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## **Poor Hires to Management Team Can Destroy a Business**

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Given that 60 percent of an angel investor's decision to invest is based on the strength of the management team, according to the National Angel Association, an entrepreneur or investor needs to get the right people on the management team — in the positions that match their talents — and get the wrong people off the team.

Identifying and retaining top talent can be more challenging in New Mexico than it is in other places, judging by the numbers of reports about the dearth of top talent here.

### **It's all in the specs**

While candidate identification largely occurs online, the first step is to develop a clear job specification, including clear objectives and responsibilities for each job on the management team. The most effective companies use behavior-based questions about past situations to identify the cultural requirements and expectations of the prospective hire's internal and external customers, peers and staff.

These expectations should form the basis of a clear and measurable "First 100 Days Onboard" plan to ensure that the newly hired or promoted team member can and does meet performance and cultural expectations and build a foundation for future success.

An early-stage company can put itself out of business through one or two poor hires simply because a do-over isn't practical or tolerated by external investors. An investor's due diligence will likely include reviewing a business's organization chart, advisory team, résumés (looking for clear accomplishments and responsibilities), employment contracts and non-compete provisions, as well as job specifications for planned hires.

### **It matters even without investors**

These principles apply even for businesses that plan to build a sustainable organization without outside investors.

One way a business owner or manager can assess the capabilities of the leadership team is to draw a four-box matrix with "performance" labeled across the vertical axis and "leadership

style” along the Y axis and then to decide where each member of the management team fits in the categories of “reward,” “coach,” “train,” or “remove.”

Leaders in the “reward” category may be ready for a greater role or appropriate recognition as they are most at risk of being recruited away by other companies. The “coach” category is for leaders who have the right skills but whose behavior undermines or alienates others. Those in the “train” category have the right leadership style but need specific skills (someone in the first 90 days in a new job would fall into this category). “Remove” is self-explanatory and typical after a “train” or “coach” development plan isn’t successful.

This combination of creating the right expectations and ongoing leadership team assessment creates a “virtuous cycle” of actions that help make sure the right person is ready at the right time for the right role.

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