
YOU ARE THE COMPANY YOU KEEP

Raise business value by improving employee quality

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Most of us have been taught to be conscious of the friends we keep because we will be judged in part by them and their actions. That lesson was further reinforced to me when observing my children, whose social experiences are directly influenced by the quality of their friends. Of all the social lessons we learn, perhaps no other has more meaning for small business owners than this one.



Just replace the word *friends* with *employees*: Be conscious of the *employees* you keep, because you will be judged in part by them and their actions. Furthermore, the quality of your business experience will be directly influenced by the quality of your employees. No other investment you make has greater impact on your overall business value than the talent you seek, hire, train, and keep.

Unfortunately, most small business owners lack human resource management skills, and as a result small businesses are rife with examples of employees who are damaging to morale, do not possess the skills necessary to fulfill their roles, and are poor performers but still hang on to their jobs. Compounding these problems is the nature of small businesses—very small workgroups that tend toward a friendship-like intimacy, which makes it difficult to create accountability.

If you do one thing to increase the value of your business this year, conduct a comprehensive evaluation of your employee performance and overall organization, and make sure you have the right people in the right jobs doing their best work.

CLARIFY ROLES

Employees often work in a vacuum. They do their best to fulfill job responsibilities as they see them, but are unsure of exactly what their employer needs. To clarify roles in your company, start by identifying the gaps between your expectations and your employees' performance by doing a comparative function analysis. Ask each employee to answer the following questions about his or her role:

- What is the purpose of this job? What overall contribution does this job make to the success of this company?
- What tasks/activities must I perform to achieve the stated purpose of my job?
- How do I measure or gauge the success of each task/activity; what constitutes productivity or effective performance for each task/activity?



Without discussing it together first, answer the same questions for each of your employees' roles (if there are multiple employees in any role, but the purpose and work are the same, you need to create only one analysis for each role). Compare your employees' responses to your own and discuss the similarities and differences. Then work together to create a specific statement of purpose, activities, and success metrics for each role.

This simple activity will do more to improve your employees' performance than any raise, bonus, or training program, because it gets them out of the vacuum by creating role clarity.

ANALYZE SKILLS

Once you've defined the individual employee roles in your company, take a look at your overall skills, not by employee, but as a whole. Most small businesses suffer from lopsided employee skills. Small business owners tend to hire in the competencies with which they are comfortable and either avoid or simply overlook the areas in which they lack skills or knowledge.

To analyze which skills and attributes you have compared to the skills and attributes you need, conduct a strengths and weaknesses assessment. Begin by creating a list of *Success Drivers*, the 10 to 15 most important things your company must do to achieve sales, customer satisfaction, and profitability goals. Next, ask two questions for each Success Driver:

- What employee strengths do we have for achieving this Success Driver?
- What employee weaknesses do we have related to this Success Driver?

Your subsequent list will show you where you have more than enough strengths already and where you must invest either with training or hiring to strengthen your performance. In most cases, training your current employees is the way to go. If you have people who are competent, dependable, and hardworking, it costs much less to provide them with education and training than it costs to hire new employees to fill in the skills gaps. The costs of hiring are very high, though they tend to be hidden and stretched over time. And the risks associated with hiring are significant. Assume that most new employees will be more of an expense than a contributor for a minimum of six months (and research indicates this figure is more likely a year), and you'll begin to see the value of writing a check for a class, subscription, trade show, or seminar.

Ultimately, the key to establishing a workplace filled with motivated, accountable, on-purpose employees is to create a business culture that makes them feel valued, provides them with challenges, and allows them to feel safe. You cannot achieve a high-performance workplace with a dysfunctional culture. Because it's not just you being judged by the quality of the friends—or in this case, the employees—you keep; your employees are judging the value and quality you bring to their lives, as well.

Do you like the advice in this article? Get a whole handbook's worth, in Andrea Hill's *How to Hire Handbook for Small Business Owners*. Available on [Amazon](#) in both paperback and e-book, and on our [website](#).

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