

Winning

In their book *Winning*, (Harper Business ©2005) Jack and Suzy Welch put forth a road map for winning in businesses. Known as “neutron Jack” when he took the helm of GE, part of Welch’s game-winning formula is based on his understanding of the need for quality people to make a company a top performer.

“Companies win when they make a clear distinction between top- and bottom-performing....people, when they cultivate the strong and weed out the weak. Companies suffer when every.... person is treated equally....”

GE’s famous formula for differentiation essentially divided personnel into three groups: the top 20 percent, the middle 70 and the bottom 10. Most important, managers are taught how to manage the differences between these groups.

In every company, there is a cadre of leaders who are the top performers who energize those around them. The middle group is the troops who get the company’s mission accomplished. Although few will admit it, there are always those at the bottom who just don’t fit the company profile and who will never be successful.

The top guns get motivated with praise, perks and incentives. It’s their job to keep the 70% of the team who work with them engaged and motivated. The middle group is invaluable to any business—they’re the “worker bees” who go into battle every day carrying out the tactics set for them by those at the top.

They greet and query customers; demonstrate products; do complex deliveries and installations; field hundreds of telephone calls; file warranty claims; enter millions of bits of data into your computer system; and satisfy customer complaints.

Some of these soldiers will move up to the top 20% and become your next leaders, while others will live out a long and productive career as torchbearers for your business. The toughest part is recognizing that some of your team members are just not cut out for their jobs and need to be given the opportunity to find success somewhere else.

Winning Continued-

You keep slackers around in hopes that they'll turn into better team members. Or perhaps, you don't want to admit to making a hiring mistake in bringing that particular associate on board. Or maybe you feel that you've invested a great deal in training and don't want to lose that investment by terminating him or her? In doing that, though, you risk sinking morale as others watch those who aren't pulling their weight get by. And we haven't said anything about the sales or even the customers that those at the bottom may cost you.

How many times have you made the mistake of promoting a great sales associate into management only to find that he is too headstrong to manage those who report to him or that he doesn't have the patience required to help customers solve their problems? Although that great sales counselor begged for the management job, the traits that define the best of your managers—those in the top 20% of your company—are probably significantly different than those of your top sales associates.

Welch cautions about the pitfalls of this kind of differentiation among your people. Some think it's unfair and could fall victim to company politics. Others have said that it works well for those at the top and bottom, but leaves the middle 70% in a kind of limbo. Instead, though, it forces companies to manage themselves better by seeking and giving candid and frequent feedback and input from team members. "Differentiation rewards those who deserve it."

There are "race horses" and there are "work horses." In retail, we need a good combination of both.

In recognizing the need for and the differences in these diverse groups within your company, you can allocate your resources more effectively and ensure that all of your team members have the opportunity to do what they do best.

Retailers would do well to take Jack Welch's differentiation to heart. Too often retailers see themselves as families instead of warriors in a highly competitive battle. They hire out of weakness—bringing on the best out of a pool of poorly qualified candidates—and promote simply to fill vacancies.

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Best of all, you'll have a better chance of winning this challenging retail game.