



Maximum PIE - Winning in Business



***Happily Maximizing Profit in a Small or
Medium-Sized Company***



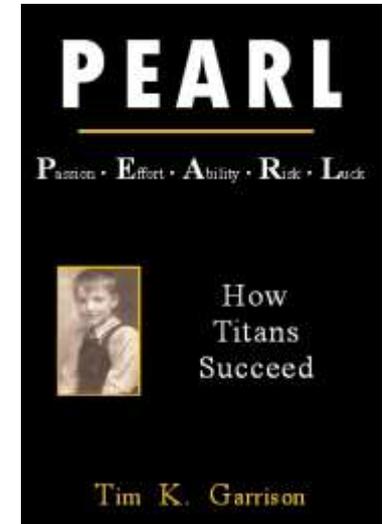
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Sources

The source material for this presentation comes from:

- * My 5th book, P.E.A.R.L., which includes a bibliography of 60+ books on success.
- * Success consulting with 30+ companies, including national and international work with True North Development, a Detroit-based global lean consultant.
- * Battle grime from starting up and running successful construction, consulting, and software companies.
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Part 3



The Right People

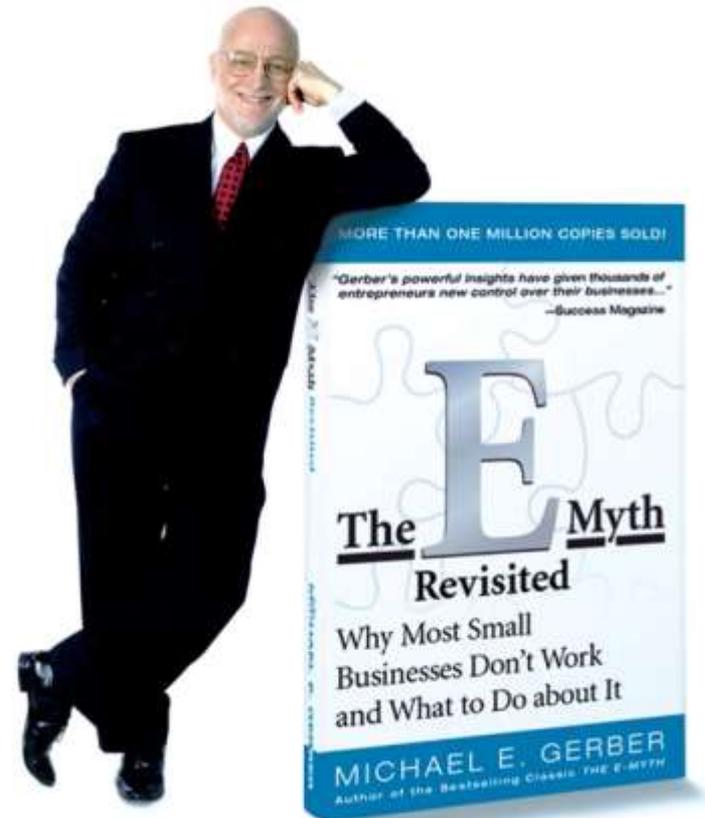
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Who's In Charge? Get the Org. Chart Right

One of the first steps any business consultant should do is look at the company's **org chart**. This is a page out of Michael Gerber's E Myth playbook.

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- *What does the org. chart tell us?*
- *Why is that so important?*



Be More Excellent – Get the Org. Chart Right

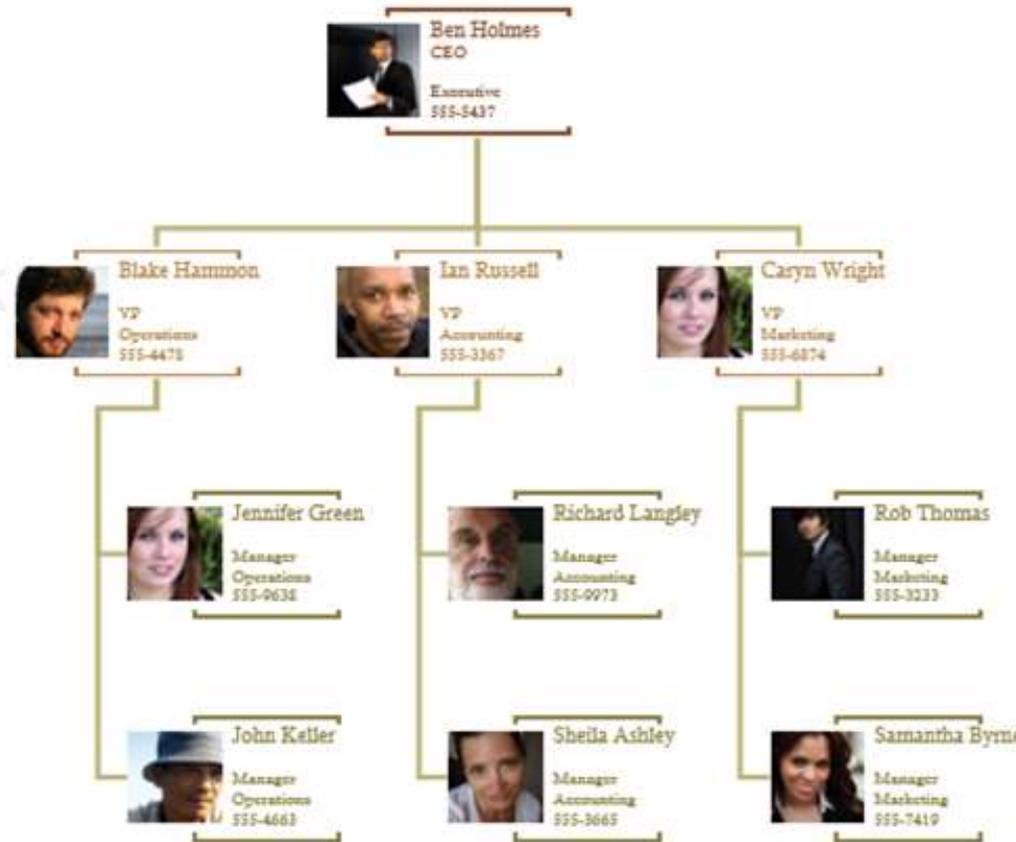
The org. chart does several critical things:

*Establishes hierarchy, from which all decision making flows.

*Defines the various arms of the business.

*Discloses who's got too many hats on and who has too few.

*Enables delegation via clear understanding of who has authority over who.



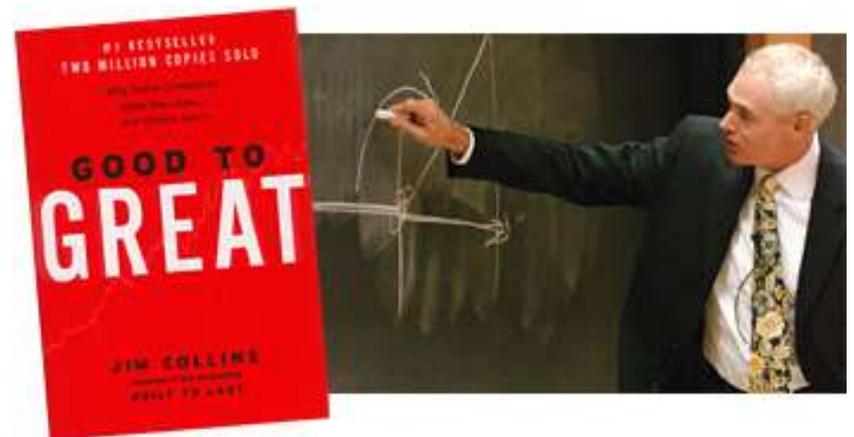
- *Do we have an org chart?*
- *Is it up to date?*
- *Is it complete?*
- *Does it have the right people in the right slots?*

The Right People On the Bus

The next step is do as Jim Collins recommends in his book, Good To Great:

*“To be clear, the main point is not just assembling the right team – that’s nothing new. The main point is to **first** get the right people on the bus and the wrong people off the bus before you figure out where to drive it.”*

*How do you know who’s right
and who’s wrong?*



Be More Excellent – The Right People On the Bus

Here's a powerful way to know who's right and who's wrong:

- * *Mentally fire everyone.*
- * *Decide who you'd rehire and who you wouldn't.*
 - 1 = *Would definitely rehire.*
 - 2 = *Might rehire.*
 - 3 = *No way – gone for good.*
- * *Get rid of the 3s.*
- * *Keep the 1s.*
- * *Decide on the 2s, case-by-case.*

What's the problem with keeping 2s and 3s?

"Get the right people on the bus,
the wrong people off the bus, and
get the right people in the right seats on the bus."

Jim Collins



The Right People On the Bus

The results of keeping 3s and 2s:

- * Lowers morale.
- * Lowers company SQ = too many mistakes.
- * Causes others to work harder to compensate.
- * Consumes excessive management resources.

These consequences are **significant**. *This is the single most troublesome issue in every company I consult with.*

Can a person be managed or trained up a notch?



The Right People – True Colors

A person generally has **true colors** that no amount of leadership, management, or training will change. These are hard-wired traits defining the person.

There will be *rare* exceptions.

- *Is it worth the effort to try to train, manage, lead a person up a notch? Half a notch?*
- *Can you think of someone who changed their true colors?*
- *If you find someone like that, is he/she a keeper, IE a 1? Why?*

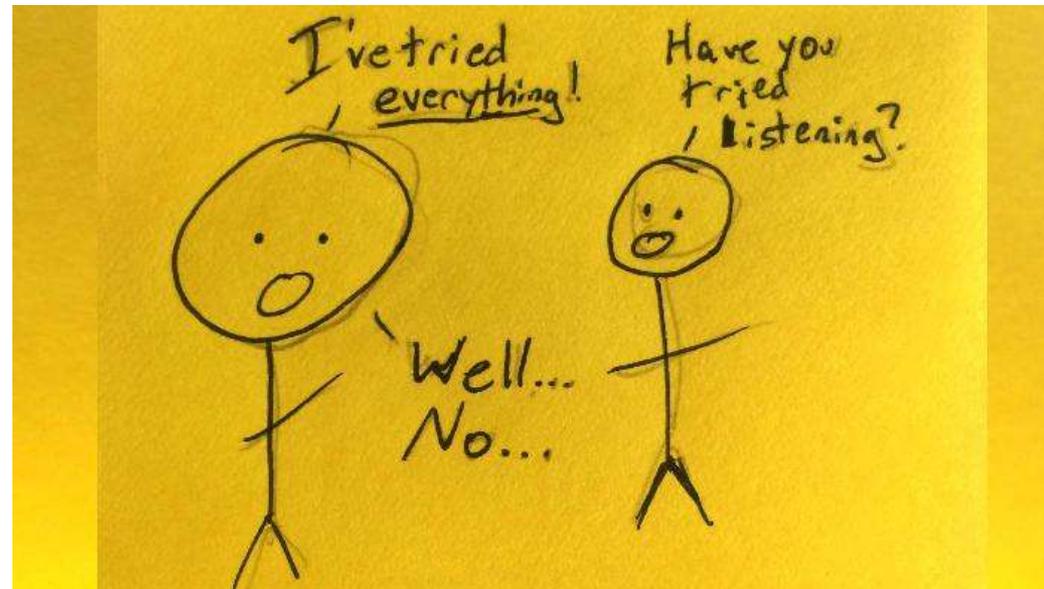
**PEOPLE
SHOW THEIR
TRUE COLORS,
UNINTENTIONALLY.
PAY ATTENTION.**

True Colors

If someone has the rare ability to change for the better, that means they are trainable, coachable.

In my book that elevates their worth a full notch. It's huge.

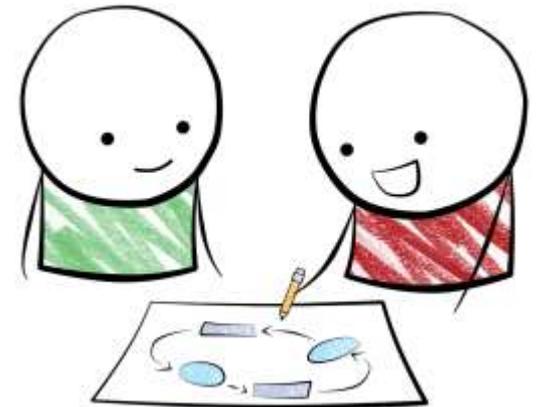
Why is being coachable so important?



Be More Excellent – Be Coachable

Someone who's coachable:

- Is eager to learn. Excellence in anything is directly proportional to knowledge in that endeavor.
- Is a Team player. Super important. More on this later...
- Is likely a friendly, happy person.



Does a person's disposition matter in the workplace?

Be More Excellent – Be Happy

As we learned in the last chapter, disposition matters a lot in the workplace. Disposition affects morale. Morale affects productivity.

Who wants to be around a grouch? ... a perpetual downer? ... an angry person? More on this later...



How does a person learn the company ropes?

Teaching / Mentoring

The main ingredient in being more excellent is **learning**.

We learn by being taught. The “teacher” can be:

- 1) Experience, i.e. trial and error; or
- 2) A person.



vs?



Which is better? Why?

Teaching - Mentoring

Trial and error can certainly be effective. But it can also be counterproductive, even catastrophic.

Learning from a *person* has almost no downside and a LOT of upside.

“Eighty percent of management’s job is to teach, teach, teach.”

-Jim Sinegal, past CEO, Costco



- *List two upsides with person-to-person teaching.*
- *Is there a cost involved in teaching?*
- *Why is teaching so important to Sinegal?*

Teaching – Mentoring

Upsides with person-to-person teaching:

- Promotes relationships.
- Requires that the teacher *really* know the subject matter.
- Minimizes risk of T&E failure.
- Results in learning, of course.

There is a cost in teaching: Time spent which could be spent producing.

Sinegal recognized that the benefits far outweigh the costs.

- *Why is knowledge so important in our business?*
- *How about the employee who does not respond to mentoring?*



Teaching - Mentoring

Knowledge of our bailiwick is what separates us from our competition. It's why a company or person with specific knowledge and experience is worth more than those without it.

None of use is ever done learning. *Ever.*

Thus anyone who doesn't respond to mentoring or learning is a serious threat to our company.

If this is a true color, that person is likely a 3, certainly no better than a 2.

- *Is there a limit on who should teach and who should be taught?*
- *Should we concentrate on top-down teaching?*



Teach How Much?

There should be as much teaching as necessary to achieve SQs of 0.95 or higher.

Jim Sinegal understood this which is why I'll repeat what he said: *"Eighty percent of management's job is to teach, teach, teach."*

** If you don't know something, is it better to guess and go, or get an answer?*

** What is the cost of a mistake?
(more on this later)*

