
Associate Development - Your People Really Are Your Competitive Advantage

By Tom Bradbury and Doug Coons

Executive Summary

Our people are our greatest asset! This statement has been made countless times by business leaders. The question is: How do you use your greatest asset to gain a competitive advantage? Few leaders can answer these questions in the affirmative. One who can is Jack Welch, the legendary former CEO of General Electric.

Nearly 20 years ago, he said: “Any company that's going to make it in the 90s and beyond has got to find a way to engage the mind of every single employee. If you're not thinking all the time about making every person more valuable, you don't have a chance.” With nearly everyone recognizing the need to develop their associates, the question remains: How?

Regardless of company size, there are three keys to associate development:

- Define clear goals and objectives
- Evaluate the associate/monitor performance
- Allow the associate's voice to be heard

While these three elements of associate development seem logical, few homebuilders do them well. The price you pay is low employee morale and turnover. According to ProBuilder magazine, “Research shows that at least half of an employee's salary and up to 100% is spent on a new hire. Even for fast food restaurants that pay seven dollars an hour, the cost to bring somebody on board and provide a minimum of training is \$3,000.”

The purpose of this paper is to highlight the importance of developing your associates into top contributors so you and your company can win! This is best accomplished by investing in your people development process, an investment that pays off in multiple ways:

- ✓ You will reduce associate turnover
 - ✓ Your associates will be motivated—and motivated associates convey this energy to your customers
 - ✓ You will be able to reward your top performers, help your middle-performers, and redeploy your underperformers
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Investing in Your People Processes: The What, How and Why

Before you invest time and money on more people, give your organization a comprehensive roadmap on how to retain and develop your team. Design and document your people processes – what specifically you want your team to do when a new associate starts. Not just what paperwork to fill out, but who to meet with, and where to go for information. Also, support staff will be better equipped to develop your associates, increasing employee satisfaction.

How do you invest in your people processes? The rest of this paper presents “the what, the how, the why” of investing in your people processes.

The What

Fundamentally, there are three core processes dealing with people:

Three core people processes:

- ✓ Associate Recruiting/Hiring
- ✓ Associate Development
- ✓ Associate Departure

- 1) Associate Recruiting/Hiring
- 2) Associate Development
- 3) Associate Departure

The processes are straightforward: You need to hire your people and then you need to develop them. If/when they leave your organization, you need to ensure it is done professionally. We are going to limit our discussion here to Associate Development activities that fall under the second process.

Associate Development actually consists of several activities, all happening at the same time:

- Define clear goals and objectives
- Evaluate the associate/monitor performance
- Allow the associate’s voice to be heard

Defining Clear Goals and Objectives – This task is extremely critical for the homebuilder—it is the critical link that ensures the organization succeeds. How can this be so critical? Simply stated, this is where the “rubber meets the road”: Organizational objectives can only be achieved if someone is held accountable for achieving them. That person can’t always be the owner, COO, CFO, etc. The organization’s objectives must be disseminated to its people—the ones who get the job done. Without this, there is no accountability and the organization will not succeed. A common mistake is to assume that small organizations (less than 50 people) are somehow immune from this because so many people wear multiple hats. They aren’t. The maxim holds: What gets measured gets done. A mechanism must be provided for all associates to be aligned with organizational goals and objectives.

Your associates should also be measured against the right goals. A commonly used methodology for goal setting is S.M.A.R.T., which can be summarized as:

- Specific – is the goal clear and focused?
- Measurable – how will you know if the goal has been reached?
- Achievable – can it be reached?
- Realistic – what will it take?
- Timely – is the objective the right one now?

Individual goals/objectives can be set using two approaches. There is no universal “right” answer—you must use what works for you:

- Bottom-up or “roll-up”: Individual goals are put together and then aggregated; the aggregated objective becomes the company’s goal
- Top-down: The organization’s goal is first determined and then it is pushed down to those with operational responsibility for achieving the objective

As a simple example of a top-down goal, consider a homebuilder that wants to sell 240 homes in a calendar year. For simplicity, assume the builder will want to sell 20 homes per month. If the builder has 4 sales agents on staff, each sales agent would have a goal of selling 5 homes per month.

Evaluate the Associate/Monitor Performance – Once goals and objectives are defined, the associate should be measured against them. Jack Welch was famous for instituting a meritocracy at General Electric—he rewarded those who performed. Once the goals and objectives were established, employees were measured against them.

This can be done in different ways, but a structured, consistent, repeatable process is usually most effective. The process should entail timely associate feedback and should accommodate follow-on activities/tasks such as associate training, scheduled time, etc.

Without an evaluation process, there is no objective evidence about an associate’s performance. Simply put, it’s their word against yours—and this can put you in a very precarious position. Especially if your view is less favorable than theirs. In nearly all cases, associates will readily accept the feedback and appreciate candor. Managers should be provided with the right tools to perform the evaluations. These can include:

- Training
- Reference materials
- Examples
- Rules and policies

Allow Your Associates to be Heard – This activity has all the hallmarks of a marshmallow-popping, campfire sing-a-long. In fact, all that is required here is to simply provide a mechanism for listening to what your associates have to say. As they become more engrossed in the operation of your company, they will feel more bought into what they spend much of their waking hours doing. This invariably leads to ways to improve how they do their job—these must be captured and evaluated. Failing to do so can lead to several consequences:

- Disgruntled associates
- Unmotivated and indifferent team members
- Lost opportunities to enhance profitability
- Organizational stagnation

Best practices in this area include suggestion programs and continuous improvement efforts. Among their features:

- Structured methodologies for capturing associate feedback; these can include suggestion forms, etc.
- Objective evaluation
- Timely replies
- Ability to make anonymous

These features serve as the hallmarks of an effective approach to ensuring employees are heard and are invaluable in demonstrating to your associates that they truly are your great asset.

The How

Step 1 – Design your people processes for outstanding performance.

A process is an organized group of related activities that together create a result of value to your business and ultimately your customers. A process is ongoing and meant to be repeated.

Process design is a prerequisite for repeatability: without it the would-be process is likely to be performed differently each time. Outstanding performance is a matter of design rather than luck. It doesn't have to be perfect from the outset—as it can be evolved over time as your organization learns.

Build in the steps and tasks that ensure your associates are developed to their fullest capabilities – focus on efficiency and effectiveness. For each of the processes and sub-processes identified above:

- ✓ Map out the workflow – identify each step/task, who is responsible; define the sequence; determine the performance standard including how long the task should take; determine the required forms; information to be gathered; what needs to be entered in information systems; build in the new employee interaction you're your team – when and how you interact and communicate with them; build in the appropriate internal controls – review and approvals and internal notifications; build in your policies, rules and standards of performance.
- ✓ Document the workflow – visually lay out the workflow in an easy-to-understand “picture” using software such as Microsoft VISIO™. *(see Attachment 1 for an example)*
- ✓ Develop and “link” supporting documents to the workflow – Detailed Procedures (or even additional VISIO workflows), Policies, Standards, Forms, Checklists, Guidelines, Tips and Techniques, Spreadsheets, Information system procedures. The goal is to have all your process documentation laid out in a coordinated manner so that your hiring managers and team can see the big picture and can drill down into the specific tasks. *(see Attachment 2 for a representative list of documents)*

Step 2 - Put all this documentation on-line – make it accessible 24/7.

This accomplishes several objectives:

- ✓ Your process documentation will change and need to be continuously updated. Everyone will always have access to latest version of the documentation. Maintaining process documentation in hardcopy binders is not effective.
- ✓ You can hold everyone accountable to your processes – No longer can anyone have the excuse of “I did not know”. All the required information is on-line for their reference.

Step 3 – Commit your organization to continuous improvement of your people processes. You now have a process environment to execute continuous improvement. You have a defined “baseline” – you can now identify and implement process improvements. To execute continuous improvement, you will need to design, document, and execute a process to implement changes:

- ✓ It is recommended that you designate a “process owner” for each people process – a credible leader who can make change happen and someone with a vested interest in the overall improvement of the process
- ✓ Develop a method for managers to suggest and champion process improvements
- ✓ Develop the internal review and approval process
- ✓ Develop a method to update the process documentation and a notification mechanism for all team members.

Step 4 – Take the execution of your people processes to the next level with Business Process Management (BPM) software. Powerful software now exists that allow companies to define a process, design it in a workflow, load the workflow and all associated business rules (e.g. “if this, do that” logic) into the software, define the role/person associated with each task, and then execute the process with the software.

When executing, as tasks are completed, the software determines the next task(s) to initiate and place on an associate’s work queue. Email notifications/reminders/and alerts are automatically sent at the right times based on how you designed the workflow.

The end result is once the process is triggered, the software tool advances the process along based on the defined workflow and then allows for exception management when tasks are not completed as designed.

People processes that are good candidates for business process management include:

- Defining Clear Goals and Objectives – establishing company-level goals and then driving accountability by parsing these goals/objectives to associates that are responsible for carrying them out
- Associate Evaluation – periodically assessing the performance of your associates against written goals/objectives and providing timely updates
- Employee Suggestion Program – capturing improvement ideas from your associates, evaluating these ideas and providing feedback can contribute immensely to associate development, morale and company success

It all starts with well-designed people processes.

The Why

The “why” is all about execution. Outstanding execution is the combination of well-designed processes, well-trained team members and an organization that fosters continuous improvement. But it all starts with well-designed people processes. No matter how good your team members are, they can be hindered by poor processes. A prime example of this is an ever increasing paperwork burden on the manager. This same manager is also being challenged to do more with less. Additional paperwork takes valuable time away from their day. The good news is that employees will gravitate toward anything that helps them do their job better.

Training is important – *but you need to train your managers and employees on your processes.* This is much more effective than generalized training, which your people then need to figure out how to apply to your company’s activities.

In summary, the benefits of investing in people processes are:

Reduced Associate Turnover – Your people are managed using an on-line, up-to-date reference detailing how your company conducts its business and how they should do their jobs.

Improved Associate Motivation – Your associates’ voice will be heard and they will feel that they really matter to their company.

More Accountable Managers – Information on what to do and how to do it is always accessible – “I didn’t know” is no longer an excuse.

Better Manage Your People – You will be able to reward your top performers, help improve your middle-performs, and quickly identify your underperforms.

A Culture of Continuous Improvement – Documenting your processes and then executing and measuring results forms the basis for a continuous improvement culture.

Visibility, Control and Assurance – Implementing a BPM tool allows for the ability to design, “automate”, execute, manage and monitor core processes in “real-time”.

The Ability to “Manage by Exception” – Put the core orientation processes on “autopilot”, then focus management on instances that are not executing according to the planned workflow. Processes not executing as planned are flagged (e.g. an incomplete task is not being followed up on as defined) and managers are notified via email alerts.

Integrate People, Processes and Systems – Technology and systems are only tools to get the job done. Defining and designing your people processes aligns your people, processes and information systems to streamline your new associates’ day-to-day work.

Conclusion

We believe the time is now for Home Builders to invest in their people processes. This is a call to action. The current environment is getting tougher, you need to: reduce associate turnover and improve associate job satisfaction in order to ensure you retain them.

You can't afford to have managers cut corners; this impacts employee morale and creates an environment of mutual accountability.

- ✓ Design your people process for business impact
- ✓ Define and enforce rules and guidelines to help manage these processes
- ✓ Define and execute effective interactions with key stakeholders within your organization
- ✓ Allow your associates' voices to be heard—and capture their feedback to help improve your organization