

PMP Sales

Powerful Sales with Personal Commitment

Three Reasons You Should Fire Your Key Person Immediately

You may think your store could never function without them – but what we're about to tell you could change everything...

“I could never get rid of Angie,” the store owner told me, “She does everything around here from paying the bills to scheduling deliveries, plus she’s our best salesperson and our top custom-order specialist. Besides, my customers love her.”

I understood all too well where he was coming from. Angie had started with the furniture store more than twenty years ago, faithfully coming in and even staying late night after night to make sure everything was taken care of. It felt like she was part of the family, she’d been with the business through its highs and lows, and knew every nook and cranny of the daily operations. No one could do it as well as Angie could... well, actually – no one else knew how, because Angie had always done everything.

Steve, the owner of family-oriented independent furniture retail store, felt fortunate to have such a high level of trust in someone so diversely talented and dependable. He expressed his appreciation through steady pay raises and bonuses for Angie’s loyal service. Every year, Steve and his wife would take Angie and her husband out for a nice holiday dinner, where he would express again his gratefulness to have such a key person to help build his business.

Steve inherited the furniture store when his father retired a number of years ago, in the middle of the nationwide recession. Thanks to the excellent reputation the store carried in the community, they were able to stay in business and keep a full staff through the economic dip.

Despite the media’s announcement that the recession had ended, traffic in the showroom remained slow, and Steve was now standing in the face of major financial challenges. Knowing he must do something, he weighed all options. Should he let go of one of his three salespeople to make ends meet? Or perhaps stop advertising for a while until business picked up? Something had to give somewhere.

I looked at Steve’s books and saw that while Angie’s salary continued to climb, the store was losing money every month. Whether she meant to or not, Angie had set up the house in her own interest, making herself indispensable to a company that would break without her.

Unfortunately, I had to point out to Steve that the company was already breaking down, even with Angie’s superpowers, and unless he embarked upon a major restructuring within his business processes, things would just continue to get worse. To seemingly add insult to injury, I suggested that I knew what the main problem was: Angie.

I had three reasons why I knew Steve’s key person was the root of his problems. I’ve listed them here, along with a summary of solutions at the end:

Reason #1

Employee monopoly goes hand-in-hand with high risk of disaster



When a single person is held responsible for several tasks that could otherwise be divided up among everyone, it sets the internal structure of the business up for impending collapse. This person holds a monopoly on your business and has the power to break you.

If your key person takes one day off, the whole company goes on vacation because there's no one there to handle the processes she's monopolized. If you hear the phrase, "Wait until so-and-so comes in" more than once a week, you're in hot water. A successful business must utilize the strengths of each team member equally, much like a house standing on four corners is more stable than a house balanced on a single beam.

It's natural to want to believe that your key person would never leave, but at the end of the day, you must realize that they are working to feed their family just like you are. If they find something better with a competitor and walk away, your entire operation has just been devastatingly compromised with little to no notice. It would take months, perhaps even years, to recover and retrain the right people to replace her.

Reason #2

The owner should run the business, not a veteran employee



If this phrase is a resounding thought in your head: "She knows everything, why not send the decisions to her?" you are not in charge of your own business. As a store owner, it's easy to pass the monkey when you have someone so trustworthy and responsible at your right hand. Over time, however, she learns that her position grants her powers superior to yours. With this comes a feeling of entitlement to make small "executive decisions" that grow into larger decisions, which have the ultimate potential to undermine your authority over the business.

As much as your key person seems to make life easier, take a moment to ponder how much you are really giving up when what they are doing is actually benefiting them, not the store. As the business owner, you are responsible to step up to the plate and make the decisions. It's OK to glean knowledge from your trusted employees, and even ask their advice when needed, but the bottom line remains: all decisions must be made and/or approved by you.

Reason #3

Financial ruin



When times were good in the business, the gesture of periodic pay raises was absolutely appropriate. Your key person no doubt earned and deserved the incremental increases. However, this process nurtures expectations that are nearly impossible to rein in, even when the books start turning red. If your key employee has ever brought home a paycheck bigger than your own, an immediate restructuring is in order.

Financial ruin can manifest in several different areas when a key person is atop the pyramid. Aside from making money while the company loses money, your key person's reputation as the lead salesperson can intimidate the other salespeople into diffidence on the floor. Without an even playing field, their sales skills remain un-honed, and they become little more than expensive showroom decorations. In this situation, you are in essence left with but one talented salesperson on whom you rely for the majority of the sales. Even on their best day, one super-salesperson could not sell as much as two, three, or four good salespeople.

It all sounds so doomsday, but keep reading, because I have the solutions for you. These solutions are only for the business owner who is serious about increasing cash flow, and creating a long-term sustainable source of profit through his or her furniture store.

Step One:

Extinguish the Key Role



No one can be expected to do everything, including you. Your first step is to map out a list of tasks and services that must be handled, and categorize them by department. Then, take the full roster of people and employees of your company, and assign each task/service to the most appropriate person in that department. Do not get distracted by your lack of faith in a certain person's capabilities. Assign it anyway. They will either rise to the challenge and learn to do it correctly, or you will see the need to replace them with a better suited candidate. Assign each person a title to go with their new collection of responsibilities, and check to see that the performance you require of them matches the compensation they receive.

Your key person is no longer involved with tasks/services that have been delegated to someone else, except in the event you have assigned the role of Store Manager to your key person, in which case, they

are only involved to the extent of overseeing the person responsible for the task. It may be necessary to restructure your key person's compensation based on their new role. If this means a pay cut, prepare yourself for a walk-out. Fortunately, you already have the job description prepared for their replacement, and the salary you've chosen will be welcomed by a new member.

It is far better to pay several people small salaries and divvy up the work – than to pay one person a large salary to do everything. With the latter comes a huge risk of employee monopoly and unbalanced infrastructure, which can lead to financial disaster.

Step Two:

Create Successful Selling Systems on the Floor



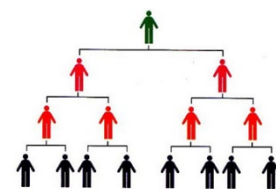
Your second step is to create selling systems that maximize your sales team's effectiveness. The "UP" system puts your salespeople on a rotation which is logged on a sheet at the front of the store, so walk-ins are dispersed evenly among them, and not claimed by the head haunch. The "TO" system gives your sales team the leverage required to close more sales, and close them profitably.

Each salesperson is taught successful selling techniques from start to finish, including things like special orders that perhaps only your key person handled before. For a thorough guide on successful selling techniques and more information on the UP and TO systems, please send a request to preview our ["Salesperson Manual."](#)

These new systems generate more sales and a higher closing ratio as your sales team gains confidence and freedom to work the floor on an equal level.

Step Three:

Set Up a Chain of Command, Policies & Procedures



Your third step is to implement a hierarchy and a few important company policies to be followed by all. Decide what the most important rules should be (limit between 3 to 5), and educate your staff of the new policies and/or procedures surrounding these important areas. Impress upon everyone the fact that you are the last stop before any decision is made or approved.

Delegate, delegate, delegate! Now that you have rid your company of the key role, DO NOT take it on yourself! As the owner of the company, you are the eyes, ears and mouth. Your employees are the arms, hands, legs and feet. It is your responsibility to recognize where action is needed and delegate an employee to take that action.

Conclusion:

I hope you have found this information helpful. The analysis and solutions mentioned herein regarding this particular circumstance are a fraction of a process that PMP Sales calls “Restructuring.” Every store is unique with its challenges and goals, and not all stores will suffer from employee monopolization. Some stores struggle in other areas which require restructuring, and PMP Sales helps to repair those situations as well, using short-term sales promotions that increase cash flow to allow the proper changes to be made quickly and effectively. See our publication “[How a Restructuring Sale Generates Profit and Improves Business Performance](#)” for more information.

Questions or comments? . Please drop me a line at ron@pmpsalsusa.com

PMP Sales

Powerful Sales with Personal Commitment

Headquarters: 20 Winding River Ct., Lakewood, NJ 08701

Satellite Offices in NJ, NY, PA, NC

www.pmpsalsusa.com