

## Cultivating Good Employees

by Robert Criner

One of the reasons my job is so good is that I've been able to surround myself with a family of employees who make it fun to come to work every day. Without them, I don't know how I could stand to be in this business.

### It Pays to Pay Well

About two years ago, I ran into an eye-opening situation. One of my employees, a very good lead man, came to me and said, "I'm going to work for your competitor. He's paying me a dollar more an hour." That was it. He didn't say, "You know, I'd really like to talk to you about getting a raise." It was, "I'm gone. Adios." Suddenly, I had to deal with the question of whether I was paying what I ought to be paying people. I picked up the telephone and called eight of my competitors — I'm involved in the local Remodeler's Council and feel comfortable doing that — and said, "Listen, I'm losing a lead man. I'm not sure whether my compensation is up to snuff. What do you pay your lead people? What's your benefit package?" I went through all eight owners and made up a chart on the spot to determine the average pay and the top pay. After I pulled that information together, I called all of my competitors back and shared my results. I discovered that I was paying fair wages, but I wasn't paying the top wages. So what I did, almost immediately, was to give everybody in the company a raise, making the point that I was concerned about proper compensation and determined to provide it.

In order to raise the pay, I realized that we were going to have to charge more. Over a period of about a year, we phased in an increase of 20% to our markup. The increase didn't hurt us; in fact, we currently have the

largest backlog in the company's history. Nothing has really changed, except that I'm paying my people much better now.

**Five-year vision.** It's a good idea to ask employees where they see themselves in the company in five years. If you have a lead man who wants to be the office estimator in two years, you want to know now, instead of in two years, when he suddenly says, "Hey, I'm going to work for your competitor."



The author's team members mutually determine how company bonuses are distributed — in one case, they set a sum aside for a morale-boosting white-water rafting excursion.

### Bonus Program

Periodically, about two, maybe three times a year, I give my employees a bonus. I go to the bottom line of my income statement, take half of my net profit number and give it back to the employees. About nine months ago, I looked at the bottom line, decided to give a bonus, and asked myself how. My company is made up of only eight people. So we sat around our conference table, and I said, "I've taken a close look at the company, and there

are some things the company needs. We haven't bought a new truck in ages. Every truck we have is seven or eight years old. A couple of tools could probably be replaced. Maybe you'd like to do something for company morale, like go to a trade convention. Or maybe just go out to dinner." In short, I laid out some of the things I thought we should be doing. And then I took a bag of money — \$25,000 in \$20 bills — emptied it on the table, and said, "Team, what do you want to do with

it? Because you folks are going to divvy it up today. I'm going to leave the room. Call me when you're finished."

Well, they didn't stuff their pockets. They didn't put anything aside for a new truck. They didn't put anything aside for tools. They set some aside for a company event, and they actually gave me a bonus. Basically, they took the money and divided it fairly among all the employees, and since that day I haven't heard a complaint about the truck they're driving. They

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realize that they truly do have ownership in this company — they get to participate in key decisions, and they can benefit in any way they prefer, whether it's cash, or a new truck, or sending us all to a professional event. The \$25,000 was money well invested.

### ***What's the right payroll package?***

We simply ask our employees, point blank, what their preferences are, whether they want medical insurance, a retirement plan, all bonuses, or some medical and some bonus. The answer isn't uniform. All of my lead people are older than me, and because of that, I'm concerned about retirement planning. Sophisticated people will handle their own retirement plans, and there are those in my company who have said, "I need cash — just give me the money." One person wanted medical insurance, so we provided it for him. The simple point is that if you don't ask, you don't know. I found out that most of the people in my company had spouses who worked for a larger company that provided a good family medical policy, so that need was sufficiently covered.

### **Hire Well and Fire Well**

Whenever we hire somebody new, we let that person know that he's on a 30-day trial period. Some make it and some don't. If you're not sure about a hire, or you have an inkling that they're not going to work out, it's important to let them go — a bad apple really can spoil the whole barrel. I'm particular about the people we hire and protective of the team we've assembled.

But what do you do when you realize that you need to weed out a person who's been with your company for two years, or four or five years? I had to let go an employee who'd been with us over ten years. He wasn't producing as well as he should have been and was becoming a drag on the team and the schedule. So I had to make the hard decision to let him go.

Years ago, I went to a conference and Mac Clark, the speaker, said, "Listen. If you need to fire somebody, call me, I'll fire him for you. I'm good at it. You just call me up and I'll do it — You know, Billy Bob, I'm sorry, but we have to let you go." Even though firing someone is difficult and painful, if you know you'd be better off without a certain employee, you just have to bite the bullet and do it. The funny thing is, a couple of weeks after you've finally done it, you feel pretty good.

### **Change Is Good**

If you don't train somebody to take your place in the field, you'll never get out of it. Many business owners work in the field and don't know how to make the transition to full-time salesman, office manager, chief executive officer, or whatever they want to call themselves. I worked alongside my lead people, conveying my standards and procedures along the way, until we were all on the same page and comfortable taking on new responsibilities. It's much easier to train somebody in the field than to sit a new lead carpenter down and try to explain how you do things and expect her to grasp everything that's important to you in your company. Although today I hire talented lead people who in turn train others, I couldn't have made the transition as easily had I not handed off the baton in the field.

***Train, or pay for experience?*** Is it better to hire people who are inexperienced, who need training, and pay them less during that training, or just hire people who know what they're doing and pay them well? That all of my leads are older than I am should tell you which way I lean. The big question is, What am I going to do in ten years, when they're all getting too old to work in the field? We have some younger people working their way up. I try to keep my eye on the big picture.

***Attitudes matter.*** When you set out to develop a loyal company cul-

ture, it changes the entire working environment. If one of my employees has a kid that's home sick, I don't sit there and say, "You gotta get this project done." I tell him to go home. Because we explain our company policies right up front to all our customers, if a project runs a bit late, we apologize but with a reminder: "You know, Mrs. Smith, we told you this might happen." We've established an atmosphere of understanding and accommodation, and it has a positive effect on everyone's attitude.

***Take time off.*** We owners tend to think that we're the best at everything, and we try to do it all ourselves. But it's important to take time off, not only to relax but also to force others in your company to take on new responsibilities. I discovered this benefit by accident. If you take yourself out of the equation and a problem arises, someone else will have to figure out what to do. Perhaps it's something she hasn't had to do before. She may have to go down and get a permit, or call and talk to a client, or go back into a file and dig out information. People may have to cover areas they aren't used to covering. But that's how we learn.

By removing yourself from the picture, you allow your employees to grow their abilities, confidence, and sense of proprietorship in their company. 

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