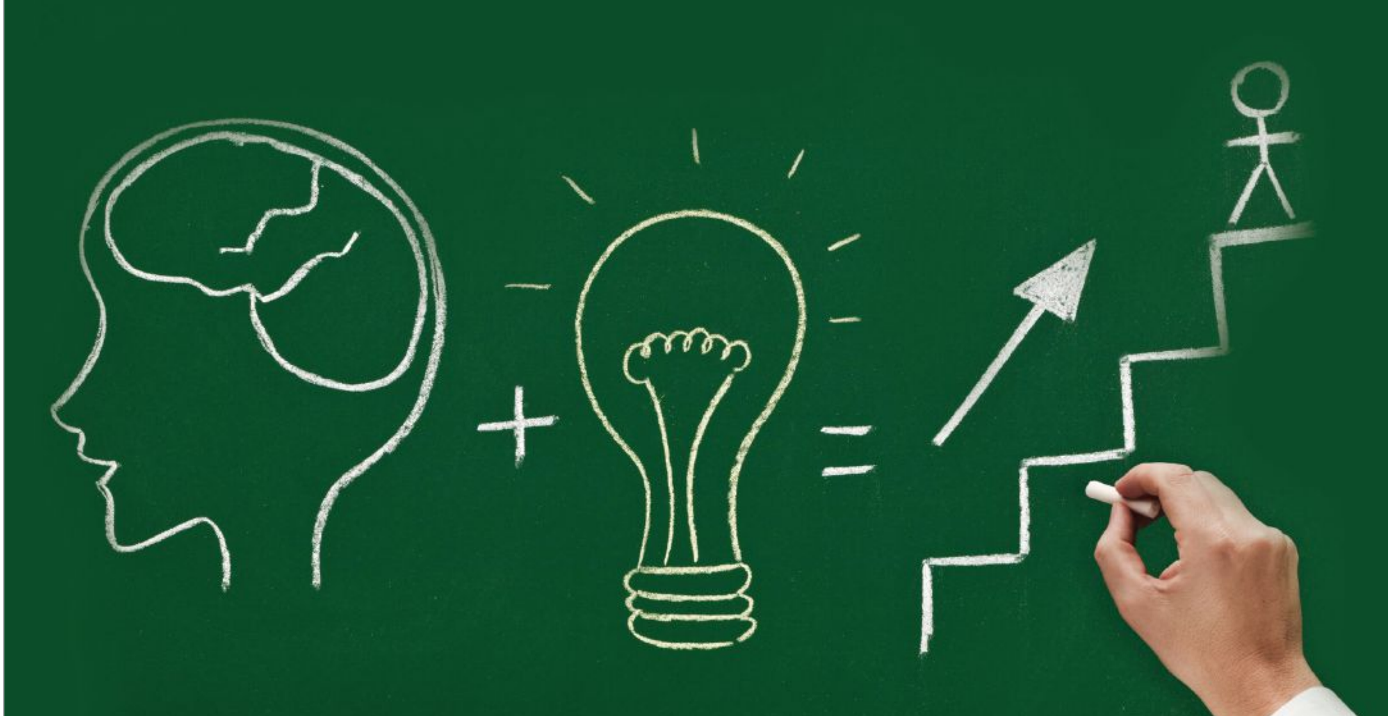
# GIVE EMPLOYEES



## How to develop employees to think, act and care as you do.

BY **JEFFREY SCOTT**

Many companies today are leaving money on the table. Profits are falling through the cracks. Your employees are key to solving this issue. The question is: How do you motivate your employees to do their very best, and take the extra steps needed to increase profitability?

Fear doesn't work as a consistent motivator. A bit of it is actually helpful to keep you on your toes, but extended periods of fear cause stress, burnout and lower peak performance.

The opposite of fear, entitlement, also doesn't work. Entitlement thinking is what has gotten our country into trouble.

But there is a viable third way: Encourage employees to think and act like an owner. Ownership thinking is a proven way to recruit, train, manage and incentivize your employees. (See sidebar, page 94.)

Remember, "Do as I say" only gets you so far. While it is critical to have operational systems and good equipment in place for an employee to succeed, all of your employees already own the most important piece of equipment needed for success: their brains. Your job is to engage employees, so that they engage their brains and bodies in the fight for profits.

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# OWNERSHIP THINKING

## ARM THEM WITH KNOWLEDGE

Nathan Helder, a client of mine, and an owner of Gelderman Landscaping, bought his company a few years back from Hank Gelderman. Gelderman had built a highly successful, multimillion-dollar business by treating his employees well. He did not use fear, but he also did not share much information with them. There was a sense of pride, but also entitlement when it came time to hand out bonuses, for example.

Two things happened that prompted Helder to change the company culture. First, the economy got tight, and second, Helder decided to take his newly acquired business to the next level. He needed to increase productivity to do so.

Helder did many things to prepare for growth. One of his most important decisions was to hire a forward-thinking accountant (senior bookkeeper) who could partner with him in financially educating his staff. He then educated his leadership team on the company's profit and loss statements. He opened up the books.

Once his leadership team was educated and comfortable with the numbers, he started to involve his key foremen. In both his maintenance and construction divisions, he showed them how each crew contributed to the company's profitability, and what they could do to positively influence profitability.

All his key employees in the company now understand how they contribute as individuals and as a team. Subsequently, the company is performing better than ever, even through this recent recession.

But simply handing over more information is not enough. Because knowledge, without power, won't empower your employees.

## DELEGATE AUTHORITY

Giving your employees this new knowledge will only take them so far. Without authority to make changes, their ability to have an impact on the business will be limited. From all my years consulting, and running my own landscape company, I have come to realize there is a triple benefit to delegation:

1 **Customers get better service.** Many years ago, when running my company, I decided to give my managers authority to fire any client they deemed appropriate. This had a big change in how they approached difficult customers. Once they understood how their departments made money, they tended to complain less and manage their customers better. For example, the year I instituted this, one of my managers fired only one customer — though he had originally wanted to fire four or five.

We also authorized the managers to make money decisions (up to a certain dollar level), and the foreman/account executives to make on-the-spot money decisions at another (lower) level. We did this to satisfy customers who had service or warranty issues. In the end, our staff was happier with this authority — and because our clients were getting better service, they were happier, too. We also avoided a "lag" in response time that would happen when upper management got sucked into discussions on small-dollar issues.

2 **Owners and managers are freed up to focus on more strategic issues.** This is the traditional reason that managers should delegate, so that they free up their time to work on things like key hires, setting up new systems, analyzing data, meeting with key clients, etc. The key to delegation is giving your employees a clear goal; then spend time getting the result clearly

understood between them and yourself.

Try the following technique, called *active listening*: Once you have discussed a responsibility you want to delegate, have the other person describe in his or her own words what the result looks like, and how success will be measured. Once you feel comfortable that the goals are clear, ask the other person to commit them to writing.

3 **The staff feels empowered and their morale increases.** As an owner, you enjoy having the freedom to make plans and make decisions. You enjoy the independence and the feeling of accomplishment. The concept of ownership thinking means that your key people will want this same freedom. This is the third benefit of delegation, when executed correctly. The key to success is to not micro-manage. A micro manager is a boss who does not have a clear, concrete vision of success, and thus keeps nagging the employee on "how to" get the job done. In this case, neither party is happy.

## HIRE THE RIGHT PEOPLE

It is very challenging to find and keep good employees. I continually see landscape companies losing key employees to other industries. A client of mine once lost an educated landscape designer to UPS! Why? UPS offered good benefits, good pay, a stable company — and most importantly, UPS offers a clear career path.

We are no longer competing with other (better) Green Industry companies in our market; we are now competing with better companies, period.

Encouraging employees to think and act like an owner often pays off.

PHOTO BY: ISTOCK INTERNATIONAL INC.

Achievement-minded employees of all generations want the following:

- a clear career path with opportunity;
- a set of systems they can follow, to ensure they do their job well and get promoted; and
- to be included and made to feel part of the team, with regular interactions with the owners.

A good career ladder shows the employee what promotions and pay raises they can expect, based on the tasks and responsibilities they master, and the results they have to deliver. (For more information on career ladders, email me at Jeff@JeffreyScott.biz.)

I remember when my company hired one of its now-top employees. We showed this employee our career ladder, and he flipped through it, looked at the back pages (high up the ladder, where pay and responsibility were high) and he said "yes, this is the company for me." He was willing to start at a lower level pay, because he saw and embraced the path to success.

## REMOVE 'PARENT-CHILD' THINKING

Parent-child behavior is emotion-based. It's not functional in a business environment. We all know it when we see it. For example:

A: "You should have your room tidy by now." (Parent to Child)

B: "Will you stop hassling me? I'll do it eventually!" (Child to Parent).

There is no place for this kind of behavior at a professional company. All businesses need "adult-to-adult" conversations to grow and prosper without stress. The following is an example of where the parent-child emotion has been removed:

A: "Have you been able to write the report?" (Adult to Adult)

B: "Yes, I'm about to email it to you." (Adult to Adult)

The problem is, even if one person (a boss, supervisor or owner) does a good job of communicating like an adult, the other person can respond like a child and pull the conversation back into a child-parent relationship. Therefore, it takes vigilance to keep parent-child behavior out of your company.

Adult-Adult relationships are agreement based: You say what you mean, you mean what you say, and you do what you promise.

(If you want to learn more about "parent-child" thinking, Google "Transactional Analysis" or go to Amazon for books on the subject.)

*continued on page 94*

*continued from page 92*

## GAIN-SHARING MOTIVATES

Finally, when employees think and act like owners, they should be rewarded in a similar way as owners. Incentive plans or profit-sharing plans can be set up to allow employees at any level in the company to participate in the improved financial performance of the organization.

Here are three different kinds of gain-sharing.

1 **Piecework.** John Dominy, a client of mine, successfully installed this program in his company — though it did come with some ramifications.

The program is simple in concept: Pay your crews a percentage of the revenue, they produce. This works best when the crew is doing repeatable tasks, such as lawn care, lawn mowing, etc.

When Dominy first initiated the program, some of the crew members took to it like a bee to honey, but others did not want to work in such an environment, and quit.

Those who stayed ending up earning a double-digit raise through their increased productivity — and the company simultaneously lowered its costs and increased its revenue per truck.

2 **Profit-sharing.** The most profitable year I ever had when running my own landscape business was when I put my Top 3 managers on a profit-sharing plan. I told them we are all in this together, and if we can all perform at a high level, and support each other through the process, we will all share in the same profit-sharing bonus. The group became more accountable to each other for their results, but also for being team players — and for being an extra set of eyes for the other departments.

3 **Over/under.** Construction managers, foremen and crews can also be incentivized by sharing in the gains from their installation jobs. For a company doing relatively small jobs, you can keep score and pay out the incentives on a monthly basis. For companies doing larger jobs, you may want to keep score on a quarterly basis — or simply an annual basis. (Keep in mind, though, that the crews and foremen will probably react better with incentives that pay on a monthly basis.)

## PUT IT ALL TOGETHER

Start backward, and make a few key decisions.

› Decide how you will do gain sharing within your company, then design your systems accordingly.

› Involve your leadership team in your decision, and get their input. If they do not understand how the company makes money, then educate them how to read your profit-and-loss statement (at a minimum, this means direct costs and equipment and supervisory costs).

› Decide the type of information they will need, to direct and influence their performance.

› Decide the type of employee that will best work in this environment.

When making big changes like this, it is best to have an advisory board, peer group or mentor you can bounce your plans off before you implement them. The biggest mistake you can make is to begin implementation with half-baked ideas, then change your plans mid-course. Doing this will set you up for failure. Avoid failure by having a group of advisors you trust to bounce off your ideas and help you flesh out your basic plans. LM

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## ARE YOU TRACKING THE RIGHT INFORMATION?

Ownership thinking requires that everyone is on the same page in terms of key operational results, but it can backfire if the wrong operational data is being tracked. You need everyone pulling in the right direction.

› **What data do your crew and managers need?**
Time spent at the yard each morning and afternoon? Total non-chargeable time as a percent of hours paid? Budgeted vs. actual hours? Overtime hours?

› **What data do the sales and marketing staff need?**
Number of proposals given vs. budget? The win/bid ratio for proposals? Upsales as a percent of total maintenance?

› **What information does the office need?**
Paperwork turned in (or synced) on time? Billing data complete?

You will greatly empower your staff to think like an owner, when you get them on the same page in terms of key operational goals (measurements) to hit.