person.

Now you had a company that grew to 80 employees in 10 years. You also noticed that 80 people are not 80 times as efficient as you. That—in fact—some people weren't exactly doing everything they could. But you were making money, so lots of little sins were slipping by as the company grew.

Let's get small

Then the downturn hit. In fact, it hit a year ago and people were let go at the end of the year. Then you looked at your management group and realized that you had way too many people on the administrative payroll for the size you predicted for this year. So cuts began there, too.

Here are some of the questions you ought to ask as you go through a



downsizing. The basic problem is that most management texts and courses don't worry about how to get smaller, they worry about how to get larger. Let's get small.

The basic differences between supervision and management, and one that needs to be highlighted if you are cutting back on personnel, is that the supervisor sees to the daily tasks of subordinates while the manager looks at, and plans for, a longer time period. The need for management lies in hav-

Don't get lost in just doing tasks and working long hours to save the company.

ing people who can control company functions over a long period of time and give employees the information and tools they need.

Who to manage?

The pattern in many privately-held companies (like those in the green industry) is for the owner to get away from the day-to-day operations as the company grows. After building a company to a certain size, and because of the stress of doing so, owners often try to pass off the day-to-day operations to others. This can have excellent results, but often times the personality

of the owner is needed for efficiency's sake.

If the owner/president has been around the operations, and not passive, then it is a good idea to make sure that the top manager is heavily involved when times are lean. Absentee ownership will almost always cause severe problems at such times. Too many questions come up that need to be addressed by someone who can see the entire picture, and usually that is the owner/president.

Remember that this doesn't apply if the company's owners are either public or the owner hasn't been working in the company for some time. In either of these cases, it's best to let the professional managers manage and for owners to keep out of the way.

What you should manage

In the past several articles, we have talked about areas of financial control, operations and marketing that need to be managed in times of survival. Clearly, each area is important. But on a more basic level, managers manage people, money, information and all other assets of the company.

One of the things you must determine is if the type of information you are getting is useful. More importantly, you must make sure to get all the information you need. There is no good reason to get longer and longer computer reports when times are tough. This is the time when you need your vital information on one sheet of paper, reduced to very simple terms.

If your MIS doesn't give you information you can act on, this is the time to make it more efficient. Without good, clear information, you can't manage.

In a survival mode, the company often asks people to return to old jobs as subordinates. This may mean that some people are back to physical work which they haven't done for some time, or that they are now out of the office more than they were in the past. You need to help these people

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CHALLENGE

make the adjustment to their "new"
positions in several ways:

1. Make sure that the key functions
are still in place. For instance, you
might take on the function of inven-
tory control to allow a manager to sell
or work with the crews. But no matter
what, someone has to run the inven-
tory.

This may mean that you will have
to be doing tasks that others were do-
ing in the past. This is survival time.

2. Be a positive motivator. When
times are tough, the top manager has
to be positive and helpful. This is ex-
tremely hard to do, but the good man-
agers are able to do so. The entire
organization takes on the personality
of the top manager. If you are positive
and upbeat, it is likely that your orga-
nization will be also. The opposite is
also true.

3. Make sure that all people have a
basic understanding of what is ex-
pected. In a downturn time, you need
to plan more.

You're also going to try to do the
same jobs without having the same
amount of people, and that means that
you're going to have to be more effi-
cient.

Simply working people harder isn't
the key. Managing better is, and that
means that you need to make clear to
everyone what is expected. Most peo-
ple in the organization will rally to
help if they know what to do.

Don't get lost in just doing tasks
and working long hours to save the
company. Work on being a good man-
ager as hard as you do anything else
for the company. You'll find that the
people around you will be likely to
respond well.

Asking everybody to work harder
won't make the company survive.
Telling them what they can do to help
will.

Control, plan ahead

The management side of a company
often gets lost in a survival mode.
Managers become task-oriented and
return to patterns that were used in
the past. Good managers will recog-
nize that certain functions need to
continue and that control and plan-
ning are the keys.

The cliché, "work smarter, not
harder" becomes a truism in a sur-
vival mode. The task of management
is to understand what the company
needs and to get it to the right people
and places on time. Easier said than
done, but still possible. And for good
managers, the ultimate challenge. **LM**

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