

The Dirty Little Secret of Successful Companies

By JAY GOLTZ FEBRUARY 8, 2011 7:00 AM ■ 114 Comments

Thinking
Entrepreneur

How many times have you heard the head of a company say it's successful because of its great people? You hear it in speeches and you read it in interviews, books, and other company propaganda. And it sounds great — gracious and humble and nice. It may even be true, but it is not the whole story.

What these people don't tell you in those interviews and books — and I've read quite a few — is that great companies may be great at a lot of things, but they do not *always* hire the right people. And that leaves them in the same place as the rest of us (but probably less often). It's a dirty little secret that even great companies have to fire the people who don't work out. You don't read about it very often, because firing people doesn't make for great public relations. It doesn't seem gracious or nice. But that can leave a false impression.

Over the years my hiring mistakes often got me wondering what I was doing wrong. I thought I was the only one who was struggling with this. I was trying to build my business, and I was dealing with all of the repercussions of not understanding the best ways to hire, train, and manage employees. Here are some of the things I eventually learned.

If you want to run a great company — a company that gives great customer service and delivers a great product and has happy employees and a good bottom line, you occasionally have to fire people. Who? The people who after exhaustive training and coaching and counseling cannot do the job. The people who would probably be rated a six on a scale of one to 10. You've probably already parted company with the people who rate worse than a six — but it's the sixes who can be tricky. They're not that bad, but they're just not good.

How can you spot the sixes? You know who they are. You might even like them. They can seem capable, but they can also be unreliable. They make too many mistakes, they aren't good with people, they are sloppy, they have trouble separating their personal time from work time, they aren't honest, they don't accept responsibility, they waste time and they can be disrespectful of co-workers. Here's the real test: What would your visceral response be if they quit? Relief? I think that says it all.

With all of these issues, it's a matter of degree. Some people struggle with many of the issues, and some people are really bad with one or two. Based on my conversations with other business owners, I can tell you that most owners will admit to keeping some sixes (and even some fours and fives). They concede that they struggle with the idea of firing them. And that, of course, is their privilege. They can keep them if it makes them happy. The problem is, it usually doesn't.

These owners are trying to get to "the next level," to become profitable or maybe just to stay in business. The problem is that firing people is not fun, easy or pleasant. As a matter of fact, it might be the hardest part of being the boss. Many times, these people are nice and they're trying hard, but they just aren't suited for the job. The question is: What about the boss who keeps them? I've heard every rationalization in the book (as if there is a book about how to run a mediocre company). People are confused; I was confused. It is hard to reconcile trying to be a good boss with trying to be a good person.

I once gave a speech to a large group of insurance brokers. Before the speech, the organizer asked me to sit in on a round-table discussion of brokers talking about how to build their businesses. A woman commented that her company was struggling and that she had hired some new salespeople to find more business. I asked her what she does if after six months or so it becomes obvious that a salesperson is not bringing in business. Would she fire the person? Without hesitation, she blurted out, "I have to look myself in the

mirror!” — as if firing someone who isn’t doing the job would make her a bad person.

I have a hard time looking myself in the mirror if I keep someone around who can’t do the job. It is not fair to the other employees, and it certainly isn’t fair to my customers. How would you feel about flying on a plane with a pilot who is a “six?” What about the nurse who cares for your mother in the hospital? The mechanic who fixes the brakes on your car? The person who works for your insurance broker and is in charge of making sure your policies are renewed?

Some sixes might become nines in a different job (maybe even at your company). If you truly want to run a great company, you have to have the right people in the right jobs. Some people will question whether you have the right to make these judgments – but if it’s your business, you not only have the right, you have the responsibility. And I can tell you from personal experience, with 102 employees, business is much easier when the right people are doing things right.

People frequently ask me how I have time to write this blog. It’s because of my great people!

Jay Goltz owns [five small businesses](#) in Chicago.