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Handle your employees with care

Though oft said, the dictum remains true:
employees really are your firm's most valuable assets.

By James S. Cassel
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No matter what size or type of business you own, your success depends largely on the people who comprise your team. The decisions you make in all phases of the employment cycle — recruiting, hiring, training, retaining, evaluating, and promoting, laying off or firing — are critical.

Based on my experience over the years helping middle-market business owners, I believe that they often don't give the necessary attention to many basic principles. Employment decisions are often made by the wrong people, at the wrong time, for the wrong reasons, and without the proper considerations. Here's some practical advice I have found helpful.

Recruiting, interviewing and hiring. This process begins before you even look at the first résumé. First, you should identify what characteristics you need in your prospective hires and carefully determine who within your firm should become involved in the process of creating job descriptions, screening résumés and conducting interviews. While the CEO of a mid-size firm may not be directly affected by a bad entry-level hire, such a hire might create tremendous burdens for other team members.

Southwest Airlines famously hires for attitude and trains for skills. Despite the company's ongoing success, other firms often underestimate the importance of personality of potential employees. Consider conducting a well-regarded personality test (such as the Myers-Briggs Type Indicator) at some point in the recruitment process. You can conduct these internally or use an outside provider. Who conducts the interview is important, but who conducts the test is not as important.

The hiring process can be an even trickier proposition for family-owned businesses — especially when it involves making decisions like going beyond the bloodline to bring in the best candidates at senior levels. Automaker Ford was managed on and off again by Ford family members until 2006, when the company made the strategic decision to bring in Alan Mulally, a former executive with Boeing, as Ford's president and CEO. Although these decisions might be difficult for some families, such moves can bring great value to the businesses. In the case of Ford, the hiring of Mulally has been largely credited with returning Ford to profitability and avoiding bankruptcy.

Training. Although training is vital to employee retention and business growth, it is often overlooked by many middle-market business owners who are focused too tightly on day-to-day operations. Consider exploring options like online courses or sending employees to outside conferences for training. You can also bring trainers in house on a contract basis.

Larger companies may have access to more comprehensive resources that enable them to train internally. Technological solutions such as MindTickle that gamify and socialize employee training can keep businesses of any size competitive.

However, while game-style technological solutions may be useful for training entry-level staff members, they may fail to stimulate more senior executives or encourage them to stay at the leading edge of their fields. Therefore, it's helpful to identify high-level industry conferences and events where upper-level management may connect with their peers and get inspired from the nexus of knowledge.

Workplace: Inspiring and training your employees is great, but employees also want good working conditions, compensation and benefits. More than ever, job applicants are looking beyond salary and are paying attention to the fine print related to health insurance, 401(k) plans, paid vacations and other provisions. Unfortunately, many businesses fail to provide competitive benefits packages because they don't have the in-house human resources departments necessary to manage these benefits as well as the costs. Options like professional employer organizations that outsource human resources administration, payroll, benefits administration and other functions can enable middle-market businesses to provide the same or better benefits to their employees as larger companies — and do so at more reasonable costs.

Evaluating. Continuously examine your team all the way up the ladder, from the entry-level to the C-suite. Incentivize strong performance and enforce training to respond to sub-par performance. In so doing, you can reap maximum productivity out of your team long after the initial hiring.

When it becomes clear that a bad hire has been made or you have a problem with an employee, it's to everyone's benefit — including the employee's — to end the relationship as soon as possible.

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