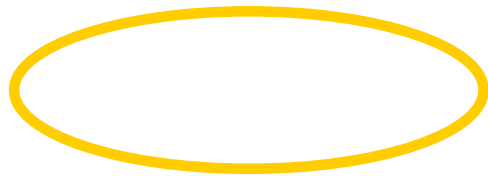


Chapter excerpt from Rich Gallagher's forthcoming book
The Perfect Company

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The Perfect Company

A Simple Four-Step Process for Creating a
High-Performance Workplace

Richard S. Gallagher

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Chapter 4. Perfect Coaching

“Welcome to my part of the world - The Perfect Company sales team,” beamed Pierre Delauney, as he motioned Tom and Kathy ahead of him into a spotless glass-enclosed conference room. “You both picked a perfect time to come visit us - our monthly sales team meeting is today.”

“Isn’t it always a Perfect time to visit around here?” replied Tom, as Kathy giggled. “Seriously, Pierre, it was really kind of you to have us here. I was really impressed by your approach to marketing when we were talking earlier, and we’re very interested in how you manage a sales team.”

“Not at all, Tom - it’s my pleasure.” Pierre was a trim, immaculately dressed man with dark, curly hair and the slightest hint of a French accent, who gestured expansively as he spoke. Tom thought to himself that this genial, upbeat man wasn’t at all like their own director of sales, Tom Barnes - a curmudgeon whose favorite saying was “We need to get everyone’s butts in line here.” According to Barnes’ view of the world, salespeople would be sitting around unshaven at home putting off their calls if he didn’t “confront them with reality” at regular intervals, and that their high sales turnover was the result of too many slackers who didn’t want to work hard and close deals.

“So please, both of you, tell me what you hope to learn from me and my team today,” Pierre continued.

Kathy spoke up first. “There is a fundamental conflict in almost every area of our company nowadays - sales, operations, customer support, even product development. Our management wants people to perform better, across the board, and they aren’t getting the kind of results they want. I guess my question is, how can you motivate people to do a better job?”

Tom chimed in, “I agree with Kathy. And in my case in particular, I have to motivate our customer support team to care about meeting our standards - not just some of the time, but all of the time.”

“Well, first, let me turn the question around,” smiled Pierre. “When you are facing performance problems in your own organization, what kinds of things do you do?”

Tom and Kathy looked at each other awkwardly for a few seconds, and then Tom broke the silence. “We tell them to step up their performance, or else.”

Kathy chimed in, “And as managers, we spend a lot of time implementing controls and procedures designed to make sure that people meet the standards that we expect from them.”

“So let’s do a little brainstorming, OK?” said Pierre. “Both of you tell me what kind of things your company does nowadays to make sure that your people perform.”

“OK, I’ll start,” said Tom. “Hold them accountable.”

“Raise the bar,” chimed in Kathy.

“Good...” said Pierre intently. “Keep going.”

“Measure their every move.”

“Write them up for disciplinary action when they fall short.”

“Monitor their computer usage.”

“Scrutinize their expense reports and question everything.”

“Chew them out when they make a mistake.”

“Oh, and let’s not forget making sure that they are passionate about their work,” added Tom sarcastically.

“This is a pretty insightful list,” nodded Pierre. “If you could summarize your policies into one guiding principle, what would it be?”

“We don’t trust you, and we don’t particularly like you either,” replied Tom.

“Or, to put it a little more charitably, we have a performance-based, top-down management style,” said Kathy reflectively. As they were speaking, it struck her that she and Tom were describing a world that had slowly, almost silently changed at their company. What once was a very positive and collaborative working environment now seemed to be one where people were grimly doing whatever they needed to do to avoid punishment - and it got her to pondering how and why things had gotten to this point.

“This is where you really start looking at how you coach people - with that guiding principle,” replied Pierre. “Everything else you mentioned on your list flows from that.”

Tom broke in, “But, Pierre, you manage salespeople. If they don’t make their numbers, it directly affects your bottom line - and I presume your own paycheck. How can you not bear down on your least productive performers in a situation like this?”

“For exactly the reasons you mention, Tom. We want them to improve, and not make everyone hate their jobs in the process. Put another way, we want to do what every other company says they want - maximize sales - but we try to take steps that will really make that happen, instead of just following our nose.”

“Ah, there’s that phrase again. I presume that this is another case where following human nature doesn’t produce the desired results?”

“Exactly,” smiled Pierre. “Look at the sociology of most companies. First, the Board of Directors goes to the CEO and says, ‘You had better get earnings per share up next quarter, or else’. Then the CEO goes to the VP of Sales and says, ‘You need to get sales up by 15% next quarter, or else’. And then the VP of Sales speaks with his sales managers, who then gets together with his sales team. What do you think the end result of this is?”

“The pushy, desperate salespeople who seem to call me on a daily basis,” sighed Kathy.

“And pressure to sell products to anyone who has a pulse, whether they ultimately suit the client’s needs or not. It’s almost as if they are paying these people to destroy future business relationships,” added Tom.

“I think you understand exactly where I am coming from,” replied Pierre. “Let’s do a little role-playing, Tom. Suppose that you just finished a quarter where your sales are 20% below expectations, and you and I are meeting about it.”

“OK, Pierre, go ahead and yell at me,” laughed Tom.

“Ah, quite the contrary,” said Pierre. “You are going to do most of the talking. Let’s start by having you tell me about what’s been going on for the last three months.”

Tom cleared his throat and then began, “Well, Pierre, I really thought that I was going to make my quota this month.”

Pierre smiled kindly. “And then what happened, Tom?”

“Um ... some unexpected things happened with my prospects. One went through a merger, and their order is on hold for now. Another got held up on

management approval, and isn't going to be able to sign this quarter. And unfortunately, one of my hottest prospects landed in the hospital as the result of an automobile accident, and may not be back to work for a couple of weeks."

"So what was your goal this month?" continued Pierre.

"To make my quota."

"And what happens when things go wrong at the last minute?"

"I don't make it." Tom shrugged.

Pierre looked Tom straight in the eye. "So what does that teach you?"

"Well, let me think ..." Tom stopped for a moment. "Perhaps I should be a little more aggressive about keeping my pipeline going during the quarter."

Pierre continued, "That is always a good goal. Tom, I know you are a very dedicated professional, so I trust your judgment here. What kinds of things do you think might be keeping you from making more contacts?"

Tom thought for a moment. "Hmm ... perhaps it's human nature to spend more time with my 'usual suspects,' and put off making calls on potential new accounts in my territory. I really hate cold calls."

Pierre smiled again. "I think you're on to something, Tom. Building new relationships is something that's a challenge for almost anyone. What can I do to help make this easier for you?"

Breaking out of the role-playing, Tom exclaimed, "I see exactly where you are heading with this, Pierre. This is a very different approach than our sales manager uses."

"I agree, Pierre - I'm impressed," said Kathy. "You never mentioned the word 'sales' even once."

"Thanks, both of you. You are too kind," said Pierre. "What you saw are some of the elements of what we call *Perfect Coaching*. It has three steps:

- 1) Keep the focus on the future, and not the past.
- 2) Help people solve their own problems, rather than simply telling them what to do.
- 3) Above all, treat people with respect.

You probably noticed that we did all three of these things in this session. And I feel particularly strongly about that last point about respect. After all, if you aren't a true professional who deserves my utmost respect, why would I want you on my team in the first place?"

"Good point," nodded Kathy. "It's really ironic. Our company is filled with bright, competent people - but on a day-to-day basis, a lot of us feel like we are back in third grade, constantly being judged and criticized for our shortcomings. To be honest, I even feel that way myself sometimes."

The corners of Pierre's mouth turned up ever so slightly as Kathy spoke. "I can't resist mentioning that our products are designed to help third graders feel a lot better than what you describe. But I agree 100% with your point - and to be perfectly honest, the fact that we are different is the reason our salespeople far outsell the industry average. I feel so strongly about this that I've made it a motto for the entire team," he said as he gestured to a small sign on the wall of his office:

Never criticize when you can coach.

Pierre continued, "Sometimes people feel that they have only two options - to tolerate mediocre performance, or to confront it in a negative manner. Here at The Perfect Company, we choose a third path. We treat everyone with respect, and work with them as equals to help them perform at their best."

Tom nodded thoughtfully and replied, "This helps explain what's going on at our own company, where we have a very 'old-school' sales manager and high turnover. He was a successful salesman himself, and got promoted because of it. I suspect that he has little perspective beyond his own sales experience, and is frightened by the lack of control that he now has over his team's day-to-day behavior. So instead of coaching people, he just micromanages their daily activities and pressures them to perform."

"You're very perceptive, Tom. There is a different mindset between the kind of person who says 'What do you think of this idea?' and the one who just follows human nature and says 'Why didn't you do it my way?' Pierre then paused and looked at both of them. "Now, let's go back to that list you both rattled off earlier, about how you motivate people to perform. You listed a lot of things that your company did, that you obviously didn't like. But what really stuck out for me was something that your company didn't do. Are you following me on this?"

After a brief silence, Kathy spoke up. "We don't do anything that isn't a reaction to a problem."

“Bingo,” chimed in Tom.

Pierre smiled. “Exactly correct. Here at The Perfect Company, we make it a point to coach people proactively. I cherish the time that I spend with my team, and wouldn’t trade it for the world. If our salespeople are accountable to help our company succeed, I am in turn accountable for helping them succeed, by investing positive coaching in them. More importantly, I am not just teaching them to sell - I am teaching them to improve the lives of children.”

Pierre became more animated as he continued. “Going back to what Tom said earlier, people in my profession sometimes don’t understand the difference between coaching and pressure. I will never forget a situation that I witnessed a few years ago at a software trade show. Before the show opened, one company gathered all of their salespeople around their booth, and a senior manager said, ‘If you don’t leave this show with 1000 leads, and turn them into 200 orders within the next quarter, I will find another sales team who can.’”

“Wow,” said Kathy. “That’s horrible. I wonder if they ended up carrying out their threat.”

“They didn’t need to,” said Pierre wryly. “The company went out of business less than a year later. But too many other companies still feel that this is what passes for ‘motivation’ on their sales teams.”

“That reminds me of a situation I had in my call center a few months ago,” chimed in Tom. “We monitor people’s phone calls for quality purposes, and one of our supervisors was listening in on a technician who was on the phone with a customer who couldn’t stop talking. After suffering in silence for a few minutes, the technician finally blurted out ‘Could you just shut up so I can help you?’ I expected that the supervisor would give him a piece of his mind.”

“And what happened?” said Pierre as his eyebrows raised slightly.

“It was amazing,” Tom continued. “The supervisor walked over to the technician after the call, smiled, and said, ‘Carl, I can tell that you are going to be a great technician, and I am going to help you get there. Today we are going to do some coaching on how to deal with people who talk too much.’ He was patient, empathetic and collegial - and by the time he was finished both of them were laughing and talking like old friends. And you know what, this person did in fact become one of our best technicians.”

Pierre nodded knowingly. “Good story, Tom. This reminds me of when I was a teenager in my native France, and the soccer coaches in school would constantly yell at us players, thinking that would motivate us. Nowadays, I

study coaches like Joe Torre, whose New York Yankees were perennial champions at the dawn of the new millennium. He gets into the minds of his players, and learns what motivates each of them. And perhaps most importantly, he is focused on improving performance rather than criticizing mistakes.”

Kathy jumped in. “My husband and I are serious baseball fans, and to be honest, it seems hard not to criticize people when a game is on the line.”

Pierre smiled. “Good point. In fact, I was reading once about how one of Joe Torre’s top players made a game-critical error, because he blew the fundamentals of what he was doing. Do you know what Joe’s response was?”

“I’m curious,” said Kathy.

“Nothing. In fact, the player had so much respect for Joe that he sat down on the bench next to him right after the error. Joe gave him an affectionate thump on the helmet, and that was the end of it. Too often, people don’t seem to realize that the proper response when good people mess up is often ... nothing.”

“I can see where that’s hard for people to do in real life,” said Tom.

“I’d rather invest my energy in helping people succeed. I am at my best when people respect me and believe in me, and can’t see why it should be different for anyone else.” Glancing at the clock on his wall, Pierre started to get up from his desk. “Our monthly sales meeting starts in a few minutes. Would you care to wrap up our meeting today by joining us?”

“Sure, that would be great!” said Kathy, and Pierre led her and Tom down the hall to an elaborate multimedia conference room. Within the next few minutes, video screens from remote sales offices lit up around the room, teleconference links sprang to life, and the room became a virtual boardroom populated by Pierre’s sales team.

Pierre started off the discussion by talking about what great new products were coming out in the near future, and their role in making a difference in the lives of children. He then opened up the floor to the other members of his sales force, who spoke very frankly about their success and challenges over the past month. As they spoke, Tom and Kathy noticed an interesting dynamic - instead of sitting passively, team members openly coached and supported each other on their challenges, and congratulated each other on their successes, with Pierre leading the way. And true to form, he never once mentioned the word “sales” during these discussions.

Finally, Pierre presented the team's financial results for the past month, as well as trends over the past year. Tom turned to Kathy in amazement, whispering, "If our sales team had even a fraction of their sales per person, we'd be on Easy Street."

After the meeting, Kathy said, "Pierre, this has been an incredible experience. I can see why there were all of those construction cranes outside as we came in - you've really motivated your own sales team to soar. Now, if only I could do the same thing for our team's productivity..."

"Thank you, Kathy. I get great pleasure out of helping people reach their best," beamed Pierre. "And funny you should mention productivity - I've got just the man to speak with both of you about that. Let me walk you down to your next appointment, with Gus Jones on the production floor."

Coming soon!

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by Richard S. Gallagher, author of *The Soul of an Organization*

The Perfect Company is a successful growth business named after its founder Steven Perfect, whose name has grown to become its mission as well. And for Tom Barnham and Kathy Wong, beleaguered managers at nearby PeopleFirst Software, a visit to The Perfect Company helps them see their problems in a light that they have never seen them before - one that ultimately transforms the morale and performance of their organization.

At The Perfect Company, Tom and Kathy discover four secrets that drive their operations: Perfect Teamwork, Perfect Coaching, Perfect Performance, and Perfect Communications. Above all, The Perfect Company's success springs from a greater core value that is central to its business as a children's software publisher - *think like a child* - and this principle that ultimately affects Tom and Kathy's company in ways that they never might have imagined.

This simple but powerful story will teach you the real secrets of creating a high-performance organization, by unlocking your own team's motivation to build self-sustaining levels of success that no amount of "rules" or business processes will ever create. Based on the real life best practices of leading organizations worldwide, The Perfect Company represents a clear game plan to create your own perfect company, in organizations of any size.

About the Author

Richard S. Gallagher is a critically acclaimed author of numerous books on business and management topics. An experienced customer service executive, speaker and corporate trainer, he has been called "one of the founding fathers of modern customer support" by one of its leading professional societies.

For more details on Rich Gallagher's books and training programs for improving the performance of customer contact organizations, visit Rich on-line at www.rsgallagher.com.