

Recruit, Train & Retain Talent

Fostering loyalty with career paths & growth culture

by: Dale Stein, Technology Assurance Group (TAG)

The best employees are rare. When you are fortunate enough to find them, something magical happens. They do not need to be managed. They make great decisions on their own. They anticipate your needs. They are almost ethically driven to go the extra mile. And they positively delight your customers.

The “fires” fizzle out or, at a minimum, decrease significantly. A stream of fantastic ideas starts flooding through the business. Innovation booms and, to borrow a catch phrase from Steve Jobs, it is almost like everything “just works.”

It is incredible to experience, but this phenomenon is not mysterious. In fact, an Italian economist in the late 1800s discovered the universal mechanism behind this type of thriving. He named it the “Pareto principle” or the “80/20 rule.”

“80s” Versus “20s”

One day, Vilfredo Pareto was in his garden and noticed that 20% of his plants had produced 80% of the healthy pea pods he harvested. This got him thinking and, eventually, he discovered that this phenomenon extended into other areas of life. In effect, he discovered that 80% of the outputs came from only 20% of the inputs.

We see this in virtually every area of life:

- Twenty percent of the population owns 80% of the wealth.
- Twenty percent of a company’s customers generate 80% of the company profits.
- Twenty percent of sales reps generate 80% of the sales.
- Twenty percent of players on a sports team generate 80% of the points scored.
- Twenty percent of the tasks we complete determine 80% of our results.

The key to a thriving company is to surround yourself with “20s,” which is Technology Assurance Group’s (TAG’s) nickname for these rare, valuable types of individuals who produce 80% of the results. When you are surrounded by “20s,” you gain so much momentum that your dreams for the



company stop feeling like fantasies. Instead, they feel like eventual certainties.

It is thrilling to work with “20s.” However, “20s” know they are in high demand and, consequently, they expect a lot from their employers. They crave training. They demand growth. And, for some, if they are honest, they will admit they want to

grow so much that, one day, they want to take over your job (which is a good thing if you ever want to retire).

This type of talent expects you to invest heavily in their training, their certifications, their skill development and their compensation. In fact, most of the time they are already investing their personal time and resources to grow personally and professionally, whether you know about it or not.

And, yet, despite the obvious benefits of surrounding yourself with high performers, we still hear this common concern from every business owner with limited resources to dedicate to employees: “Is it intelligent for me to invest so heavily into my employees if one day they could just up and leave?”

Yes, it is a risk. However, before you answer that question, ask yourself this: “If I weren’t the business owner but, instead, a high-performing employee, would I work for myself?”

Which is the greater risk? Potentially overinvesting in your team to the point where your company churns out so many high performers that a few occasionally leave you while your company simultaneously gains a reputation as being like rocket fuel for professional excellence, attracting every “20” in town? Or underinvesting in your team to the point where you accidentally normalize a company culture of mediocrity — where your employees show up to a mediocre company where they make mediocre contributions for mediocre pay at a mediocre pace to satisfy a mediocre vision?

Do you know any fellow business owners who have either overinvested or underinvested in their teams? Does this explain their results?

A Formula to Satisfy & Develop High Performers

There is a formula to develop high performers or “20s”:

Training → Skills → Capacity → Reward. The high-performers in your organization are already seeking out more education and training, you just might not be aware of it because they do it in their personal time. We recommend allocating at least two hours per week of paid time toward their professional growth.

High performers are drawn to training because these programs increase their skills. This increases their capacity to contribute (to any organization), which they know they will be eventually rewarded for (whether those rewards reside within your organization or elsewhere).

So, instead of ignoring this formula, we can use it to create a structure that satisfies and further develops high performers. This means there needs to be a direct link between training and rewards. So more training needs to be associated with higher pay, even if it is blended with other factors.

Creating “Career Paths” With Annual Reviews

There are two annual reviews to complete with employees:

(1) The Compensation Review — This review is conducted once per year and should focus solely on employee compensation. Ideally, the company will utilize some form of a learning management system (e.g., IT PRO TV) — software that informs management of which trainings employees have completed over the last 12 months.

Once managers have that information at their disposal, they can combine it with an employee’s performance on specific KPIs and then adjust his (or her) salary accordingly.

Remember, a “20” knows that one of the fastest ways to increase his salary is to jump ship to a new company every two to three years and negotiate for a slightly higher salary every time. He does not necessarily want to do that, so instead of forcing his hand, lay out a clear performance path for him to achieve that end. Ensure he understands the vision, mission and values of the company, and then let him try things.

(2) Career Planning Review — This review is conducted once per year and focuses on this question: “Where do you want to go in your career and how do we help you get there?”

Ironically, many business owners who struggle to grow their companies tend to be indifferent toward the growth of the individuals inside of their businesses. Even worse, some business owners hope their employees stop wanting to grow which, again, ironically ends up weakening their businesses because that stagnancy remains trapped inside of their companies.

Do not be like that. Instead, take leadership and ownership in assisting your employees along their professional

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growth paths. This is where mentors are separated from mere bosses. If you are serious about positively impacting the lives of your employees, then this is the review to make that happen.

This review often raises a concern: “But what if he wants to go in a different direction than where we want him to go?” If an individual is going to do better somewhere else, why on earth would you ever want him to stay put? If you

need someone to blame, blame yourself for not creating the perfect opportunity for him within your company. This is the visionary’s job. This philosophy of the visionary is how I helped grow an organization from six to 900 employees in only eight years.

The Great Resignation & Remote Revolution

Over the years, we have consulted with hundreds of companies collectively representing nearly \$800 million in products and services. We have noticed one surprising commonality among struggling business owners: They are really proud of underpaying their employees.

“I’m only paying \$45,000 for a tech,” they will boast in private conversations, assuming that this is a good thing. However, this illustrates a massive misunderstanding. While they think this proves how clever they are, it is actually just a signal that the company is likely full of unhappy employees who are actively seeking alternate employment — and sometimes doing it at work. These employees are not growing professionally and will leave the company at the first opportunity they find. It is also a leading indicator of turnover issues and customer dissatisfaction on the horizon.

But why do people leave companies? And why are so many leaving through the great resignation? It is not just compensation. You need to create an environment where you train people, reward them financially for training and do everything you can to advance their career growth. That is a competitive advantage.

Many employers have been scratching their heads at where the great resignation and the remote revolution (the increase in demand for work from home) came from, but it is merely a response to the aforementioned breakdown in workplace relations. The remote workforce mentality is the next generation’s strong, unified demand for massive changes in how business operates. While it is understandable for business owners to resent this societal shift, they can either harness it for their benefit or be annoyed at its existence.

We recommend that instead of resisting the changing tide, business owners should grab all the materials they need to build superior “boats” before everyone else realizes they need

“boats,” too. The intelligent move is to reposition your company and its culture so it attracts a disproportionate number of high performers to your organization. Then you can take your pick from the cream of the crop before your competitors even realize there has been a change they must adapt to. You can harness the wave or shout at it before getting clobbered — even if that resentment is justified. Imagine how disruptive it would have been if you offered remote work positions within your company 20 years ago? And, yes, the technology existed to support it.

The Best Employee

The best employee is the one who says, “I want your job.” The best employee also makes mistakes, because if he is not making mistakes, he is not trying anything new — which is precisely what you need for a thriving organization. These attitudes force you to keep growing, too. Even at the top of the organizational chart, we need to surround ourselves with something that pushes us forward so we reach new heights ourselves.

Specific Action Steps

■ **Develop a training plan for each department or employee.** If your training plan is by department, include your most senior employees in the creation of the plan. This demonstrates respect and also fosters buy-in to a culture of mentoring. If you are custom-tailoring a training plan for each individual employee, ask him to create a “Life Business Plan,” whereby he lays out his personal and professional goals so you (1) know what motivates him and (2) know how to assist him in the most meaningful ways possible. Then all of his professional performance connects back to his personal desires. For technical training, utilize the right tools — like learning management systems or other

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services — that track training progress. Once an employee achieves certain training certifications, make sure it affects his compensation to reinforce the culture of perpetual learning.

■ **Compensate on the training program via the aforementioned annual reviews.** One should be strictly financial, while the other is to help the employee’s career path.

■ **Sit down with each employee and ask him what he wants his career path to be.** Help him in the ways that you wish someone helped you when you were in his shoes. You will learn a tremendous amount about him and you will also lay the foundation for a trust-based relationship.

As in all things in life, we receive what we give. If you give your employees an environment where they can learn, grow, thrive and earn more, your company (and life) will be enriched in the same ways — just on an exponentially larger scale. ■

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They are located in 148 cities across the United States and Canada, and are presently serving more than 780,000 SMBs. He is responsible for developing TAG’s strategic planning and guiding its business development. In addition, Stein is the managing partner for TAG’s MTSP, i-NETT.

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