



## Operations Corner

### **Converting a “CD” Into a Viable Investment**

*By Melinda Meyer, ValMark Securities*

For most of us, the development of a strong corporate infrastructure is a mystical, magical world from which we shy away. Often times we see staffing or team building as being a “CD” (cash drain) on our business, a distraction from production, or an area that results in conflict – basically, an arena we choose not to enter. What do we need, how do we find them, what do we pay them, how do we train them, and what do we do if they leave?

All of these are viable topics of discussion, but let’s assume your staff is in place. The question then becomes, how do we manage their performance to convert our “CD” into an investment in our business and ourselves that yields high returns?

By considering a few uncomplicated processes, you can easily realize the return on your investment. It starts from the beginning of a staff member’s employment.

#### ***Create Job Descriptions***

Every staff person should have a clearly defined, written job description. This avoids any confusion or misinterpretations and assures both management and employees are aware of precisely which duties are the responsibilities of each employee.

#### ***Provide a Written Training Path***

Each staff person should have a written growth path that is updated annually. This is a great tool that can be used to create momentum, sending a message that management cares and is willing to make an investment in professional growth. It is also a quantitative measurement of the staff member’s educational progress and a benchmark for financial and career advancement.

#### ***Set Clear Task Expectations***

Clearly delineate the goals of a project or task. Be clear about what you wish to have accomplished. Staff cannot be held accountable to complete a task if they don’t understand what is expected of them.

This delineation can come in many methods – from the written job description to a weekly or monthly “Big 5” project list (depending upon the personnel and duration of employment). To create a “Big 5”, ascertain the top five tasks to be achieved this week; or the top five accomplishments to be completed this month by the staff person. Meet with the employee, write down the tasks, and decide how success will be measured. An example might be: Compile a report of all 10 year term policies in their 9<sup>th</sup> year, including client name, owner, face amount, date of issue, contact information.

### ***Set Clear Accountability Expectations for Each Task***

In addition to task definition and measurements of success, set clear deadlines of completion. Various personnel have differing priorities. Be clear what the measurements of success are and the date by which the goals must be reached.

Using the above task example, you might specify that the report should be completed by October 1, 2006 for review and implementation in your October 4<sup>th</sup> meeting.

### ***Provide Immediate Feedback***

As stated in a recent article by Daniel Goleman (author of *Social Intelligence: The New Science of Human Relationships*), personnel recall negative comments made by a supervisor more than positive ones. Therefore, to positively motivate your team, make certain that you verbally acknowledge a job well done. For example, customer satisfaction is a big focus for us. Every time senior management receives quantitative written feedback from a customer, the staff person is acknowledged publicly and receives a reward (not necessarily financial in nature).

Also, if personnel stub their toe, let them know right away. "Next time you should consider doing it this way because ..."; "this decision resulted in ..."; "by communicating the bad news via email, the customer's perception was different than your intent". Be aware of the overall tone of your remarks, so that the employee views the conversation as constructive and not negative.

### ***Reward Expectations Exceeded***

The salary one receives is the remuneration for meeting expectations – doing their job. Incentives should be put in place for exceeding expectations. These incentives should be both formal and informal. Since exceeding expectations is based upon performance, you can manage quality performance on a variable cost basis – paying only if it occurs. These "exceeding expectations" measurements should have a direct result on your profit – as key personnel exceed expectations, your business will exceed projected profits – a small investment for a larger return.

Managing to quantifiable measurements eliminates the emotion from the process and displaces the management from you to the employee. Remember, what gets measured, gets done.

### ***Manage Underachievers***

Just as important as acknowledging expectations reached, is clearly establishing consequences for underachievers. Jim Collins, author of *Good to Great: Why Some Companies Make the Leap... and Others Don't*, suggests that in creating a robust infrastructure you should always identify your bottom 10%. Efforts should be implemented to cast off and upgrade the bottom 10%, constantly enhancing your capabilities. Quantitative data facilitates this concept without trepidation on your part.

### ***Create a Formal Performance Review Process***

By standardizing a formal written performance review process, everyone is evaluated on a level playing field. This is also protection for the firm to keep you from being scrutinized when offering negative feedback – there is no favoritism if everyone is evaluated by the same method.

### ***Document the File***

If you find it necessary to reprimand personnel due to lack of performance or an abundance of poor performance, make certain that you document their personnel file. This will save you time and money in future disputes.

Do the same for good performance. It is a good balance and may be helpful when conducting an annual review or evaluating the possibility of job advancement.

Managing employees' performance from the beginning of their tenure creates the opportunity for you to invest in the infrastructure of your firm, producing a motivated workforce that yields high returns on that investment. This short term up-front effort will transform a "CD" into an investment that will support your vision and the growth of your business long term.

*Melinda S. Meyer serves as Vice President of ValMark Securities, Inc., and Chief Operating Officer of ValMark Insurance Agency, LLC, catering to the needs of the independent financial and estate planner. During her more than 25 years in financial services, Melinda has influenced the growth and success of two MDRT firms in South Florida as well as the business planning and infrastructure development of the ValMark companies and their affiliated independent financial services entrepreneurs throughout the United States. In addition to serving as Minnesota Life co-GA with Larry J. Rybka, Melinda is also professionally involved with the NAILBA Education Committee, LifeMark Partners and the Securian Women's Interactive Sales Exchange.*

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