

9-16-20 4 of 8-No Blanket Cuts or Changes

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Hey everyone, welcome to another episode of legendary leaders. We are in the middle of a miniseries focusing on how to appropriately reorganize your structure. And your headcount, if you're going through a business hardship, right, have to be able to make adjustments, especially in the mature and the evolution phases of a business, if we're going to survive any type of financial hardship or change in the industry or the market, and we have to be ready to pull the trigger on those things. So even if you're not experiencing a hardship, you're not going through a reorganization. You're not even in one of those business phases yet, when I encourage you to listen to this because there are a lot of things that you can do now, as you get closer to that mature phase or as you enter into the mature evolution phase. If you do them now and you're faced with a hardship, you're going to have a foundation to be able to react timely, and be able to do things effectively. So today's topic is about do not miss blanket decisions. Okay, and furthermore, don't give blanket direction, right as the leader don't give blanket direction. So many times what I have seen is a company will come back and say, okay, we need to cut expenses by 25%. How should we do that? And ultimately, and I mean this very sincerely, but very honestly, because again, I'm direct people that are that are cowardly leaders, they're not even leaders, but they're cowardly managers, cowardly individuals, they will go and say, Okay, well, I don't want to make a decision as to who needs to be cut more than the other, which team should experience more impact than the other team. I can't make that decision. So I'm just going to do 25% across the board, every single team is going to be impacted by 25%. Okay, now you can hope already see the danger in that. Because we've been talking throughout this entire series so far, that we have to be very careful that we keep our talent, that we feed the machine that's going to drive our

business forward. And that will allow us to generate additional revenue that will exceed our expenses. If we do a blanket 25% across the board, who's to say that's actually going to allow us to maintain success? Who's Who said that that is the best way to ensure that we move forward, and that we can continue to grow and generate the revenue that we need, and get back on track. Maybe it's the easiest way. Maybe it's the safest way or the simplest way, but that doesn't mean it's the right way. I would tell you, then the bulk of cases I have seen it, where it's actually damaging. It's super damaging, because you lose talent. You know, let's say you built a brand new team. Let's say you created a new team six months ago because it's an initiative, it's actually it's making you money. It's actually making you money. And you are generating a significant amount of revenue from that team. Well, if you follow the process of elimination of 25%, and people also put in this, this rule of, you know, last in first out, right, if you're the last person hired, you're the first one fired, which doesn't make any sense, because what if you're the most talented person, okay, but stick with me. Let's say you created this team as a team of four people, and you, you keep them very efficient, they actually need more headcount to keep growing the business. You've kept them at four. And now you're gonna go 25% across the board, so you lose one person on a team that is driving revenue in your business. What sense does that make? And all four of them are amazingly talented, and are doing exceptionally well and they're going to be the future of your business? Why would you do that? The answer is you would it or you shouldn't. Okay, and so here's the deal. I'm going to challenge you on this one, and it's hard, but it is the right thing to do. What you need to sit down and do is understand where your company is spending money, but you're not generating any revenue out of it. Okay, maybe it's a dead product line. Maybe it's a something that you haven't started yet. And now you don't think you're going to start for two years. Right? Think about how you can eliminate headcount in those areas or move that headcount around that you dedicated to those underperforming areas and still eliminate your overall underperforming employees.



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Such that at the end of the day, you hit an overall target of revenue reduction or expense reduction rather sorry, expense reduction, you achieve it, but you pull a little bit from here and a little bit from there and you pull a whole lot from this bucket over here. And you make the right decisions that are right for your business. You make the decisions that allow Your business to grow, you sustain the growth areas in the revenue generating areas and you eliminate the projects, or the product lines or whatever it is, is underperforming, you also eliminate the talent that's underperforming. And let's say you figured out that the most underperforming talent sits on, you know, team ABC, because for whatever reason, people decided to dump underperforming talent in team ABC, because easiest job and you know, nobody really wants to do it. And so team ABC is where everybody ends up, if

they still want to have a job with a company. Okay, let's just eliminate ABC. Is it? Is it really a function that you need? And can you just spread that function out across a team and get rid of the underperformance that's the lens you've got to look through? Okay. The article that I keep referring to that was in the Harvard Business Review, right, and it's it's essentially called seven strategies for leading a crisis driven reorg by Peter bucas Okay, in that specific article when we're talking about not doing a blanket cut, okay blanketly making a decision 25% across the board every single team, every part of the business, right not doing that. He specifically said he in his his team of author said, companies that are able to reinvest a portion of their cost savings into building up their internal capabilities are significantly more likely to succeed. Even if this means cutting costs more deeply elsewhere in order to afford it. share that. So what that means is, I'm not going to cut 25% across the board. I'm going to cut here and there in the areas that aren't contributing to my revenue growth. I'm going to cut the underperforming talent and move people around, maybe they've got to learn a few new jobs, but they're still talented and they can do it and that's the point. And I'm going to invest the talent where I need it, so that I can sustain the growth of my business. Because why? Because I want it to be successful. That's the whole point, right? So that's your challenge today. Do not commit to a blanket cut. Do not commit to keeping it simple or quote unquote fair. The fair thing to do is to reward your talent, and eliminate underperformance the fair thing to do is to keep your business open by investing in the areas that are growing your revenue. Okay. So that's my challenge for you today. Think through that. How will you apply that? And how will you have that mindset even today, before you get into the need of using it, go and be legendary.