

GOALS

Recognize how to lead your employees by enforcing policies and offering training

Determine how to motivate your employees

Discuss how to evaluate your employees

KEY TERMS

delegate, p. 143

performance appraisal, p. 144

**JUMP START**

Kim hired her first employee, Justin, and she was anxiously awaiting his first day of work. She realized it would be very important for her to explain to Justin exactly what she needed him to do as well as her expectations regarding matters like attendance, dress, and breaks. To welcome Justin to the company, she decided to make a booklet explaining all of the company's policies. Kim realized that managing an employee required planning. In order for Justin to do a good job, she would have to be a good manager. What kinds of things do you think Kim should do to be a good manager?



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Lead Your Employees

Once you have people working for you, you will become a manager. This means that you will no longer focus all of your efforts on doing your own job. Much of your time will be spent managing other people. As a manager, you will have to exhibit leadership and motivate your employees.

Desirable Leadership Qualities

To manage your staff effectively, you will need to develop good leadership qualities. Good leadership qualities will help you create a workforce that is dedicated to meeting customer needs and increasing sales.

There are many personal characteristics that can help you be a good leader. Desirable leadership qualities include

- Judgment—making decisions carefully and objectively
- Honesty—applying ethics in your decisions and treatment of others
- Consistency—being predictable and emotionally even
- Enthusiasm—generating enthusiasm in others
- Cooperation—working well with others
- Communications—listening, speaking, and writing effectively
- Dependability—following through on commitments
- Understanding—respecting feelings and needs of people

Developing these qualities has helped Adam Stevenson create a team of dedicated employees at the busy tool rental shop he owns. Every month Adam posts the work schedule for the following month. He makes sure to assign the unpopular night and weekend shifts evenly among all his employees. Adam encourages employees who want to make schedule changes to discuss their needs with him. He tries to accommodate all reasonable requests. Adam urges all employees to come to him with suggestions for improving service. He also praises employees who have good ideas, and he lets others know of their contributions.

Enforce Employee Policies

As the owner of your own business, you will establish policies concerning vacations, holidays, hours, acceptable dress, and other issues affecting your workers. You will need to make sure that all of your employees are familiar with these policies. This may mean gently reminding employees if they fail to follow them.

Many companies communicate policies to staff by creating an employee handbook. These handbooks can be just a few pages long or they can fill a small binder, depending on the size of your company and the number of policies.

Train Your Employees

Well-trained employees perform their jobs well. They know what is expected of them, so they have higher morale and are less likely to quit. Poorly trained employees do not perform well. They become frustrated by lack of training and look for new jobs.

You will need to develop a training program for your new employees. This program should begin as soon as they are hired. Training should not end when the employee learns how things are done. Continuous improvement of employees through the use of ongoing training will help your business.

NETBookmark

Many businesses with employees benefit from having an employee handbook. By formally writing down policies and providing clear guidelines, entrepreneurs spend less time answering questions and explaining company rules and regulations. But businesses sometimes make mistakes when they create their employee handbooks. Access www.cengage.com/school/business/21biz and click on the link for Chapter 5. Read the article and then answer: Which of the mistakes described do you think is potentially the riskiest for a business? Why? How often should an employee handbook be updated?

○ www.cengage.com/school/business/21biz



Tech Literacy

SMART PHONES AND THE WORKPLACE

While smart phones have many practical applications in the workplace, as an employer you will have to establish guidelines for usage for your employees. Many employers issue smart phones to certain employees, such as sales staff. They are useful for keeping in touch with the office and accessing files and records while away at meetings. But do you want your employees to use their smart phones to check personal e-mail, text friends, or conduct personal business while at the workplace? These are issues you will need to consider carefully as you hire employees and make policies for your business.

THINK CRITICALLY

What are some of the advantages and disadvantages of allowing employees to use smart phones at work? What policies would you set?

There are techniques for providing training to employees. You may use different techniques for different job responsibilities.

1. **On-the-job training** Employees learn new responsibilities by actually performing them at their place of business.
2. **Coaching** Employees receive feedback and instruction from their manager on a constant basis.
3. **Mentoring** One employee teams up with another more experienced employee to learn a job.
4. **Conferences and seminars** Employees attend meetings to learn new techniques or duties from an expert in the field.

After training, you need to make sure employees are using that training and that the training has been effective. After employees have had a chance to apply the new processes or procedures to their job, you may need to have a follow-up meeting to determine how well things are going and to address any issues that have arisen since the training.

Your employees also should be thoroughly trained in safety issues. They should know how to operate equipment safely or wear any necessary protective gear. Employees should be briefed on emergency plans for fires, tornadoes, and other disasters. You should also map evacuation routes on your floor plan and post these throughout your building.

CheckPOINT

Why is it important to have employee policies and a training program?

Motivate Your Employees

To get the most out of your employees, you will have to motivate them. You can do so in several ways.

1. **Pay them well.** When employees feel they are compensated well, they will be happier. They will perform to the best of their ability.
2. **Treat them fairly.** Everyone wants to be treated well. Be sure to treat everyone the same.
3. **Recognize them for the work they do.** Offer public recognition of good work. Praise employees frequently.
4. **Give them adequate responsibility.** Employees who are allowed to make decisions often work harder. They take pride in the fact that their work can make a difference.



Digital Vision/Getty Images

How can you motivate your employees to perform well?

Delegate Responsibility

Many entrepreneurs have difficulty delegating responsibility. To **delegate** is to let other people share workloads and responsibilities. Employees who are given more responsibility are better motivated and contribute more to the company. Delegating responsibility to them allows you to make the most of their talents.

Delegating allows you to focus on important items, such as expanding into new markets or offering new products. Paperwork and duties that someone else can perform will not bog you down.

Finally, delegating responsibility is essential if a company is to grow. When your business is small, you may be able to handle all areas of its management. If the company is to expand, though, you will have to let managers and other employees take on more and more responsibility.

Listen to Employees

Some entrepreneurs fail to listen to their employees. In doing so, they miss out on an opportunity to take advantage of valuable resources that can help them increase profits.

The people who work for you are very familiar with your business and may be able to offer fresh ideas. Listening to new points of view may help you come up with new, creative solutions. If you value the opinions of your employees, they will feel they are a valuable asset to your company. This means they will most likely be motivated to do a good job for you.



TEAMWORK

In small groups, brainstorm a list of personal qualities that effective team members should possess.

Work as a Team

In many activities, working together as a team determines whether or not an effort is successful. A ball club cannot win if its players do not work together as a team. Astronauts working on the space station cannot complete their mission if crew members do not work together.

Teamwork is important in many businesses. Employees who work as a team are usually very committed. They are more likely to work harder and to come up with creative ideas for increasing profits.

Creating an atmosphere in which employees feel part of a team is a big challenge. You should try to create an atmosphere in which all of your employees work toward a common goal. Respecting, communicating with, and getting along with other team members is also important.

As a business owner, it will be up to you to provide the leadership and motivation that will allow your employees to work together as a team. To be an effective team leader you will need to

- Establish trust among team members and gain their trust
- Make sure that all team members understand the goals you have set
- Encourage team members to be creative and innovative
- Make team members feel like partners in your business
- Help team members learn from their mistakes
- Build the team's commitment to achieving the goals you have set

CheckPOINT

How can working as a team help your business succeed?

Evaluate Your Employees

At least once a year you need to evaluate how well employees are doing their jobs. Evaluating performance will help you determine whether an employee should be given a raise. It also will help you identify outstanding employees who should be promoted and problem employees who should be dismissed.

Create an Evaluation Procedure

Most businesses perform an annual employee **performance appraisal**, which is a management control tool that helps determine whether the objectives for a particular job are being met. The original job description should be used when evaluating how well an employee has performed his or her job. If the employee

has fulfilled all of his or her job responsibilities, that employee should receive a wage or salary increase.

You should record the review on an appraisal form, such as the one shown below. The employee's name and job title should be listed, as well as the manager's name, the date range the evaluation covers, job responsibilities and attributes, comments, goals for the next year, and areas for improvement. A ranking method can be used to mark how well the employee has performed.

PERFORMANCE APPRAISAL					
DATE: January 21, 20—		Reports To: Laureen Stiles			
NAME: Daniel Tisdale		Review Period: 1/1 to 12/31			
JOB TITLE: Marketing Director					
ATTRIBUTE	WELL ABOVE STANDARD	ABOVE STANDARD	STANDARD	BELOW STANDARD	FAR BELOW STANDARD
Quantity of work		✓			
Knowledge of work		✓			
Ability to organize			✓		
Meets deadlines			✓		
Dependability			✓		
Judgment			✓		
Initiative	✓				
Communication				✓	
Manages others well			✓		
Teamwork			✓		
COMMENTS: You have done an outstanding job of increasing sales. Your hard work, dependability, and initiative are very much appreciated.					
AREAS FOR IMPROVEMENT:					
<ol style="list-style-type: none"> 1. Increase technical knowledge so that quality of work matches quantity of work. 2. Improve written communication skills by enrolling in a business writing course. 3. Improve management skills, in particular by delegating more responsibility to your marketing assistants. 4. Increase ability to participate as part of team. 					
GOALS FOR COMING YEAR:					
<ol style="list-style-type: none"> 1. Increase store sales 12 percent. 2. Oversee completion of company website. 3. Generate online sales of \$75,000. 					
Employee: Daniel Tisdale			Manager: Laureen Stiles		
<u>Daniel Tisdale</u>			<u>Laureen Stiles</u>		



How can performance appraisals benefit the employer and employee?

Reviews in which you let employees know how they have performed during the year should be conducted face to face. A written summary of the review should be kept in your general employee file.

Promote Employees

Promoting good employees will help ensure that they remain interested in working for your business. Employees often compete with one another, so promoting one employee over another may cause problems. Be sure that you make all decisions fairly. Base your decision on solid reasons, such as volume of sales and quality of customer service.

Dismiss Employees

Some employees may not work out. In fact, they may end up hurting your business. How will you handle such situations? As soon as you notice an employee not performing well, discuss the situation with him or her. If performance does not improve, issue a written warning. If there is still no improvement, you will need to dismiss that employee.

Once you decide to dismiss an employee, do so immediately. Meet with the employee privately and explain why you are letting him or her go. Ask him to leave the workplace the same day. Record the date of the termination and the reason for termination in the employee's file.

CheckPOINT

Why should you evaluate the people who work for you?
