



When it's time to “right size” will you know the right 20% to keep?

By: Douglas Garner, Partner, Smart Work | Network, Inc.

2009 promises to be a year that will separate the strong from the weak. Those businesses that have put “a little away for a rainy day” or have streamlined their workforce should be able to weather the storm and, perhaps, pick up market share from their not so well prepared competition.

In my studies of periodicals such as Financial Times, The Wall Street Journal and Barron's as well as my amateur reading of the tealeaves, I have come to the opinion that we are due for a comprehensive downscaling in all our activities, business and personal. Credit will continue to be hard to come by and giant companies requiring giant loans to get from quarter to quarter will not make it over to the other side.

Small and medium-sized companies, on the other hand, have a tremendous opportunity if they have built strong relationships with their customers and suppliers over the past few years although they may have to keep going on the basis of accounts receivables and their good will. Businesses, like households, will likely have to pay as they go from earned income. Cash will return as “King”.

In this scenario, companies will have to become **lean in their staffing**, no longer keeping employees just because they have been loyal or married to your sister-in-law.

Keeping people who don't deliver on the strategy or provide value to the customer in the most efficient way will be considered “dead weight”. Carrying “dead weight” at any time is not good but was less obvious and damaging when money was cheap. Carrying “dead weight” over the next couple of years will be tantamount to corporate suicide.

In our business, Smart Work | Network, we use an old rule of thumb that suggests 80% of your results/outputs/profits are generated by 20% of your people. This would suggest, for example, that when you review the work of five employees, one of them produces the same as the other four put together. Quantifying peoples' capacity gives you what we call a “human capital spreadsheet”, a measure of your future or potential capacity.

Take a critical look at your own business. Do you have a *few* “go-to” managers? You know the ones you find yourself turning to when something *has* to



be done and it *has* to be done right? My observations of the executive teams in companies in which I have worked over 30 plus years would support this assessment.

At Smart Work | Network, our strategic people consulting processes: Executive search, assessment, development and career management, allow us to consider the “fit” or match between an individual and their present job assignment, present boss, and the company’s culture. If any one of these three factors is not aligned with a given individual, a business owner will have a performance discrepancy or a retention issue. Performance means the person is not producing as much as they could. Retention means they probably won’t stay long-term.

Business owners who will **survive** the current economic slowdown will, no doubt, initiate “de-selections” or downsizing. When you critically look at your people you will want to consider these factors of performance and retention. Your plan for reduction in employee headcount should include the evaluation of each employee’s alignment to their boss (personality and work style), their present and potential job assignment (capabilities and flexibility) and your organization’s culture (corporate values and mission).

Executives who are aligned with ***all three dimensions*** are the professionals on your team who you’ll find will be more than capable *and willing* to help your business make it through the tough times ahead.

Conversely, executives who are *not* aligned in any or all of these dimensions will likely underperform to your needs or possibly even resign, perhaps, at an inopportune time.

At Smart Work | Network, we *get* people and “getting people” means we know how to help business owners calibrate the alignment of their executive and professional staffs to their businesses which can mean the difference between surviving and failing, especially in the present economy. *Call or email us today for a complimentary executive assessment for you, personally, and let’s discuss how using our executive assessment process with your team can quickly provide you with your human capital spreadsheet and prepare you to take the right action to thrive in 2009.*

Smart Work | Network, Inc. is a Greenville, SC-based management consulting company focused on helping small and medium-sized businesses select, assess and develop their executive staffs. They also provide career management consulting to executives and other professionals looking for a career change.