

7 Ways to Boost Profits by Boosting Employee Performance, The Fable

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DRIVING IMPROVED RESULTS

Engaging Your Front Line to Boost Your Bottom Line

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About the Author

Jeri Quinn works with owners of small and midsize service businesses who are challenged by employees that produce poor quality work and don't show enough initiative to create WOW moments with clients. Each of these business leaders wants to

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Clients have achieved 100, 200, 500% growth by following the Driving Improved Results™ proprietary process of creating an engaged, client-centered, sales driven culture with plenty of accountability. Sales grow, profits grow, expenses decrease and market share is earned as a result of implementing our step by step process.



What makes Jeri unique is her 35 years experience starting, growing and selling businesses, 25 years at the helm of her own companies. Her early background in teaching and counseling helps her convey business concepts easily and understandably. She works with her clients, becoming part of their team, observing everyday challenges and helping each one discover what works in site-specific environments.

She looks for opportunities to speak to business owners, organizations, associations and trade shows. You can reach her at:

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The following story is a fable, a conversation in a coffee shop put together from pieces of many conversations with my prospects and clients. The characters are fictitious but the issues are real. What issues do you recognize from your own business? Can you assign your real business costs to each issue?

Paula put down her bag on the coffee shop table and gave Jeri a big hug. Friends since college they didn't see each other nearly enough. 'Jeri, I'm so glad you agreed to meet my cousin. He's been using me as a sounding board and I don't really have the skills to be able to help him. But I know you do. You've been helping business owners for 35 years. Bruce, you remember Jeri?

"I certainly do. It's been a long time. I remember that crazy dance you did at Paula's wedding," exclaimed Bruce.

'Hello, Bruce, you still remember that? Do you also remember that we were doing that crazy dance together?" laughed Jeri at Bruce's smile.

Paula chimed in. "I really have to go. Jeri, thanks for helping him. Bruce, I'll be back to pick you up in an hour." With that she dashed out the door leaving Bruce and Jeri at the table with a couple cups of coffee.

Diagnosing the Problem

Jeri sat down and said, 'Bruce, why don't you tell me what's going on.'

"Sure. I've been working in my uncle's business for about 8 months. He was grooming me to take it over so he could retire. And I know 'retire' for him meant 40 hours instead of 80. So I was in no rush. I was learning the ropes, getting to know the employees, and meet the best clients.

Then about a month and half ago my uncle died unexpectedly and left me the business. And now I'm looking at the books. They aren't all that great. We're lucky to break even on a good month and many months we're under water. I had no idea. My uncle must have been subsidizing the business from his personal savings. I'm wondering what I got myself into. I've been a system engineer, a rather good one. I've never run a business. I always thought it can't be that hard. But now I'm not sure. I don't have the funds to keep pumping money into this business. Can you help me?"



“There’s a good chance but I need to learn a lot more. What kind of business is it? How many employees do you have?”

Bruce continued, “It’s an information technology business. We provide support for the computer networks of our clients’ businesses. A lot of what we do is managed services and cloud based. We have about 35 employees, on-site and remote system engineers, sales people, dispatcher, office staff.”

“And the clients?” asked Jeri sipping her coffee.

What’s causing the lack of bottom line results?

“Most of them are small firms, too small to realistically afford their own IT department. That’s why they depend on us. We have most clients under contract. They really can’t tolerate downtime. Their businesses are very dependent on their technology working reliably around the clock.”

“So what do you think is the problem? What’s causing the lack of bottom line results?”

“I’m not sure. We’re getting new sales, but not a lot. We’re servicing the contracts, but we get some complaints. We do lose some clients at the end of their contracts. We have a few competitors but no one that is really outstanding and taking over the market. What I have noticed in the 8 months that I’ve been there is that most of the staff are pretty unenthusiastic. They come in, do their jobs half heartedly, and leave 8 hours later.”

“Why do you think that is? asked Jeri.”

“Again I’m not sure. They are going through the motions and doing the minimum. Sometimes the quality of the work is not particularly good. For instance, we put out a monthly report to each business under contract detailing what we did for them the past month. Joe puts those together. But he often gets it wrong. Then it has to be redone. Sometimes he gets another one wrong and causes even more rework. You’d think he would learn from his mistakes.”

“Do you know what that is costing you, all the rework?”

“Now that you mention it, there is a cost to it, isn’t there? Joe’s probably making about \$15 an hour. So it’s the number of hours for the rework, say 2, times that \$15, or \$30 each time it happens.”



“Yes, plus the cost of the time for his manager or co-worker to catch the mistake and give the extra training. Plus each of them could be doing something else during that time that could be making the company more money. So you’re losing the opportunity cost of the lost time. Do you see how it eats into the bottom line?”



“Yes, I see. If each of my staff is not working at full production level, then they are robbing the company of the return on investment of their employment. I’ve read about leveraging other people’s time. I guess that’s why you have employees, so that you can leverage their time and grow profit from their efforts. If people aren’t contributing 100% of their effort, then the company has less to leverage. I never looked at it that way before.”

“It’s great that you see that. I find many business owners have become numb. They’ve tolerated half-hearted performances from their employees for so long that they think it’s all they can expect. It’s a shame. It’s like tossing money out the window and not even knowing it

Let’s talk about clients for a minute. How do you think your staff’s attitudes effect your clients?”

“Well, if an employee isn’t enthusiastic about the work they do, I’m sure that feeling is communicated to the client in each employee’s voice and actions. People are so perceptive. It certainly doesn’t encourage the clients to be enthusiastic either.”

“Out of your 35 employees, how many deal directly with clients?”

“Let me see. Most of them talk to clients everyday. Whether they’re fielding support phone calls, going on-site, or trying to land new projects. Yes, even our accounting staff are answering billing questions or calling to collect receivables. Yes, I guess, it’s everyone.”



“Yes, that’s pretty typical. In my work with service companies it’s generally clear that all the staff comprise the front line of the business. Each employee is the face of the business and builds the company brand and image in the marketplace. How do you think your staff represent your business?”

“Well I’m sure some are better than others. But many are lackluster. Sometimes the engineers show up on-site, do the work and leave - barely interacting with any of the client’s staff. This whole situation is not looking good. If these people are the face of my business, then the whole business must look pretty lackluster to the clients.”



“Well, it gets worse than that. If you were a client, would you recommend a lackluster vendor?”

“No, of course not. And you’re right we get very few referrals.”

“So how do you get new clients?”

“We work hard to find them and land them. We invest in marketing campaigns, trade shows, sponsorships and networking events. We have 3 sales people and they don’t come cheap.”

“It sounds like your client acquisition costs are pretty high. Referrals from clients who rave about you and can’t wait to refer you would help to lessen those costs, right?”

“Yes, I see, that’s something else that chips away at our profit. All because our clients aren’t motivated to refer us. And that’s because our staff don’t earn their loyalty.”

“Speaking of loyalty, you said you lose clients. What if you didn’t lose clients, you just kept adding new clients?”

“Boy, that would be great. Our revenue numbers would be much higher. With more revenue coming in and more productivity from each employee reducing our costs. our bottom line could certainly be healthier.”



“Over all the research says that if you can increase your client loyalty by 5%, you can add 25%-100% in more profit to your bottom line.”

“Wow! And I get it that in a service business, client loyalty comes from having a staff that motivates the clients to be loyal. So if I can get the employees to be enthusiastic, then revenues will increase and costs will go down and there will be more profit on the bottom line. Then I’ll be able to breathe easier and not worry.”

“Bruce, you’re really starting to get it. I had a client who did just that. He had a legal firm and did some of the things we’re going to talk about to make his staff feel appreciated, respected and special. His employees could sense the change. Even his clients asked him what was making his employees so happy, responsive and interested in them. He knows he got more repeat business because his clients were treated extraordinarily well by the staff.

Bruce, There’s even more to explore. Can I ask you a few more questions?”

“Sure, fire away. I’m learning a lot.”

“How often do you lose staff?”

“Well in the time I’ve been there we’ve lost about 3 system engineers. But isn’t that usual?”

“Not if people love their jobs and feel fulfilled by their work. Every time you lose someone and have to replace them, you pay the costs of recruiting, hiring, training the new person, etc. The industry average for midlevel employees like your system engineers is about 1.5 times the person’s salary. If you never had to replace anyone, you wouldn’t have these extra costs.”

“Wow! I never realized how keeping employees reduces costs. I always thought that keeping them happy meant you had to give them higher salaries and bigger benefits which increases your costs. But really what you’re saying is that keeping them happy prevents them from leaving which would be even more costly.”

Client loyalty comes from having a staff that motivates the clients to be loyal.



“Exactly. It’s costly in another way as well. You go onsite and service client accounts. Right?”

“Sure. Do it all the time”

“Do clients get familiar with you? Trust your judgment? Do you get to know their environment and their systems?”

“Well of course, that’s the point of what I do. I get to know their systems well so I service them better. The clients consider me an expert and listen to what I say.”

“What if you stopped going to that account?”

“Well, a new system engineer would be assigned and he’d look over the notes and get to know the people.”

“Is there a risk in that?”

“Yeah! I’ve certainly seen that. Clients may not like the new person as well. He’ll often make mistakes because of the quirks of the system. You run the risk of losing the client. They might even follow the former engineer to his new company. I see what you’re driving at. When an employee leaves, you might lose more than just the cost of bringing on someone new. You also lose on the client side, maybe jeopardize the income from that client or at least have additional costs because of unfamiliarity.”

“You catch on quickly. So let me ask you another question. Do your people come up with new ways to save money and save time?”

“No, I can’t say anyone has shown that kind of initiative while I’ve been there. They pretty much do their jobs just as they always have.”

“In companies where employees are committed to the business they are always looking to improve the way things are done, improve the client’s experience by making things more convenient, adding more value, making things go more smoothly. So they are looking at simplifying internal processes, taking out extra costs or unnecessary time. They ‘own’ their work. Have you ever seen that in action?”



“Now that you mention it, I think I have. I used to work for a company where there was this one client coordinator. He was different than the others. His forms were always simpler. His engagement letters got signed quicker. He had a knack for shortening a 10 step process down to 6 steps you could do in half the time with even better results. Everybody liked working with this guy.”

“That’s just what I’m talking about. Who do you think wins when you have people like that on your staff?”

“Everybody. The clients save time and get what they want sooner. The company saves on the person’s salary since each person can accomplish so much more. I imagine it’s got to feel really good to the employee. I know it would make me feel good to achieve that level of mastery.”

“Let’s take a minute to sum up what we’ve talked about so far. Maybe I can sketch it on this napkin,” said Jeri as she reached for the napkin and her pen.

	Revenue Boosters	Costs to Decrease
Employee enthusiasm and connection	<ul style="list-style-type: none"> ↑ Loyalty of existing clients Referrals ↑ More projects worth more \$ 	<ul style="list-style-type: none"> ↓ Lost clients ↓ Client acquisition costs
Employee happiness and fulfillment	<ul style="list-style-type: none"> ↑ Attracts A players ↑ Happier clients who are comfortable with long time staff 	<ul style="list-style-type: none"> ↓ 1.5 times salary in employee turnover costs
Employee initiative and caring	<ul style="list-style-type: none"> ↑ Saves time so can accomplish more (enhanced productivity) ↑ Clients like ease of doing business because of improved processes 	<ul style="list-style-type: none"> ↓ Rework ↓ Productivity and leverage of salaries paid



“What do you think?” Asked Jeri when she was finished with her chart.

“Laid out there it looks pretty clear” said Bruce after looked over each of the boxes. “It makes sense. There are a lot of up sides and revenue generation possibilities when you have employees who are enthusiastic, connect with others, feel happy and fulfilled in the work they do, and demonstrate caring and initiative. And if your employees don’t feel and act those ways, there are so many more costs.”

Bruce went on. “I’ve spoken to others about our upside down financials, not just Paula. Many of them say to take on a new product line or expand the geographic area we serve. My gut told me that neither of those would solve the problem. I figured I had to get things right where we’re at before I could do any expanding. What’s on this napkin really confirms that.”

“Yes, Bruce, you’re absolutely right. You can’t add floors to a house with a weak foundation. First you have to strengthen the foundation. Then you can add new floors with the confidence that the whole thing won’t collapse.”



Moving from Problem Diagnosis to Solutions

"A quizzed look soon replaced the look of understanding on Bruce's face. 'So how do I fix the employees and get them to be more enthusiastic, happy and all the things we just said?'"

"It's funny that you use the word 'fix'. Lots of my clients start out thinking the same way. They look for 'quick fix' motivational seminars, or a 1 day bootcamp, or a company picnic or some other isolated event. Have any of those types of things ever worked for you?"

"No, it's usually the other way around. I forget everything I learned because when I get back to work there is a bunch of emergencies I have to deal with that piled up during the days I was out."

"That's very typical. Let me introduce another idea. How did the employees get to be so lackluster in the beginning?"

"I don't know about everybody else, but when I came on board 8 months ago, I was excited to learn, to have a fresh opportunity, to be in a new place and meet new people. During the 8 months I've felt that erode. Sometimes I feel as unexcited and unmotivated as all the others. I guess their attitude rubbed off on me."

"What you're describing is the influence of culture.

Every company has a culture. It's always there

whether it's managed or not. It's one of the business owner's responsibilities to proactively grow the culture. Many CEO's don't understand this. They ignore it and for all the reasons we just described they aren't profitable. Do you think your uncle understood this?"

"We never spoke about culture, but I doubt he even considered it. That's obvious from where we are now. He was a technician, really good at what he did. He just kept adding more technical people and admin and sales people as he needed them. He had no business education. In that way we're similar."

"But now you have the opportunity to turn things around?"

"Yes, but how? What I think you're saying is that I have to take charge and proactively shape the culture. I have no idea how to do that."



“I just happened to have brought with me a list of 7 things CEO’s can do in your situation. I use it a lot since these questions and issues come up with almost all small and medium size business owners. I’d be happy to explain these to you. Would that be helpful?”

“Of course. That’s exactly what I need.”

Good here they are. I can go over them briefly in the time we have before Paula returns.

Jeri took out a piece of paper and put it on the table between them. She started to talk. Bruce started scribbling notes on the bottom of the page.

Let’s go in order. Jeri continued pointing to each one.

1. Establish a Company Vision

A good leader establishes a vivid vision of what he’d like the world to be like if the business is

7 Ways to Boost Profits by Boosting Employee Performance

1. Establish a Company Vision

2. Treat Your Employees the Same Way You Want Them to Treat Clients

3. Provide Training and Development So Employees Can Continue to Grow

4. Recognize Each Person’s Motivations

5. Take a Stand for Your Company’s Values

6. Create an Accountability Culture

7. Push Leadership Down into the Organization



successful. It's bigger than the day-to-day. It's his purpose for starting the business. It's the north star that inspires everyone to think bigger and feel they're part of something meaningful. People want to work when they are inspired. They want to contribute more of themselves.

2. Treat Your Employees the Same Way You Want Them to Treat Clients

If you treat your employees well, with care and consideration, with respect and appreciation, they will feel cared for, respected and appreciated. Then their behavior with the clients will reflect their internal state and mirror it.

3. Provide Training and Development So Employees Can Continue to Grow

We all like to master new things, both outside of work and at work. And we don't do it just for more money. We want a sense of mastery, accomplishment and to be proud of ourselves. So you'll want to provide skill training. Development as well, which is experiential growth, people learning to grow as people, learning to make better choices, communicating better, taking charge of their futures.

4. Recognize Each Person's Motivations

A good leader recognizes that some people are motivated by money, but others are motivated by doing good in the world and others by intellectual understanding. Treating people as unique individuals who are motivated by different things builds a lot of employee loyalty. It tells each person that she is really valued for who she is.

5. Take a Stand for Your Company's Values

This is really two thoughts combined. First your company states established values that guide who you hire, how decisions are made, what you focus on as a company. Secondly, you walk your talk as a leader. You live your values and challenge your employees to live those values as well.

6. Create an Accountability Culture

People can have lots of great ideas and good intentions, but if nothing gets done, none of it matters. An accountability culture is a culture focused on doing and helping others achieve what will benefit the whole company. It means everyone taking responsibility for their own work and being supportive of others.



7. Push Leadership Down into the Organization

One of the benefits of engaging employees is that everyone can become more of a leader at their levels. Decisions can be made closer to the frontline. The client feels taken care of immediately rather than waiting for someone else higher in the organization to make a decision. Everyone wins.

Bruce listened intently to each of these points. He finally said, "All that makes so much sense. I don't know how to make those things happen but I certainly see the value."

Jeri saw that Bruce was feeling a little overwhelmed by hearing all these suggestions.

"Bruce, you are ahead of many business owners who aren't yet aware of everything you learned today. From our talk I definitely think I can help you with these particular strategies and more. The next time we talk we can go into more depth about just what you do want and what you see for your company. I call that a strategy session. It presents you with a strategy you can proceed with."

"Yes, Jeri, I would really like to talk with you again. This has been very helpful and very enlightening. I never really thought a lot about many of the issues you brought up. But I'm thinking about them now."

"Yes, now when you show up on Monday morning, you'll be looking through a different lens at all the things that are really going on."

"I'm going to show this napkin and the list of '7 ways to boost employee performance' to our managers. I think a few of them have been dropping hints about a couple of these points. They will be happy to see that I had this discussion with you."

So what is your main take-away from our discussion?" queried Jeri.

Bruce thought for a moment and said, "I really see that the success of my business is directly tied to the performance of my employees. To improve the bottom line, I have to improve the front line which includes my whole staff."

Paula pressed her nose against the window outside and Bruce waved her in. "Did you guys have a good talk? Bruce, did you learn something helpful?"

"Paula, this was super. I can't thank you enough for steering me to Jeri. I feel like a load has been lifted and there might be light at the end of the tunnel."



“Jeri said, ‘I’m glad, Bruce. This was fun for me, too, because you’re such a fast learner. Maybe because you didn’t have so many old patterns to unlearn.’” They all laughed.

“You mentioned that we could talk again, a strategy session, I think you called it. Can we meet next week? Maybe you’d like to come to our office and see our environment. Do you charge for that?”

“No, I don’t charge for strategy sessions. I want you to get real value and learning as we focus on the goals you want to achieve.” I’ll also share with you ways we can accomplish those goals together. I’d love to come to your office. I can learn a lot about your company just by visiting.”

The success of my business is directly tied to the performance of my employees.

Jeri continued, “In preparation for our strategy session I’m going to send you two things.” One is an article that goes into more depth about the 7 Ways to Boost Profits by Boosting Employee Performance. It’s called, The Explanation. The other is a questionnaire. The questionnaire will really help you focus on what you want for your company. You can get your manager’s input as well.”

“Yes, I’d really welcome that article. You’ve got me wanting more information.” Our managers will be happy to contribute their ideas to the questionnaire. It’s more of a team effort that way. Can we meet next Tuesday at 10am? I know I have an open spot then because of a cancellation. Is that good for you?”

“Yes, that works well in my schedule. Paula, thank you so much for getting Bruce and me together.”

We all shared a hug and walked out together.

How does this apply to you?

Let’s look at the extra costs you might be incurring, from the right side of the chart on the napkin (Costs to Decrease column). Bruce filled in some numbers that applied to his business. Fill in yours. Would your numbers be the same or different?



Costs to Decrease	How to Calculate	Bruce	You
Lost clients	# of clients lost times the average income from that client	3x\$10K=\$30,000	
Client acquisition costs	A total of the expenses used to find prospects and turn them to clients, divided by the # of clients actually landed. How much could you save if they came via a referral from a raving client?	\$100K/50 clients = \$2,000 each. Referrals could cut that by 50% or \$50,000	
1.5 times salary in turnover costs	# of employees lost times the average salary of those who left times 1.5	3x\$65K x 1.5= \$292,500	
Rework	# of rework incidents times the hourly wage of the person doing the work times the # of hours it took him to redo the job, then double it to account for all the time used by managers and peers to catch the mistake, retrain, double check. Doesn't even cover the time lost to do other work	Annually 24 incidents (2/month) x \$30/hr x 2 x 2 = \$2,820	
Productivity and leverage of salaries paid	Measure people's productivity. If they are only 70% productive, then 30% of their salaries are excess cost. We won't include this in the total because we probably wouldn't fire the people. We want them to use the excess time to create WOW experiences for clients.	35 people x average salary of \$40K x 30% productivity (30% lack of productivity) = \$420,000 of unrealized benefit, not included in the total below	
Totals		\$375,320	
% of revenue	\$570,320 divided by \$4,000,000 (Bruce's revenue)	9.38%	



We can only estimate what the dollars associated with these benefits from the center of the napkin might be. Let's just estimate an increase of 10% of revenues to be conservative.

Revenue Boosters	Bruce	You
<ul style="list-style-type: none"> ↑ Loyalty of existing clients ↑ Referrals ↑ More projects worth more \$ ↑ Attracts A players ↑ Happier clients who are comfortable with long time staff ↑ Saves time so can accomplish more (enhanced productivity) ↑ Clients like ease of doing business because of improved processes 	<p>Increase of 10% of \$4,000,000</p> <p>Revenue would be \$4,400,000.</p>	

Overall, if Bruce could increase his revenue by 10% and lower his cost by 9%, he could drop an extra 19% to the bottom line. How about you?

With this quick estimate you can see that there are real cost savings and revenue growth opportunities to be gained from managing your culture and keeping your employees engaged. Happy, enthusiastic employees who find meaning and personal success while working for you can make or break your business. Just ask Zappos, Southwest Airlines, USAA Insurance, the Container Store or any of the companies that have been known for their employee engagement and customer service. Could you be the next Zappos?



To explore these issues further, please contact Jeri Quinn at Driving Improved Results.

You can schedule a complimentary strategy session where we'll explore your situation, your goals, your challenges and what you can do about them. I invite you to co-create customized solutions with me that inspire your people and help you attract and retain the best clients. And, of course, boost the bottom line.



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Would you like to get the report mentioned in the fable? Want to learn more about each of the 7 Ways to Boost Profits by Boosting Employee Performance? The second report in this series is free and explains each strategy in more depth, giving examples and background research.

In the second report “7 Ways to Boost Profits by Boosting Employee Performance, the Explanation” you will learn:

- 3 activities you can do with your staff
- 4 examples from companies who practice these seven strategies
- 4 resources you can go to for more information
- 5 short stories to demonstrate the strategies
- 5 excuses why these strategies don't get implemented

Here's what one reader had to say:

“I learned a lot of things from this report. The well explained points made so much sense. The text boxes on each page with examples/quotes etc worked really well. I tended to read them first, and they served to highlight interesting ideas that made me want to read the page, so I was pulled along. I would highly recommend reading it because it explained what I needed to know after reading the first report, the Fable. The second report really gets into the nitty gritty.”

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