

Stu's View
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Maximizing Efficiency of In-House Talent

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When it comes to business success, there's no doubt that efficient and productive personnel translate to increased profits. In the print industry, data has consistently shown that if you are generating \$1.6 or less for every \$1 of payroll cost (fringe benefits, temporary wages, etc.), you are losing money. So how do you ensure you are consistently getting the most from your in-house talent?

Here are five (5) "Must Do's" for successful companies in any industry:

- 1) Hire the best and the brightest. As Jim Collins notes in his book, *Good to Great*, the most successful managers first hire the best, and then figure out what niche they will fill in the organization. They are always seeking good people to add to their potential pool of candidates. This lessens the urge to "panic hire" just to fill a vacancy, and also enables expedient replacement of any poor hiring choice with stronger candidates.
- 2) Train employees on what you want them to do. There is a part of every job that makes you special to your customers. Your "best and brightest" people have the skills to know what to do, but it is up to you to tell them how you want it done -- What are their timelines or target points? How often should quality checks be done? What material usage and costs have you projected for this job, etc.? These management decisions set the culture of your business and differentiate you from the competition.
- 3) Monitor actions and results. Successful managers understand that their function is to reap value by servicing their customers. To ensure that this is happening at all levels in your organization, we recommend that you: 1) Walk through your plant every day; 2) Hold regular employee meetings; 3) Frequently go out on calls with your salespeople; and 4) Sit in on CSRs calls. Such activities not only keep you highly visible and informed, but also provide immediate feedback opportunities for monitoring progress.
- 4) Provide feedback at least annually or semi-annually. Every employee should have the opportunity to learn from their boss how they are doing, in writing. This written assessment should occur on a regular basis, with the opportunity to set measurable goals (sales growth, quality, efficiency,

etc.). As part of this process, we recommend that managers also be forced to rate their subordinates relative to others in their department. This not only identifies your “best and brightest”, but also targets lower performers who may benefit from a corrective action plan to help them get off that bottom tier and improve their department’s efficiency.

- 5) Replace the bottom 10% annually or semi-annually who do not respond to corrective action. This is the hardest one for most of us to do, but at some point in time, you must cut bait. In today’s rapidly changing world and competitive market, an employee who is adverse to change or not responsive to corrective effort is a drag on your organization. GE has been one of the leaders in this philosophy, replacing their bottom 10% annually to build a dynamic organization of talented people.

Five steps to maximize the efficiency of your in-house talent – all inter-related, and all starting with that most significant point -- hire the best. To do otherwise is simply “pennywise and pound foolish.”

Stu’s View is contributed by Stuart Margolis, CPA and Partner of MargolisBecker LLC to provide information that helps firms operate profitably. More information can be found at www.margolisbecker.com.

About MargolisBecker

MargolisBecker has long been recognized as the financial expert for the printing, packaging and allied graphic communications industries, assisting thousands of companies with strategic and financial management, valuation, mergers/acquisitions, accounting, audit and tax services. The firm is noted for its expertise in enabling companies to optimize profits. Proudly, it is the purveyor of the industry’s *Cash is King*, and *Value-Added Principles of Management*, and compiles the annual Printing Industries of America Ratios, the printing industry’s premier financial benchmarking tool.

About New Direction Partners

The team at New Direction Partners LLC has guided over 200 printing company owners through the sales and merger process. The advisory services reflect a full set of skills to help you sell or expand your business: valuation, management consulting, financial advisory and investment banking. The deep experience and industry expertise at New Direction makes it uniquely suited to serve printing, packaging and allied graphic arts businesses.