

Employer's Advantage

From Jim Sirbasku:

Developing the Recession-Proof Workforce

10 WAYS TO KEEP TALENT THROUGH TOUGH TIMES

Case Study: *ProfileXT® Helps Healthcare Firm Enroll Top Performers*

Product Focus: *Two Products to Grow Your Workers – AND Your Business*

Book Review: *Small Companies, Big Thinkers*

Strategies for Winning:
The Sky Is NOT Falling

Success Story: *Building Leadership at DMJM Harris*

From Jim Sirbasku's Desk

Developing the Recession-Proof Workforce

The latest labor statistics help tell the story of the continuous churn in the workforce. Unemployment was 5 percent for April; the annual average for 2007 was 4.6 percent. The rest of the story is that the most talented employees are coming and going as usual, because hiring does not stop even in a down economy. They will do what they believe is best for them. And among the departures may be some of your top talent.

Meanwhile, the slow economy puts pressure on all of us to do more with less. So we have to get the highest level of performance from the people we have. This means continuing to develop them, even when times are bad. So, what are company decision-makers going to do if the best people walk out the door? Will it be...

a. Rejoice as people move on, seeing the wages and benefits we do not have to pay as money in the bank? (Hint: This is NOT a good answer, although some people do business this way.)

b. Continue our recruiting and hiring programs and find ways to develop and reward the best even during economic downturns?

If you answered B, you might just be among the top talent your firm recruited, retained and developed. You know the value of employing the best and you

know that you need them at the helm continuously, and especially during times of economic turbulence.

Even more important, you likely do not assume that because times are bad, your most valued employees will stay put. Why? Because you know that the very best people can always get jobs, and your competitors are out there trolling for them. So you are ever vigilant in managing your talent pool.

In a survey of 850 executives, two-thirds said that their organization's inability to attract and keep the best people is the second biggest threat to their business. The biggest threat is competition. This month's issue of **Profiles Advantage** features a chapter from our book, **40 STRATEGIES FOR WINNING IN BUSINESS**, that offers advice on how to grow your business during turbulent economic periods, so be sure to read and consider those. Then, when you agree that the *only* way to compete is with the best people, try some of these ideas to manage and keep the best:

- Build a recruiting strategy that operates all the time – not only when people leave. If you shop for talented people only when you see turnover, you will be presiding over a system where jobs either stay open too long or you hire in haste (and repent not too much later). Remember this equation: Open positions = poor productivity. Poor productivity = both customer and employee dissatisfaction. Jobs left open too long = a financial drain, not a savings. Jobs left open for extended periods also may create more openings.
- Be a matchmaker. Make sure of the person-to-job match from the very start; do not hire someone who "sort of" works and hope for the best. Do not rely on your instincts. Do not hire someone because he or she is charming or just like you. Smart business leaders use assessments to guide them.
- Be a matchmaker. Make sure of the person-to-job match from the very start; do not hire someone who "sort of" works and hope for the best. Do not rely on your instincts. Do not hire someone because he or she is charming or just like you. Smart business leaders use assessments to guide them.

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- Know your employees. Find out what their dreams are, and help them realize those dreams by developing their skills. Knowing what they want starts at recruitment and continues throughout an employee's career.
- Cross-train. When superb workers know how to do many things, you can place your employees strategically. Challenging your best people in this way lets both people and organizations grow.
- Find creative ways to reward excellence. If the bonus pool is limited, you can make the award more meaningful by giving it to those whose performance is stellar. Spreading it out equally among all employees, even those that did not perform so well, diminishes the meaning. Your best people expect to be recognized. Also, be innovative beyond financial rewards. If you know what your employees value, figure out ways to see they get it. Some ideas: Extra time off,

challenging training for new jobs, flexible hours.

- Get out of the way and let your excellent workers perform their magic. Keep your door open but do not micromanage. You might learn something new as well.

With the cost of losing an employee somewhere between one and five times his/her annual compensation, opening the door to let your best workers depart does not make good spreadsheet sense. This is true whether economic waters are smooth or choppy. Dealing with the up-and-down cycling of the economy is a part of doing business in a changing world. You cannot control a downturn, but you can make your workforce recession-proof.



*Jim Sirbasku, CEO
Profiles International*

Mediocrity is climbing molehills without sweating. – Icelandic proverb

BOOK REVIEW: Small Companies, Big Thinkers

Since this issue of Profiles Advantage is about managing top talent during turbulent times, we decided to look at a book about thinking big even when many others are pulling the boundaries inward. Periods of economic squalls are not necessarily times to shelter ourselves with storm windows and cover inside. When almost everyone else is doing that, a big storm just might offer the best time to dance in the rain.

Keith R. McFarland, author of *THE BREAKTHROUGH COMPANY: How Everyday Companies Become Extraordinary Performers*, looks at just this kind of risk-taking in his new book. The companies profiled are not the big names you might expect. In fact, the author chose them not for their names or what they do, but on how they reached their successes.

For definition purposes, McFarland describes a breakthrough company as one that has broken through 250 million in annual sales. Only a tenth of a percent of companies enjoy this status. After interviewing hundreds of CEOs and businesses, he settled on exactly nine to profile – nine that that started small and broke through. What he discovered about these nine stalwarts is surprising:

- The companies are not about ego, and not about the founders. They are about something bigger than a person. And even a very strong leader cannot achieve success alone.
- In almost all of them, the founders ran the business for a long period.

These CEOs did not share distinguishing characteristics with each other. Some were big personalities and extroverts, and some were shy.

- The companies wanted not consultants, but "insultants" – employees who were brave enough to criticize strategy and offer their own ideas. The CEOs wanted their businesses to grow, and were sage enough to know that a free environment, where employees could be frank, would promote the innovation required for growth.
- They were great at developing people, and because their companies had excellent reputations, they attracted top talent. Luck was negligible in their development. What mattered most were clear strategies and skills. Still, only persistent and perceptive firms will enjoy breakthrough status.

McFarland, founder of McFarland Strategy Partners, has worked as a chief executive officer, consultant, and university dean. He was president and CEO of Nivo International, the provider of Microsoft certification services for MS Office. He was chairman and later CEO of Collectech Systems Inc., an application service provider for customer contact/receivables services to telecommunications firms. He spent 12 years consulting in the areas of information technology, financial services, aerospace, training and education, and healthcare.

ABOUT THE BOOK

THE BREAKTHROUGH COMPANY: How Everyday Companies Become Extraordinary Performers

Author: Keith R. McFarland 288 pages

Publisher: Crown Business ISBN: 978-0307352187



STRATEGIES FOR WINNING: The Sky is Not Falling*

Good Tactics for Bad Times

September 11, 2001, will live in the minds of people forever. Three thousand lives were lost and our psyche was struck that day. For a period, Americans were crippled with fear. The attacks caused people to be cautious and hesitant. The atmosphere debilitated our economy into stagnation. The momentum we had worked so hard to create in our business had come to a standstill.

We met with our staff to explore our options. The attacks of 9/11 had a lesser impact outside of the United States so we focused on further expanding our business internationally. We composed a list of 23 countries where economic and political conditions appeared to be conducive to the products and services our company markets. We were able to identify and contact many excellent prospects. We assessed each of our candidates to help measure their suitability for success in our business. Finally, we invited our top candidates to Waco to meet us personally and tour our facilities. Twenty of the original 23 countries targeted for expansion entered into business with Profiles International, Inc.

The message of this strategy is clear. Maintain your optimism regardless of the situation. It may seem like the sky is falling, but look for the opportunities you may be overlooking.

Here are 10 tactics for coping in tough times, all of which your sales organization can quickly put into action. Some of these actions are specifically aimed at the sales management level, others at every salesperson in the organization. To maximize your chances of success, you need to implement every one of them to balance the negative effects that weakened consumer confidence can have on your sales volume in tighter times.

1. Cross- and Up-Sell in Existing Active Accounts

Active purchasers/users of your products and services who are buying from you currently may have a need for something else that you do. Look at ways of up

The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it.

- Theodore Roosevelt, American president



selling and cross selling into all of these accounts. How could they blend one service/product they currently use with another they have never used? What would be the benefit to them of doing so? What financial/other incentive can you give them to do so?

Formulate as many cross- and up-sell strategies as you can for everything that you currently provide. Look at packaging sets of goods and services so that you add value and revenue to every sale you make. With a little imagination, you'll find you can increase the value of each sale, and create brand-new sales, with little additional effort. It doesn't have to result in a doubling of the value of every sale you make, or in doubling the value of every existing account. Even

modest margin increases will add up substantially over time. Look at how McDonald's and Burger King approach every one of their admittedly individually modest sales – "Would you like fries with that?" or "Would you like a pie with that?" Go large!

2. Awaken Hibernating Accounts

Review the records of everyone you've ever done business with. You'll find there are some on that list who, for whatever reason, have had no contact from you or your sales force for some time. Good times are like that – we all tend to chase the "low-hanging fruit" – the opportunities that walk up to us and say, "Take me!" There will be some customers who have had excellent experience with you, but who haven't done anything with you recently because you simply have not asked. Get out and see everyone. Things have changed since you saw them last – for one thing, you're much hungrier and, if you've actioned the first point above, you now have so many "packaged" offerings that you must have something to interest them.

A key point when you undertake these first two steps is to avoid the temptation to confess that things are tight. Do that and you put your most valuable assets in a situation where they may feel pressured to do something for you – particularly if traditionally you have had good personal relationships with the account contacts. Also, the thought that you might be under any real pressure can grow into the concern that you may not be around to service or implement any project or product that they might buy from you. Be upbeat and treat this as an account-development meeting – seeking more ways in which you can help these valuable customers to meet their objectives, thereby helping you to meet yours.

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4. Seek Referrals

This is classic, basic sales advice, but it is never more important than when times are tough. In every encounter with active customers or hibernating accounts, get into the habit of asking for referrals. Look to existing accounts for referrals to other contacts within the account, or for referrals to their suppliers and peer organizations. Speak with everyone you know in business and ask them to think of anyone to whom you should be speaking. It will get results. Simple, but effective.

5. Cast Your Net Wider

When business is good, the advice is simple: refine your target audience. Know your customer base and market to it to the exclusion of all others. It also means being fussy – going only for the high-ticket, high-margin deals you deserve. When the going gets tough, go for some of those smaller projects you would have sniffed at in better times. Be prepared to come down from the mountain.

Take that horrified look off your face – we're not suggesting you compromise your values or your standard of service, simply that you recognize that tighter times demand a more flexible approach to deciding who merits your attention. You will find that lowering your sights even a little will substantially broaden the target base with which you have to work.

Be careful, however. What you sell to one class of prospects may not appeal to another, perhaps smaller, purchaser. Look carefully at your offerings, and at the new additions to your target base, and repackage what you do to appeal specifically to them. Is there a way to "modularize" what you do, breaking it down into individually priced elements that smaller customers can use on an as-needed basis? Can you provide financial payment terms that make it easier for the customer with shallower pockets to work with you? What can you do to broaden your appeal? You may have to create a brand-new range of product/service offerings and marketing approaches to hit this wider target base.

6. DON'T Reduce (or increase) Costs

...but DO increase value. The moment you start the "bargain basement" approach, your existing customers will imagine that they smell "blood in the water" and this may shake their confidence, driving them away. No prospect or customer ever ran away from more bang for his or her buck, however. Look at how you can deliver more – better service, higher quality, better payment terms, whatever – for the same money. Do this by looking at what your targets value and what your competitors deliver. You'll find that you can very often up your value proposition by

100 percent and still elevate your true cost of sale by only a fraction of that percentage. And – need we say it? – don't even consider pumping up your prices in tough times.

7. Invest More Time and Money

...in marketing and promotion. You've heard it all before: sales is a numbers game. These numbers – particularly the key ratio – are completely different when things tighten. If you were working a 100-10-1 model previously (100 suspects producing 10 prospects, which in turn produced 1 sale), then you know you're going to have to ramp the input to this funnel to a much higher level to compensate for the slowdown. Do you have to double it? Triple it? Whatever the multiplier, you'll find you need to have your prospecting machine running continually, in parallel with other activities, seven days a week. Look at what you can realistically aim to sell to your target base and set about designing as many ongoing prospecting activities as possible. Ramp up your public relations, run value-added seminars and road shows, engage in coordinated mail and fax broadcasts – do whatever you have to do to get your message, and ultimately your sales team, in front of as many prospective customers as possible.

If you have not already done so, consider dedicating some of your team to prospecting alone. Now is not the time to skimp on the promotional budget. You have to invest in chasing prospects out into the open.

8. Build Lifetime Customers

In general, the easiest and most profitable business to win has always been that won from existing satisfied customers. Delivering excellent customer service is essential when there is less business to go around. If you are a direct part of the sales organization or effort in your company, you are one of those with ultimate responsibility for development of profitable customer relationships, and with customer retention. No longer can you shift the blame for implementation or delivery to someone else in the organization. To ensure your future sales, you must take complete ownership and responsibility for the success (as perceived by your customer) of all of your sales. This means taking a perhaps unprecedented interest in the successful and quality implementation or delivery of every project, product or service you deliver to your customers. It means ensuring that everyone involved in delivering what you sell understands that you expect them to go the extra mile to satisfy your customers spectacularly.



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Adversity has the effect of eliciting talents, which, in prosperous circumstances, would have lain dormant. – Horace, ancient Roman philosopher

Ensure that all of your sales result in delivering the success and benefit the customer set out to achieve. That way, you start making headway on tomorrow's sales today.

9. Ask the Troops What They Think

Before you charge into implementing these suggestions, see if your team has any more to add. Call for input from every department on what people think you could do to up revenues and drive sales. Don't confine this to your sales and marketing people – frequently your technical and administration people have a keener awareness of what your customers would really like, or would be willing to pay extra for. Besides drumming up new ideas, this process will make everyone feel an important part of the organization's positive drive for increased success – people will much more effectively implement actions they feel they helped to formulate than ones they feel have been imposed on them.

10. Keep Your Chin Up

Hey! We're not Pollyannas! But we can assure you that unless you stay optimistic, you are dead. Don't feel that you or your business is unique in its suffering, and that all is lost. It's that kind of thinking that fuels dipping consumer confidence. Whatever you're facing, you'll find that others have come through worse and that things always get

better – and this happens faster for those who keep their heads and remain focused and optimistic. Too many people fold up their tents and head for home at the first sign of bad weather. Don't be one of them. Businesses can survive, and even thrive, if their owners and managers remain calm and do what needs to be done to cope with more challenging times. Decide what you need to do to ride the storm out, and then focus all of your energies upon doing it.

The sky is never really falling unless we collectively wish it down upon ourselves.

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'Those who build great companies understand that the ultimate throttle on growth for any great company is not markets, or technology, or competition, or products. It is the one thing above all others; the ability to get and keep enough of the right people.'

– Jim Collins, American business consultant, author

SUCCESS STORY: Building Leadership at DMJM Harris

Editor's note: DMJM Harris, the transportation flagship company of AECOM Technology Corporation, specializes in services that include transit-rail, highways and bridges, aviation, marine, planning, energy and power, and design and construct. With headquarters in New York and Los Angeles, it has more than 2,200 employees in the United States. The company is the employer of choice within the industry and boasts a reputation for attracting and retaining highly talented employees while advancing their professional development. The Greater New York Chapter of the Women's Transportation Seminar (WTS) named DMJM Harris as its 2007 Employer of the Year in recognition of its support of diversity and of women in the transportation industry. DMJM Harris is also a Profiles Client of the Year.

Q. Why did DMJM Harris partner with Profiles?

A. DMJM Harris understands the need for increased employee engagement and retention. It chose to meet that need by increasing the leadership skills for every person in company leadership positions nationwide. The organization selected Profiles International as its strategic partner after evaluating the tools of 60 firms that provide leadership assessments and services.

Q. How did the relationship progress?

A. Our engagement began in September 2006 with a

small project involving 21 top executives. We expanded the project to 75 additional leaders located throughout the United States. We used group training and one-on-one coaching sessions in New York City, Philadelphia, Los Angeles, Phoenix, and Oakland. The success of those first two phases of the project led us to move forward with an additional 500 plus leaders. Phase three of the project began in July 2007.

Q. What does this latest phase involve?

A. Formal training for leadership. DMJM identified this need as the majority of our leaders ascended from technical ranks without formal training for leadership responsibilities. We began with a training program titled "Manager as Leader" for more than 500 leaders.

Q. What assessments did you include in this training process?

A. We incorporated Profiles Performance Indicator™ and Profiles Team Analysis™ into this program, continues throughout 2008. We also chose Profiles as a partner in the development and administration of a mentoring program. Profiles Performance Indicator™ and ProfileXT® both play a crucial role in the success of this plan.

CASE STUDY: ProfileXT® Helps Healthcare Firm Enroll Top Performers

In a slow economy, consider this:

- Keeping jobs open to save money may drive down productivity and customer satisfaction.
- Finding ways to satisfy employees will help you retain them.
- ProfileXT® helps organizations find top talent and matches people to jobs.

Low employee productivity can trouble a company anytime, not just during bad times. A healthcare organization troubled with exactly this problem found help through ProfileXT when it sought a way to increase its frequency of hiring employees that excelled in their positions. This case study examines the relationship between employee productivity and Job Match to ProfileXT.

Participants

The study focused on 60 healthcare enrollment specialists. Their employer administered the ProfileXT to each. Company leaders also evaluated each employee's performance on a five-point rating scale.

Company performance evaluations gave 13 employees a score of four or five, an "exceeded expectations" ranking. Six of the 60 ranked a one or two, which means they did not meet expectations. The rest of the enrollment specialists, 41 people, got a three-point rating, which means they met performance expectations.

Job Match Pattern

The organization used a concurrent study format and ProfileXT to develop a Job Match Pattern for the position of enrollment specialist. The 13 employees who exceeded expectations formed the underpinnings for this pattern, which today serves as a benchmark for matching other employees.

After a review of the percent matches, the organization's leaders determined that a Job Match of 78 percent or higher best identified top performers for the enrollment specialist position. Leaders selected this number as a good match to the job, and the goal to shoot for.

This study further demonstrated:

- The pattern correctly identified 9 of 13 workers as top performers
- The pattern correctly identified 4 of 6 workers as bottom performers

Performance Grouping

Of the 60 employees included in the study, 34 met or exceeded the benchmark. Only two of these (5.8 percent) were bottom performers. Nine of the thirteen top performers, about 70 percent, were included in this group, while only two of the six bottom performers were able to display the same match. The pattern thus differentiated top and bottom performers as delineated by the company's own performance evaluations.

Summary

Leaders at this organization say ProfileXT has increased consistency in their hiring practices, and they have gained confidence in their hiring decisions knowing that the ProfileXT is based on the firm ground of employee competencies. Using ProfileXT to benchmark employees, the organization has shown the ability to screen enrollment specialist candidates with success.

10 WAYS TO KEEP TALENT THROUGH TOUGH TIMES

1. How many top performers are enough?

Mine for talent all the time, not just when talent leaves or changes jobs.

2. Let technology (the Internet) help you broaden your search for talent, pick the right people for your teams, and provide your employees with online training programs.

3. Show you value talent by treating employees fairly.

4. Provide mentors. Veteran employees can help young talent learn the culture.

5. Give top performers opportunities to develop. Providing additional training and responsibilities helps you see what they can do.

6. Reward your top performers to retain them.

Rewards should be consistent with the value they provide.

7. Keep your door open. Maintain relationships even when people move on. You may meet them again.

8. Cross-train top performers so that you can move them around where needed.

9. Find ways to help your top performers understand themselves. This will help them manage change better.

10. Develop your own standards for top performance. Don't copy someone else's unless mediocrity is OK.

PRODUCT FOCUS: Two Products to Grow Your Workers – AND Your Business

Let's say an organization sees the soft economy as a time to maintain the business it has. It views open positions or an overall reduction in the workforce as good ways to save money during a downturn.

We will call this company the Walking in Place Outfit, Inc.

Meanwhile, a smart competitor, The Ball-of-Fire Company, looks at the downturn as innovation time. It will find new places to do business, and new ways to sell its faithful customers even more of its quality products and services.

Oh, and by the way, The Ball-of-Fire Company will be siphoning off the Walking in Place Outfit's best employees – the ones that don't like walking in place – and using them to discover and create its new business.

Is your company walking in place or a ball of fire? Decide quickly, because talent can disappear in a heartbeat, and with it, your business. If your decision is to keep the top-shelf talent that will steer you through bad times and even turn them into good times, Profiles has two assessments to aid you. Profiles WorkForce Compatibility™ and CheckPoint 360°™ are especially designed to help leaders strategically recruit, hire and develop top talent.

One fact remains constant throughout business upturns and downturns: The primary reason employees leave a position is due to conflict with a manager, be it a CEO, director, supervisor or team leader. This can occur without company leaders ever fully understanding the problem or knowing how to correct it. Profiles WorkForce Compatibility™ prevents "boss blindness" by highlighting the competencies that affect the employee/manager relationship, along with information on how the employee and manager can best work together. As this kind of understanding grows, so do compatibility and productivity.

Profiles WorkForce Compatibility helps both manager and employee to:

- **Communicate** better
- **Spot conflicts** before they occur
- **Successfully resolve** problems that do pop up

Profiles WorkForce Compatibility accomplishes this not by magic but through careful strategy and two reports, one for the supervisor and one for the employee. These detailed summaries reveal major working styles, similarities and differences,

recommendations for the supervisor on how best to manage the employee, and suggestions for the employee on how best to work with his/her supervisor. Profiles WorkForce Compatibility effectively does away with "one-size-fits-all" management strategy.

Building on the Profiles WorkForce Compatibility model of compatibility between supervisor and employee is CheckPoint 360°, which measures management competencies by gathering feedback from a 360-degree circle. It provides a leader with constructive performance feedback from supervisors, direct reports and peers.

CheckPoint 360° helps organizations answer these questions:

- What strengths of this manager can I capitalize on?
- Which areas should my manager focus on developing? How can I provide guidance in this area?
- How do I effectively manage conflict?
- Do I have enough leaders in the pipeline to meet tomorrow's needs?

The assessment uses 70 interview questions about specific management behaviors to give a complete picture of a manager's capabilities in such areas as communication, leadership, adaptability, ability to build relationships, managing tasks, productivity, development of others, and personal development. Profiles' clients have used CheckPoint 360° to develop effective leaders, build a talent bench, help leaders through career transitions, use leadership development to enact key changes in the business, and develop top talent.

When the going gets tough, an organization wants to keep its toughest men and women going strong. These are the A-list performers we *never* want to do without. We need them most of all when the economy goes soft.

Ball of Fire Company – and all others ready to grow your business – please call Profiles International at (972) 529-6740. This is not the time to walk in place – your best talent won't.

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**There is something rare, something finer far, something much more scarce than ability.
It's the ability to recognize ability.** – Elbert Hubbard, American writer