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## **ARE YOU POISONING YOUR EMPLOYEES and - SHOOTING YOURSELF IN THE FOOT?**

By

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Poisoning an employee? What does that mean? I've never hurt anyone anytime in my life! Deliberately yes – likely what you think is the case may not be true! Why? Because poisoning an employee means you've removed one or more employee's sense of empowerment and ability to positively impact the efficiencies/effectiveness of what they do for the company.

What is the typical result of "POISONING AN EMPLOYEE"? Two possible results – there may be many more: 1) they quit and you're left in the cold having to replace them quickly as their loyalty to the company is no longer there or 2) worse yet - they stay with the company but they're there only physically - they no longer care and do "just enough work" with less energy and drive than they had before you poisoned them. I've seen this happen almost everywhere in client companies:

1. in the accounting department
2. with sales managers/executives and line staff - including outside sales, customer service
3. personnel, counter salespeople and showroom salespeople
4. on the manufacturing floor with production supervisors and line staff
5. in the warehouse with supervisors/managers and line staff
6. and, yes, even at the executive level

When a manager/employee is found to be poisoned, I find that it is almost impossible to bring them back. Many companies have tried without result. It is not impossible but it is difficult to accomplish and often fraught with frustration as you recognize someone you really care about no longer cares about the company.

The real problem is that once you take away from an employee their belief in the company and its management team, you've taken most of their energy and willingness to contribute to the company's success. In effect, this is the PROOF that you "can shoot yourself in the foot"....

*Let Me Tell You About What Happened To Me When I Was A Distributor In New England*

A distributor (myself) found themselves dealing with a period of time when customers started using my company as a "bank" - paying me in 65-75 days (ADO - average number of days outstanding at the time this event took place) 73 days vs. the normal 30 day terms.

Naturally, like every business person staring slow receivables, I found myself going to the bank and borrowing money to cover my overhead/payroll and vendor payments over and over again. Talk about adding cost and increasing stress.

My AR clerk, Mary (we'll call her) came up to me one day after this had been going on for 6 plus months and said, "Boss, I have seen you borrow money just about every couple of weeks because customers are just not paying the way they should. I think I can help".... Naturally this statement appealed to me because I hated those trips to the bank.

So I asked her what she had in mind, "we have not been cutting people off when they exceed 60 days and that's the reason why you have to go to the bank so often". I agreed with her. She suggested that we *GET A BACKBONE* and cut people off after 60 days. She also recognized that if we did that "cold turkey", we'd likely lose a lot of customers.

So she came up with a plan that she felt would work. And, after I heard what she had in mind, I agreed.

What was the plan? To create a 'collection system' that gave all customers another 15 days to bring their account up to date and if their account exceeded 60 days after that period of time was over, they'd no longer be shipped product. She spoke about the system:

We would do the following:

- 1) Immediately send a letter with a detailed statement identifying the fact that they had to bring the account close to current (we agreed to 45 days being OK) or we'd have no choice but to "not ship" them until that happened;
- 2) After another 5 days, call the customer and ask for payment to bring it into line with the 45 day target goal;
- 3) Finally after another 5 days, send a letter that indicated that in another 5 days we would not be able to ship them product until the balance outstanding was reduced and/or fully paid.

Mary told me that she'd enforce this policy if I would support her. Naturally I said I would but voiced concern that my 12-person salesforce would have to be made aware of the system so we could get their "buy in" and support. Shortly after that, we had a sales meeting and Mary explained her system. Every salesperson there said they'd support the program and said they'd even call their customers if Mary would like them to do that if that would help. "Great", I said, "They're going to support Mary".

Boy was I wrong! The collection system was implemented by Mary and right away, as I expected, a letter was sent out to every customer over 45 days. Guess what? Very little money came in!

Another 5 days went by and Mary and another member of the staff called the accounts over 45 days asking for payment. This time a little better result but the largest accounts (naturally) didn't pay any faster than they were doing in the recent past.

In another 5 days, Mary sent out the last letter and low-and-behold, one of our largest accounts (doing \$35,000/month) reached the point that it was cut off from future shipments. Mary had done her job well!

Within 24 hours of the "*no ship*" decision for that account, the salesman assigned to that account came into my office and said, "Boss - you know how hard it is to land big accounts like this. Just this one-time, only this "one time", please keep them open".

What did I do? You guessed it. I went over to Mary and said, "JUST THIS ONE TIME, PLEASE SHIP THEM". Boy was that a mistake. How many "micro-seconds" do you think it took the rest of the salesforce to find out that they could go "around" Mary and keep shipping product to any of their accounts over 60 days?

Yes - the system fell apart. And guess what happened to Mary. She **QUIT** about a week later. Why? *Because I POISONED HER* - I took away her power, her sense of contributing to the company, her faith in me as her boss.

And, worse yet, I compromised the system she had spent time developing that would have helped me immensely - and compromised it in the name of "sales". While she quit, in reality "I fired her" because I took her power away from her. She was both embarrassed and rightfully disappointed in me as the President of the company.

Not only did I lose a very valuable member of my staff but also I shot myself in the foot by what I did to Mary.

Has this happened to you? It happened to me more than once - but I learned (eventually).

If you think this only happens to the "other guy", I must say you're very wrong. Because whether you are a wholesaler/dealer/distributor, a manufacturer or a service provider, the opportunities for us to do this to ourselves is huge.

What can we do to prevent this from happening to our own company? It requires careful thought before any decision is made and insight as to how that decision might impact the company. An executive has to remember that in every company there are 'advocates' in each area:

- Sales
- Operations/Fulfillment
- Finance

If every one of the people who manage/supervise the systems/processes in each of these areas isn't a strong advocate for the success of their "division/department/area" of the business, the company's long term potential for profitability and success could be compromised.

Imagine a financial executive who didn't care if the top executive decided to spend money like a 'drunken sailor' (smile) compromising the company's ability to pay payroll, vendors and investors/stockholders? If this executive isn't strong enough to try and protect the financial health of the business, he/she isn't doing their job.

Consider an operations executive who didn't care whether the product was shipped on time, or the raw materials/inventory wasn't on the shelves when it was needed, or the operational support staff wasn't trained to do their job? If that person didn't care about how successful his/her department was, your company would be at serious risk.

And the same thing applies to the sales/marketing executive. Imagine a sales executive not caring whether you added new customers to your account base, increased revenue or increased, through suggestive selling, the penetration of existing accounts. He/she must be a proactive executive, full of energy and the ability to positively impact both line staff and the customers who your company serves.

Poisoning an employee happens to even the best run companies. If it has happened to you, consider whether the person can be turned around (a rare case indeed). If so, make every effort to do so – if you need insight, contact the author for thoughts.

If not, recognize what happened and do your very best to make sure it doesn't happen again. And get out there and find someone who isn't poisoned – and who can be effective in whatever job it is that he/she does for your company.

Last off – DO NOT SHOOT YOURSELF IN THE FOOT BY DOING NOTHING.

