

In Tough Times, Teach Business Basics

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The Problem

Now, more than ever, businesses large and small need to insure that all team members have both of their oars in the water, and everyone is doing his or her part to propel the vessel forward; clearly *everyone* needs to be engaged in helping the organization to achieve those key things that will insure financial success. Yet research tells us that a significant percentage of employees in American industry are **not** engaged, and we, as leaders, are in essence wasting a large portion of the creativity and intelligence that is available to us. The truth is that many managers and executives have overlooked a critical aspect of motivating and driving engagement: communicating with team members about the big picture goals of the business, the company's critical numbers, and how each individual's work will impact them. In other words, employees need a foundational understanding of business in general, and your business, specifically. Without it, staff will not be equipped and fully motivated to help you achieve things that are critical to both your short and longer-term success.

Creating a Company of Business People

Though it may seem counter-intuitive at first glance, lean times are actually **great** times to teach people about the basics of business. People are motivated to learn, because they want to do their part to keep things afloat, and avoid some potentially serious consequences.

Consider the case of Jack Stack, the pioneer of *Open Book Management*, a broad philosophy of management that is built on the idea of creating a culture of employee engagement and ownership. Stack wanted to create a "company of business people" at Springfield Remanufacturing Company, a small spin-off of International Harvester that did engine remanufacturing in Springfield, Missouri. Stack hoped to achieve his goals by training and involving his employees at all levels in the company, which was on the brink of financial disaster in 1983. Today, Springfield Remanufacturing is one of 17 companies in SRC Holdings Corporation, and sales have increased from \$16 million in 1983 to over \$400 million, while stock value has risen from 10¢ per share in 1983 to \$234 in 2008. The Company's financial performance has been remarkable, while the lives of many of the people in the organization have also improved dramatically. It all started by teaching Business Basics, and harnessing the intelligence and creativity of working people in a small, dirty engine factory.

For more than fifteen years, our consulting team has had numerous opportunities to participate in culture change initiatives that involve teaching employees about the business. At the time when this approach first piqued our interest, entitlement thinking was rampant---employees often felt their employment was a given, and weren't compelled to give the organization their best, highest

efforts. We first tried teaching Business Basics as a means of showing people their real cost (and value!), and gaining their buy-in to the organization's goals. Very quickly, we saw the magic of the formula, and it's been working in many of our client organizations ever since.

Consider these Business Basics success stories:

- A private industry leader in manufacturing consumer products realized that they were losing customers to more nimble and responsive competitors. Everyone participated in a customized, yet cost-effective Business Basics training initiative. After completing the training, the employees recommended a cross-functional team to address On-time Delivery (OTD), the "Achilles Heel" for the organization. Within just two months, OTD was improved from 77% to 95%. Customer confidence was quickly restored, and employee pride and morale soared.
- A large public global pharmaceutical company saw employees in several branch locations quickly identify more than \$400,000 in continuing savings in annual operating expenses. Turnover decreased rapidly, and managers reported increased mental ownership and improved teamwork.
- A second-generation family organization created a "Company of Business People" by teaching Business Basics. They achieved profit growth of 100% in six months, and began to change a long-entrenched culture of entitlement to one of teamwork, accountability, and results.

So, Carpe Diem---Seize the day! Use several short, well-planned meetings over a period of several weeks to give your team a solid foundation. The chart below lays out the "Who, What, Why, When, and How" of a typical Business Basics "Boot Camp":

Key Features of *Business Basics*:

WHO should be trained?	Employees at all levels in the organization. Everyone needs to know what they are trying to accomplish in the game of business, and why.
WHAT should be taught?	This varies depending on the nature of your organization, public or private ownership, profit/not-for-profit status, but here are some possible topics for consideration: <ul style="list-style-type: none">• Why companies are in business, and what value they bring to their customers• Comparison of public/private, profit/non-profit organizations• How companies measure their success• Where revenue comes from at your company• Concept of a "critical number" and a look at your critical number or numbers right now• Unique features of your company positioning strategy, and value to customers; a look at your key competitors• Introduction to your company's Profit and Loss statement• Your Company's Big Picture Goals• How each team member affects key financial measurements

- WHY teach Business Basics** People at all levels need to have a basic understanding of what they are trying to accomplish and why, in order to achieve optimal results. (*Can you imagine hitting a distant target with a small rock wearing a blindfold?*)
- WHEN should you teach it?** Now and continuously. People come and go, and organizations have new goals and directions. *Business Basics is a constant.*
- HOW is it best done?** It is best taught in small group sessions, lasting about 1 to 2 hours. You will need several sessions, spread out over a few weeks or months. We recommend cross-functional groups, but only you know what works best in your organization, given your unique business demands.

Over time, new business topics can be added to your agenda, such as your company's unique value proposition, the cost of poor customer service to your organization, etc. You will be surprised, (and perhaps amazed), to see how hungry your team members are for additional knowledge about *their* organization. Once you've turned on the lights, people generally don't want to go back into the dark.

Conclusion

During the last few decades, forward-thinking organizations across industry have achieved impressive bottom-line results by taking the time to help employees understand the basics of business in their companies. In essence, providing training in Business Basics is teaching people in your company to act like owners instead of hired hands. It is changing your culture from whatever it is right now, to one where employees at all levels feel vested in the success of the organization. It is telling your staff that you trust and respect their ability to make a difference in the company's performance. It is letting your team know that you think their work is important, and their ideas and efforts matter. Think about it. Managers and executives don't have to have all of the answers. They just need to engage as many thoughtful, intelligent team members as possible to come up with the best solutions. Put **all** of your available resources to work at tackling your toughest organizational challenges. Teach Business Basics- it will undoubtedly make your job easier!

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