

SUCCESS BY THE NUMBERS

3 Ways to Improve Leadership and Employee Skills

By Marc Kramer

According to the Harvard Business Review, 70% of family businesses don't make it to the second generation and only 10% make it to the third generation. To enhance your family business's rate of survival you need to evaluate and improve upon the skill sets of employees and the leadership team.

Family businesses have 20% lower employee turnover rate, according to the Conway Center for Family Business, than non-family-owned businesses. The cost of letting go or losing employees is very significant. It takes 20% of an employee's salary to replace, recruit and train a new employee, according to the Center for American Progress. To give you an idea what this means in dollars, if you are paying a salary of \$50,000 a year, the cost of replacing, recruiting and retraining is \$10,000 plus the new employee's salary. And that doesn't factor in the time it takes until they are a productive member of your team. Here are three things you can do to improve performance and retain and attract top talent.

- 1 Assess Skills-** Every organization I have run, I told my employees that my goal was to make them so valuable that if they weren't being recruited away that I was failing them and the organization. So we needed to assess their skills every two to three years to make sure they were maximizing their potential. To that end, we brought in an outside party to talk about their process and methodology for doing their work and to observe their work. It was made clear in writing and verbally that they wouldn't be fired and that the objective was all about improvement. We reminded everyone that every employee, including management, was interdependent on everyone else for the success of the organization, including my need to improve my knowledge of the industry and skills as a leader.
- 2 Pay for Classes on Company Time-** We gave everyone an educational budget and they had to present to their manager what classes they wanted to take and how that new knowledge would help the company reach its goals, and the employee achieve their own performance goals. It is important that the employee take responsibility and have some control over improving their skill set. No one wants to go to classes after work or on weekends, so if they found a class during the day that was fine and encouraged.
- 3 Listen for Leadership Feedback-** Leaders are not emperors, kings or dictators. Today's leader serves those who are responsible to the customer. The leader's job is to be a good listener, supporter, and strategic thinker and be willing to remove those who aren't reaching their performance goals after receiving support. Therefore, every leader needs to receive honest feedback and adjust to improve their skills. You can't expect people to take assessments and improvement goals seriously if the leader doesn't.

Just like your product and services need constant evaluation and upgrading to remain competitive so do your employees and your leadership team. Make the investment in improving performance and you'll get to inhale the sweet smell of second and third generational success.



ABOUT THE AUTHOR

Marc Kramer, executive-in-residence at the Haub School of Business, is a serial entrepreneur, author of six books and has run over 20 startup and four turnaround companies. His expertise is in launching new ventures, marketing, market research, sales, raising capital and leadership. He also writes a national column for American City Business Journal, a regional column for SmartCEO magazine and provides weekly entrepreneurial educational content for KYW News Radio. Follow him [@marcdkramer](#)