

Bottom Line ROI: It All Depends on Your Unit Level Managers

How to Identify & Develop the Best Unit-Level Managers

By Mel Kleiman, CSP

Unit-level managers (ULMs) are the unsung heroes who manage a decentralized location of a franchise or corporate chain. They are the vital key to success for big- and small-box retailers, restaurants of all kinds, hotels, motels, and convenience, grocery, and drug stores, to name a few.

ULMs usually report to regional or head office executives and are often thought of as “middle management.” Nonetheless, they have more clout than the people they report to because, more than any other single factor, the quality of the ULM directly affects the ROI of the unit.

It has been reported that over 50% of all new managers fail within the first 18 months on the job. Those who succeed in ULM positions have overcome many daunting obstacles including:

1. Decentralization – they are isolated, out in the field on the frontlines.
2. Limited resources – time, money, people, support, etc.
3. Little training – their employers often lack the resources, commitment, foresight, (or patience) to adequately prepare them for the demands of the job, so it's sink-or-swim. (In most cases, the ULM has been promoted from within because the person was good at doing their former job. This, however, does not mean the person has what it takes to successfully manage someone else doing that or any other job.)
4. Lack of support – they often report to regional multi-unit managers or head office executives who are preoccupied with their own challenges and/or are already spread thin.
5. Powerlessness – their “pains” are usually someone else’s “problem.” For instance, while ULMs are responsible for recruiting and hiring, an HR group usually runs the show.

If you've been trying to fill any ULM slots lately, you know all too well it's a negative unemployment situation out there – especially if you're looking for good ones. There are more of these jobs than qualified people to fill them and, right now, most organizations have managers they would like to either replace or promote, but few prospects are available to fill their slots.

The situation is exacerbated by the fact that the proven principle of talent migration is often overlooked by recruiters and is almost always missed at the ULM level. Great managers switch industries with ease. The head of 7-Eleven went to Blockbuster; the president of Boeing was recruited to turn Ford around; and The Home Depot's ousted CEO is now at the helm of newly privatized Chrysler. Skills and operations are teachable. Great managers know how to hire, lead, motivate, and get results — and they can do it anywhere.

In a comprehensive study by Franklin Covey for Coca-Cola¹, it was discovered that the highest achieving ULMs have three key traits in common:

1. Not only do they produce financial results, they actually over-achieve relative to market potential
2. They generate intense customer loyalty
3. They inspire strong employee commitment and engagement

Charles Smithgall opened his first SEI/Aaron's furniture store in 1995 and is the Chairman and CEO of the now 57-store enterprise. According to Smithgall, "Our general managers are the complete key to our success and we've found the great ones come in all shapes, sizes, ethnicities, and sexes. There's no easy way to spot them."

Smithgall recounts the history of a store in Connecticut that went through seven general managers while the store averaged about \$100,000 a month with a staff of 12. When the eighth GM took over, there were no staff changes, and yet sales doubled to a consistent \$200,000 a month.

Smithgall said, "I've learned from experience that certain things can't be taught. Maybe we can bring it out, but the basics have to be hardwired." He now hones in on these key qualities and attributes:

1. Stamina and energy ("To work the long hours required.")
2. Intelligence and common sense
3. Enjoys and is interested in working with all kinds of people
4. Communication skills
5. Honesty ("Mama had to teach 'em that.")
6. Results and goal orientation
7. Passion
8. Conflict resolution and diplomacy skills ("To deal with both customers and staff.")

¹ To read the study, "Getting to Great: Mapping Management Practices That Drive Store Performance," go to: <http://www.kleimanhr.com/?page=5> [White Papers](#)

Since Smithgall is enjoying tremendous success even though he does not require industry experience or a college degree, you might want to ask yourself: *Am I limiting my recruiting pool by making industry experience and/or higher education a requirement?*

A structured, scientific way to attract applicants and identify promising ULM recruits is to use an automated hiring system that makes it easy for people to apply for the job and, yet, makes the job hard to get (screens in only the best).

Major retail and restaurant groups across the country are adopting automated hiring systems to help them select better workers and to help identify those who are, to use Smithgall's word, "hardwired" with core traits and values that are amenable to promotion.

Automated systems also:

1. Systematize and structure the process in such a way that average managers turn into above-average managers when it comes to recruiting and selecting employees.

According to Fred Cornman, Director of Field Human Resources for Tire Kingdom, the largest independent tire and automotive services retailer in the U.S., "Many of our [store] managers don't have the time, skill, or expertise to effectively find candidates. That's where the [Deploy Solutions talent management] system comes into play. The whole idea is that this should be a tool that makes those managers better in that category of performance than they really are."

Cornman continues: "My [store] manager's job is to sell tires and drive sales and then s/he has to go hire someone once in a while. We have 12 people in a store and there's no administrative assistant. So Deploy is actually our administrative assistant. It is the person who's going to do the first interview with the candidate and then it's going to lay out for that hiring manager and say *here's three [applicants] for you to look at, here's what I thought of them, and here's some questions you should ask them because I think you might want to dig further.*"

2. Prove to be a competitive edge when it comes to hiring ULMs. ULM candidates who engage with the system realize the organization is forward-thinking and focused on helping their ULMs with the biggest problem they have – the war for talent.
3. Deliver a continuous pool of applicants.
4. Reduce hiring non-compliance issues.

5. Attract more applicants for ULM positions by making it easier for these people to get in the system.

Let's face it, the kinds of people you'd like to attract are probably already working, and they may not be inclined to take time away from work to explore potential employment opportunities. Today's technologies can collect and pre-screen applications and resumes 24 hours a day, 7 days a week, all at the applicant's convenience rather than the employer's.

These systems also offer assessments designed to measure the critical traits and core competencies your organization may need like assertiveness, attention to detail, customer service, honesty, energy level, safety, and security-consciousness. Because these tests screen for the on-the-job performance factors that correlate to success, the employer saves time and money and can more effectively align personnel with specific jobs, lowering employee turnover across the board. When it comes to ULM talent, these assessments are invaluable. Not only do they spot tomorrow's superstars, they give management an insightful tool to guide the ULM's career development.

As the competition for top talent heats up, many employers are also turning to automated career enhancement tools that enable companies to develop a community of top employee talent and ensure that the members of their community automatically receive notifications of openings that meet their interests. These systems not only maximize efficiencies when deploying talent, they keep employees in the loop — a real asset to employee retention.

However, before you spend one dime on recruiting, you will want to come up with at least five compelling reasons – other than “for the money” – as to why people who already have good jobs would want to go to work for your organization, and/or why your talented unit-level employees would want the promotion.

Keep in mind that money motivates people to get jobs, but not necessarily to stick with them. A national study found that managers across generations want these four things:

1. Supportive bosses and co-workers
2. Interesting work
3. Growth opportunities
4. Work/life balance

How does your organization meet these universal needs? What's on your list of compelling reasons why people should want to work for you?

Gloria and Rick Plaisted are seasoned co-entrepreneurs who have spent over 30 years buying, restoring, and developing Dairy Queen stores as a family team. To date, they have taken all acquisition stores to a 100% success rate, turning under-performing stores into profitable entities.

When asked how they do it, Gloria replied, “Over the years, we’ve built a reputation as being a great place to work. We do very little recruitment advertising. Most of our new hires come from employee referrals and 90 percent of our ULMs came up through the organization. Most joined us when they were just 16 or 17 years old and all have what we call a ‘profit mindset,’ not a ‘payroll mindset.”

Once we identify good candidates, we grow them into ULMs by a well-structured training process that continuously challenges them. Our goal is to develop leaders in the QSR industry. Most importantly, we lead by example.”

When she’s invited to speak publicly on the subject, Gloria tells her audiences: “People are always searching for the ‘silver bullet’ in recruitment. It’s really in plain sight, but most are not willing to react to it or do what it takes. You have to commit to three simple, but not easy, things:

1. Above average pay (Because when you pay more, you get more.)
2. Challenge people continuously to rise to the level of your high expectations
3. Treat them well (You wouldn’t believe how hard this is for some people.)”

Once you know exactly what you’re looking for and why that person should be eager to come on board, there are only two sources of recruits for any job opening. You can promote from within or recruit them from somewhere else. (NOTE: I did not say “from your competition” because your competition is *everyone* who hires ULMs.)

If you promote from within, which always has a lot of benefits, give these people the training they need to do the job and the support they need to keep growing. One way is through a hands-on, personalized support and development program.

Cheryl and Joey Robinson own and operate 33 Supercuts units in southern California. They face a unique challenge in that their talent pool is limited by the fact that licenses are required for most positions. Still, their four general managers have been with them for more 20 years and all came up through the ranks, first as stylists, then shift managers, shop managers, senior managers, then general managers. All of their current shop managers came up through the ranks too.

When asked how she does it, Cheryl says: “Years ago we tried a structured, one-size-fits-all approach to management development and it just didn’t work for us — or for our people. Now we look for employees who want to grow more and who show some initiative. Then, over time, we give them management skill classes, more responsibility, and mentoring support. We tailor the program to each person’s needs, interests, and schedules.”

At a recent management meeting, when the talk turned to how to make sure each salon is great place to work, Krista Saunders, who is in charge of inventory and POS training for all 33 salons said, “How would I know how to make it better? It’s the only place I’ve ever worked!” That’s when the Robinsons felt understandably proud to remember Krista had started with them as a part-time receptionist when she was only 16.

Another secret to the success of these multi-unit owners was revealed when Cheryl told us: “Joey and I both went to class to learn how to cut hair even though that would never be our jobs, so we’ve always really appreciated the skills, patience, and creativity of our staff.”

If you’re going to recruit from the outside world, make sure the people you bring in are better than the ones you already have. Here are some ideas about where to look:

1. Look beyond just your direct competition to find the people you need. Attitudes, skills, and achievements are far more important to ULM success than industry-specific experience.
2. Contact the managers who have left your company whom you would like to see come back. (The worst they can say is “no.”)
3. If someone calls for a reference on a former manager you would like to rehire, you’ve just been notified that that person is looking for a new job. Give the former employee a call, find out what they’ve been doing since they left, and explore what it might take for them to return.
4. When you call to check a new hire’s references, ask the ULMs you contact how they like their jobs and if they might be interested in a new opportunity.
5. Ask your present employees about the managers they had on previous jobs.
6. Ask new management hires about the people they worked with and for at their former places of employment.
7. Check out local community colleges. Managers take a lot of courses. Send some of your managers to a class or two and ask them to be on the lookout for good candidates.
8. Leverage off-site training courses and seminars. Whenever you send a manager to an outside course, ask that person to be on the lookout for likely recruits.
9. Just walk in and recruit managers from your competition’s units.

10. Fish where the fish are. Every year, McDonald's holds a meeting for their top 200 ULMs worldwide. Who might you meet if you checked into the convention hotel?
11. Target other industries where managers may be looking for a change. If you are in retail, advertise in restaurants and, if you are in restaurants, advertise in retail.
12. Keep up on local business news and go after companies that are not doing well, merging, or experiencing lots of change. (When you learned the Discovery Channel stores are closing all their retail locations, you got right on the phone to line up meetings with their local ULMs, didn't you?)
13. Open the conversation by inviting other ULMs in your area to new store openings and your special events.
14. Hire your competition's best recruiter.

Once you've hired the right people, how do you keep them on board and happy? We know that talented people leave their employers every day (sometimes even for less money than they hoped for), if they think the grass will be greener elsewhere.

Smithgall at SEI/Aaron's makes his stores great places to work by ensuring they are: "Big and beautiful, with wonderful merchandise, and low prices." In addition to a 401(k) for all employees, his ULMs participate in a generous profit sharing plan based on each unit's individual results. He also uses training programs, incentives, trips, and contests to "re-sell" employees on the company.

Over the years, the Plaisteds have given a percentage of the ownership to the ULM or sold the business outright to the ULM while retaining the land. Great leaders know one of the most effective things they can do to improve performance, get results, and keep talent on board is to make it easier for their managers to do their jobs and today's technologies are a means to this end.

A national fast food franchise, whose product is highly customized to individual preferences and based on complicated formulas, recently introduced a POS system that prints the formula on the ticket. The result? New hires don't quit out of frustration, customer service is greatly improved, and the ULM has fewer headaches.

You can help your ULMs gain or improve skills by taking advantage of all the free professional information and advice that is available on-line. There are magazine articles, research papers, hiring forms and tools, and even blogs and support groups covering the broad spectrum of management techniques and practices. (If your ULMs are caught up fighting fires every day and

don't have time to avail themselves of these resources — or things like structured in-house training programs and outside seminars and classes — there's something wrong with your system.)

As mentioned earlier, many employers are turning to automated hiring systems and performance management tools. These innovations improve the quality of new hires across the board and automate the performance review/career growth system. The former help ULMs build better teams with less time and effort and the latter help them manage employee development as well as what's most important to them — their own careers.

So, what's the shortest distance between where you are now and your ROI goals? Without question, it all depends on your ULMs.

Certified Speaking Professional Mel Kleiman is an internationally recognized consultant, author and speaker/trainer on strategies for finding and keeping the best hourly employees. He is the president of Humetrics, a leading developer of systems, training processes, and tools for recruiting, selecting and retaining the best hourly workforce. Kleiman is the author of five books, including the best-selling "Hire Tough, Manage Easy." For more information, visit www.kleimanhr.com or call (713) 771-4401.