

# Bob Legge

Helping organizations maximize their return on people

June 2008 - Legge & Company, LLC

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## **Welcome**

The key to customer satisfaction, employee satisfaction and cash flow is getting the most from an engaged workforce. Those companies who have made the transition to new practices that leverage the creativity and collaboration of knowledge workers have realized revenue and profit growth that are multiples of others in their industries.

In each monthly newsletter, I'll share practical tips, suggestions, and observations on how to make your management practices more effective for today's talent and today's challenges. I'm confident that if you use only one tip each month, that your organization will greatly benefit.

Of course, if you prefer to not receive more newsletters from us, simply unsubscribe to completely remove yourself from our list.

As always, I welcome your feedback.  
Bob

## **How to quickly check if your management team is on the same page**

Do this at your next management team meeting: Hand out index cards. Ask each person to write in one sentence (two at most) your current business strategy. You don't need names on the cards. Then gather the cards. If you don't get the same or very similar result on every card, either your strategy is not clear, or your people aren't internalizing it. Better profits per employee depend on alignment, beginning at the top.

## **Does Your Performance Management Improve Performance?**

Very few organizations have any idea. But, isn't that what it's for? Two ways to measure the impact in your organization are:

- Income statement measures - Did you achieve your revenue and net income goals? How could you have done better?
- Balance sheet measures - How have you increased the value of your people assets?

The least important measures are administrative: Did reviews get completed on time and did merit pay increases get determined? These are what most companies measure, but they are nearly irrelevant to performance.

What's your evidence that performance management improves individual and corporate performance? For more ideas, see our popular article "Performance Management That Actually Improves Performance". [http://www.leggecompany.com/Perf\\_Mgmt\\_That\\_Improves\\_Performance.pdf](http://www.leggecompany.com/Perf_Mgmt_That_Improves_Performance.pdf)

## **A mediocre performer is your highest cost employee**

It's not the one with highest compensation. Top performers are worth what you pay them. Weak performers won't cost you much because they won't be around long. (Right?) But mediocre hires will skate on never quite being bad enough to replace, but always costing you nearly as much as the best performers. Over five years, a \$40,000 mediocre performer will cost you over \$200,000 in pay, benefits and sub-par performance. Can you afford not to have a great selection process?

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