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Building a Team

3 Types of Teams

1. Employee teams you hire and pay
2. Contractor teams you hire and pay
3. Independent or corporate teams you depend on but do not have authority over or pay

Do you Build to Grow or Grow to Build?

Organizational Plan

What is an Organizational Plan? It's a detailed plan to clarify reporting relationships by building an organizational chart and creating job descriptions so work gets done efficiently and your business can sustain long-term growth.

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Organizational Plan

Why is an Organizational Plan important? The opposite of organized could be either disorganized or unorganized and that is not a great way to describe any business. There are many different organizational models to choose from; it really does not matter which one you choose to follow but you must have one in place. The Organizational Plan defines your 'chain of command' or reporting lines. Most importantly, the Organizational Plan assists to define individual roles, responsibilities, authorities and accountabilities.

Organizational Plan

Shareholders Directors Members

CEO, President

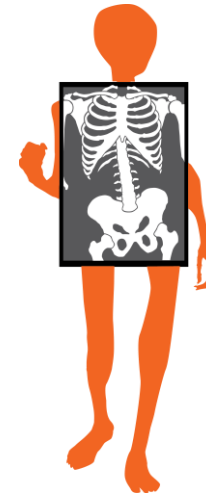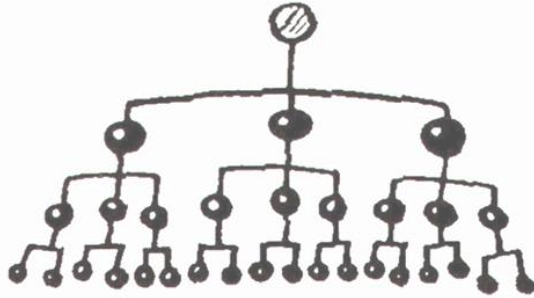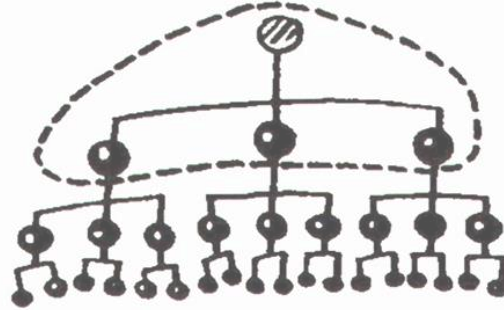| CMO/CSO, VP of Marketing & Sales	COO, VP of Operations	CFO, VP of Finance
R&D Marketing Advertising Sales	Procurement Manufacturing Distribution Customer Service	Human Resources Bookkeeping Budgeting/Reporting

**Launch
Disorder
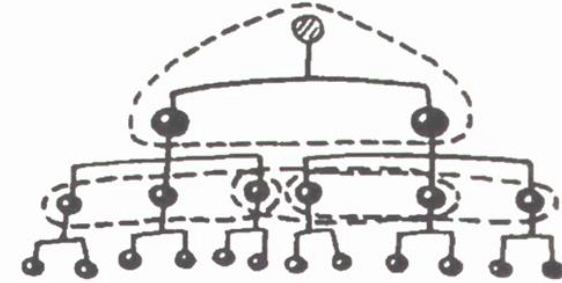Stability**
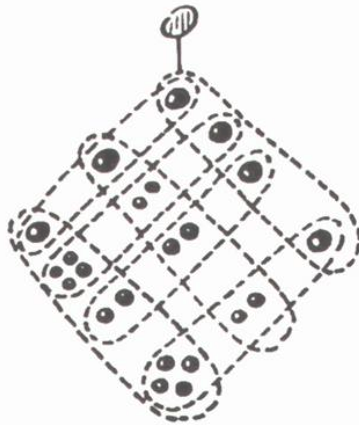
**Growth
Independence**

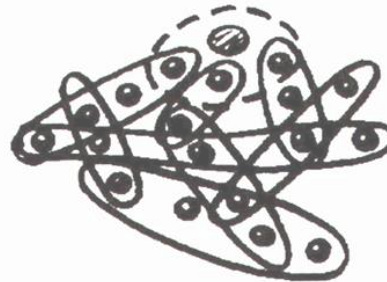# Organizational Models

Model 1: The Rigid Bureaucracy

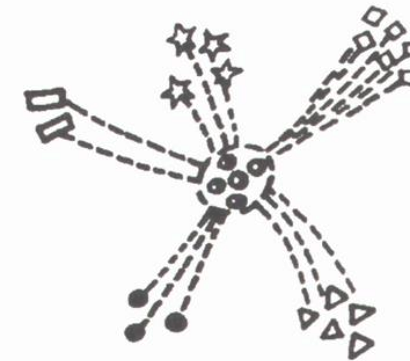Model 2: The Bureaucracy With a Senior "Management Team"

Model 3: The Bureacracy With Project Teams and Task Forces

Model 4: The Matrix Organization

Model 5: The Project Organization

Model 6: The Loosely-Coupled Organic Network

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Organizational Plan
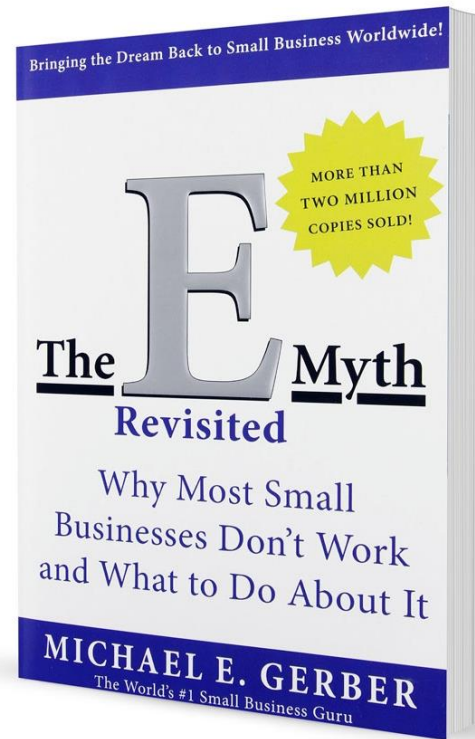
The Entrepreneurial Myth is the mistaken belief that most businesses are started by entrepreneurs or people with tangible business skills. In fact, most are started by "specialists or technicians" who know nothing about running a business.

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Workflows and Roles

Shareholders Directors Members

CEO, President

CMO/CSO, VP of Marketing & Sales

COO, VP of Operations

CFO, VP of Finance

R&D
Marketing
Advertising
Sales

Procurement
Manufacturing
Distribution
Customer Service

Human Resources
Bookkeeping
Budgeting/Reporting

Create your Organizational Plan

1. Make a list of the roles already functioning within the business.

2. Add to the list any new roles that should be recognized or created including over the next fiscal year.

3. Draw out your current org chart and add to this the new roles you intent to create.

4. Fill in the names of those currently occupying each of the roles.

5. Decide if any of the names in the roles should be changed and reassign names in the Org Chart.

6. Draft a Job Description for each role using Job Description System and Templates.

7. Discuss proposed Org Chart and Job Descriptions with each member of the team and make any necessary adjustments.

8. Make final adjustments to the plan as necessary.

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Cross the T's and Dot the I's to your Organizational Plan

1. Conduct a detailed review of each Job Description and get advice on how to classify each, either as employees or subcontractors.
2. Have your professional advisors develop Employee and/or Subcontractor Agreements.
3. Have your professional advisors develop Non-Disclosure and Non-Compete Agreements.

Employee Acquisition Plan

What is an Employee Acquisition Plan? It's a practical plan to win the battle for top talent by consistently generating more than enough leads, screening out non-performers, and using a skills-based test-drive process and psychometrics to choose team members that deliver results.

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Employee Acquisition Plan

Why is an Employee Acquisition Plan important? Studies indicate that if you only use a resume and interview to determine who to hire your probability of success is barely 60% so you might as well just flip a coin. Using the Employee Acquisition Plan coupled with the Psychometric Profiling Process, which is another strategy I will go over next, you can improve the odds to over 85%.

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Employee Acquisition Plan

Hire into your Culture

Do **NOT** hire into your Company

Team Building and Team Work System

Get the **Right People** (= hire the right people)

In the **Right Seats** (= in the right roles based on ability)

Exhibiting the **Right Behavior** (= play well together)

On the Bus

Based on Jim Collins in Good to Great

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Team Building and Team Work System

Right People = Employee Acquisition Plan

Right Seats = Psychometric Profiling

Right Behavior = Team Work System (to follow)

On the Bus

Based on Jim Collins in Good to Great

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You Are the Buyer, Not the Seller

"Hiring is like fishing. The firms that get the best people are the ones that get a lot of fish on the deck so that they can be choosy."

- Eric Dombach

Four-Step Recruiting System

1. PREPARE THE BAIT (Create Your Ad)
2. CAST THE NET (Generate Leads)
3. SORT THE FISH (Virtual Interview)
4. REEL THEM IN (Test-Drive)

Employee Acquisition Plan

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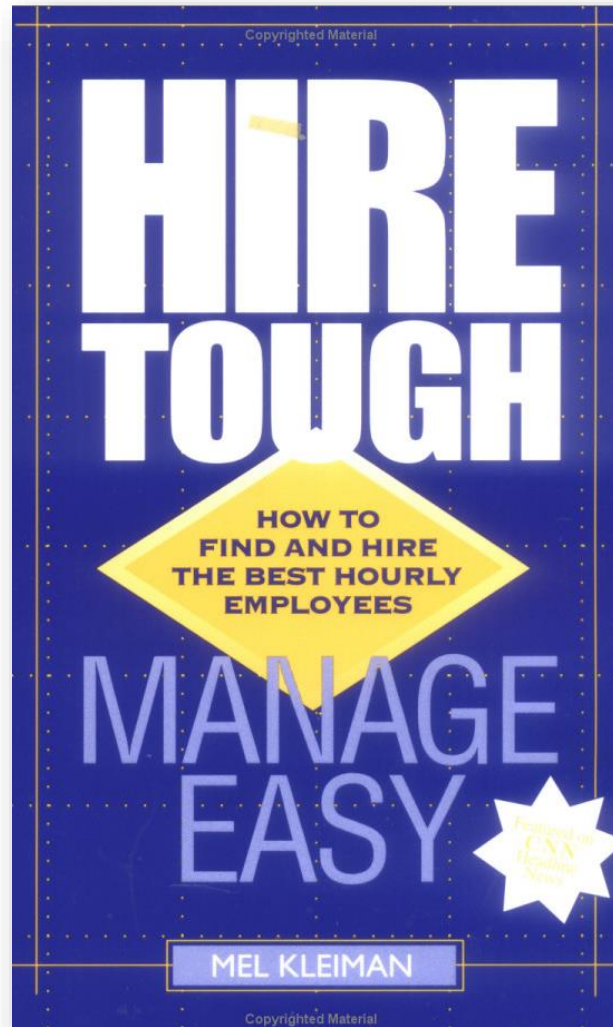
Psychometric Profiling Process

What is a Psychometric Profiling Process? It is a proven process for avoiding mis-hires by using psychometric assessment tools to evaluate and de-select candidates based on position-specific benchmarks.

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Psychometric Profiling Process

Why is the Psychometric Profiling Process important? You want to get the right people, in the right seats, exhibiting the right behavior. In other words, you want to recruit the best, most talented people in the market, make sure they're playing the right role on your team, and make sure they're playing nicely with each other. More importantly, the hard and softs costs of a mis-hire can be staggering.

Psychometric Profiling Process

Hard Cost to Hire an Employee

$4,263

Include Soft Costs

**Employee – 1.5 x
Manager – 8 x
Executive – 15 x**

Psychometric Profiling Process
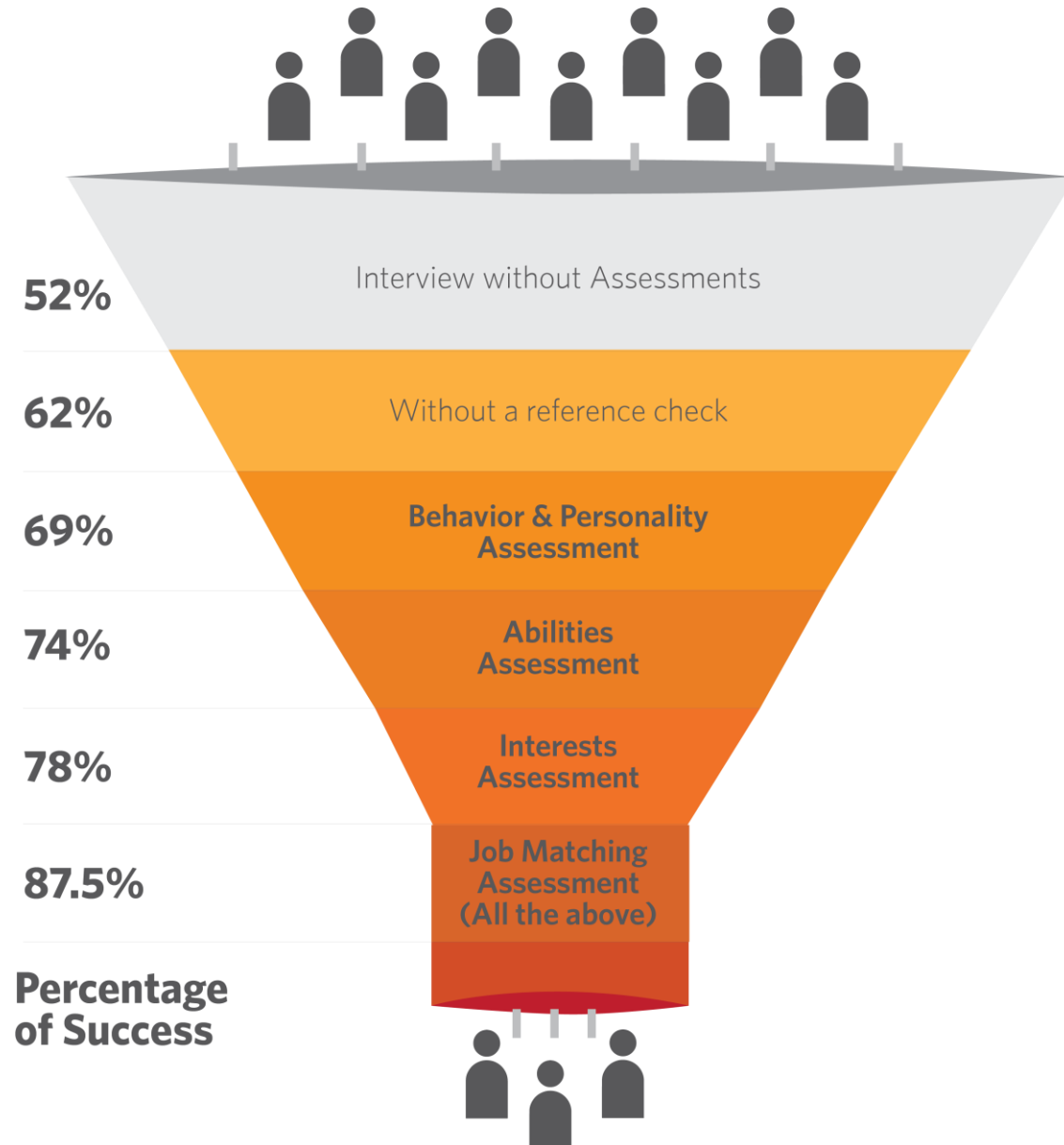
Job Matching:
The process of matching the right person to the right job based upon understanding both the job and the strengths of the person under consideration.

52% — Interview without Assessments

62% — Without a reference check

69% — Behavior & Personality Assessment

74% — Abilities Assessment

78% — Interests Assessment

87.5% — Job Matching Assessment (All the above)

Percentage of Success

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Job Matching

High Turnover Industry – Sample Size: 13,102

Percentage who quit or were fired after 6 months:

Percentage who quit or were fired after 14 months:

JOB MATCH?	
NO	YES
46%	24%
57%	28%

MIS-HIRES REDUCED TO ABOUT 1/2!

Low Turnover Industry – Sample Size: 5,941

Percentage who quit or were fired after 6 months:

Percentage who quit or were fired after 14 months:

JOB MATCH?	
NO	YES
25%	5%
34%	8%

MIS-HIRES REDUCED TO ABOUT 1/5!

Team Dimensions Profile

Performance Incentive Plan

What is a Performance Incentive Plan? It's an incentive plan that rewards your team members for exceptional performance and motivates them to work as hard as you do and care about the business as if it was their own.

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Performance Incentive Plan

Why is a Performance Incentive Plan important? I have taught for years that a sales truth is that your sales team behavior is totally driven by how they are compensated. Upon reflection, this applies to everyone in your business; their commitment, passion and motivation to the company success is directly impacted by their behaviors which in turn are directly related to how they are compensated.

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Performance Incentive Plan

TEAM = Together Everyone Achieves More

STAFF =

Salaried people clocking

Time on the Job

And just barely

Following orders with no

Fun at all

Most people do not quit their jobs, they fire their bosses!

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Performance Incentive Plan

Foundational Premise

Every employee should have a fixed and variable component of their overall compensation.

Performance Incentive Plan

Fixed Compensation Considerations

1. Independent of revenue, margin or profit

2. Part of your overall annual financial business plan

3. What do you pay as a base hourly or salary?

   a. pay what the individual is worth to the business and not what the job is worth

   b. every position you should have a range

   c. offer should be based on the qualifications, skills and experience of the individual

   d. must be aware of what the market pays so you can be competitive

Performance Incentive Plan

Variable Compensation Considerations

Salespeople tend to have commission based variable plans

    a. Focus on On Target Income which is combination of fixed + variable

    b. Variable is typically only based on personal results

    c. Commissions are based on either sales or margins (I prefer margins)

    d. Commissions are normally monthly or quarterly (I prefer monthly)

    e. Should include uplifts like Accelerators

    f. May include SPIFFs

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Performance Incentive Plan

Variable Compensation Considerations

Non salespeople tend to have bonus based variable plans

a. Should be a combination of company and personal performance (I like 33/67)

b. Need to decide if % of fixed or based on defined pool

c. Typically an annualized plan

d. Company performance should be based on sliding scale with minimum to trigger.

e. Personal should be based on defined metrics with sliding scale ratings

Performance Incentive Plan

Variable Compensation Examples

Company Component

Target Payout at 100% ie if company does $10M the bonus pool is funded 100%

     Min payout at 80% or $8M, pool funded only 70%

     No max but at 120% or 12M, pool funded 130%

Personal Component – based on total possible performance points of 20

     Full payout at 16 points

     Min payout at 12 points but lose 5% for every point below 16 so at 12 = 80%

     Max payout at 20 points but gain 5% for every point above 16 so at 20 = 120%

Performance Incentive Plan

Final Considerations

1. Provide all your people with a written compensation plan

2. Provide all your people with written personal performance objectives

3. Help your people prepare personal plans to meet or exceed targets – great coaching or mentoring opportunity. This is NOT management, it is a Leadership!

4. If possible, provide some type of 'calculator', especially salespeople to figure out how improved performance directly affects their income.