

## **Develop a Partnership With Your Employees by Teaching Them The Purpose of Business.**

**by  
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“We do it because it makes more money.” Bob Frye, CEO, Cin-Made.

I often ask employees “What is the purpose of a business?” Normally, very few answer “A business is a money making machine.” Partners and owners, on the other hand, rarely miss this answer. How then, can a business owner develop the same level of understanding among employees?

Research indicates owners/partners have four key distinctions that set them apart from traditional employees. They are Educated, Enabled, Empowered, and Engaged. Because of this, they are confident in their assessment of situations and their ability to solve problems. This allows them to improve the operation through their own initiatives. To have all employees perform in this manner it is necessary to develop their capabilities in these four key areas.

### **Education: Line-of-Sight and a Personal Action List**

In the business of making money, progress (or lack of it) is kept score using an income statement and balance sheet. Owners/partners understand how to read these scorecards and understand what circumstances created the numbers. Educating all employees to understand these documents can be achieved during a half day workshop that addresses the issues of revenue, expense, profit and cash.

It’s much more difficult to help them understand how their daily activities impact these numbers. I find this “line-of-sight” easiest to develop in small work groups, where employees identify the line items they contribute to and define the operational measures (productivity, quality, scrap, attendance, etc.) that affect those line items. Part of this education is an understanding of the work flow process. With this education everyone understands how an improved process contributes to profitability.

The final step in this education is for each employee to internalize their understanding by creating a list of personal actions that will improve the numbers.

### **Enable**

Educating employees without providing them with the tools to take action is wasted effort. In order to turn knowledge into results, employees must have access to business information on a timely basis. One proven approach is weekly team or department meetings where the appropriate measures are shared and discussed.

Organizational systems, such as self-directed work groups, problem solving teams and suggestion programs enable employees to participate and contribute. Training in

problem solving, decision making, process analysis and interpersonal skills enable employees to use their operational measures to ensure the processes work well and to improve their personal performance.

## **Empower**

For employees to act like partners they need the authority to take action. Perhaps the biggest difficulty an owner has is to release the authority to take action without unleashing anarchy and chaos. One successful approach to developing this empowerment is to release authority to act based on demonstrated performance. This authority is situational in nature and extends only to the degree an employee has demonstrated competency. The process is: 1.) identify an area of improvement, 2.) share knowledge, 3.) provide clear direction, 4.) observe performance, 5.) review results and learn from experience, 6.) release situational authority to take action based on demonstrated competence.

## **Engage**

In order to engage the employees in the business to the same degree that owners or partners are engaged, everyone must be provided with a reason to be interested, to participate and to improve the situation. Because this partnership process personalizes work, it becomes more meaningful and, in doing so, increases employee satisfaction and self-worth. However, the most successful organizations provide everyone with a reason to be interested in the profits. They offer to share the gains of improvement with those who help make them, thus developing a sense of common destiny and a true partnership with all employees.

## **The Secret of Success: Managing Expectations**

Success in creating a business partnership with employees depends on the strength of leadership. Leadership must set the expectation that “We are going to become a measurement driven company.” They must set the expectations that each employee will be educated in the key measures of the company and the specific numbers of their department and that each employee will be expected to track and understand the numbers that are important to them. They must set a timeline of expectations (“this will take five years”) and a plan of action (“we will do it step-by-step, in weekly meetings.) Lastly, they must define the benefits of participation and establish the consequences of not participating.

"There is no order, only managed chaos, and those with the best information and understanding manage it the best." T. J. McCoy.