

# 8 Steps for Building a Senior Management Team

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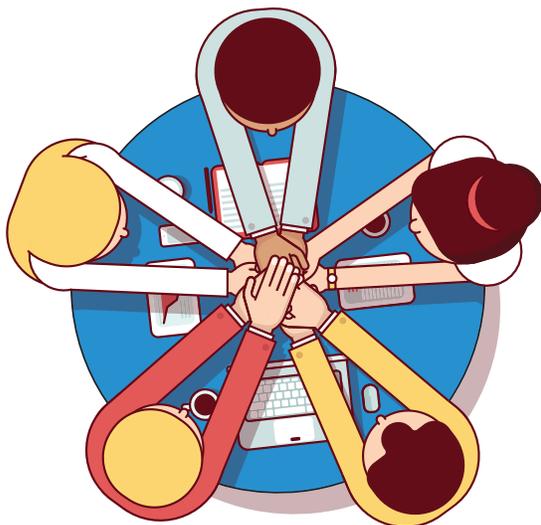
# 8 Steps for Building a Senior Management Team

Entrepreneurs are unique for their refusal to fit into any mold. Zealous creators, entrepreneurs have the drive and grit to tirelessly transform their vision into an actual business that fills a void in the marketplace.

There comes a time in the business life cycle (typically around the \$10 million in revenue mark), when entrepreneurs realize that they have the vision and energy to sell and create but don't have the business acumen to properly grow their business into a sustainable entity. Without knowing where to turn to build up a team of senior managers, many entrepreneurs bring in their friends or past colleagues to assist the growth of the company. While this may work in a small number of cases, it probably isn't the silver-bullet.

Despite an impressive resume, many entrepreneurs are unable to view their friends with a critical eye to truly understand how they will perform at their company, simply because most entrepreneurs are not trained in structured interviewing or talent assessment methods. Ultimately, these senior managers will become a team of hard-working yet frustrated underperformers.

To truly create a scalable and sustainable business, owners need to undergo a thorough recruiting, candidate assessment, and onboarding process to ensure the company's long-term success. Enthusiasm and belief in the dream is not enough to sustain the growth of an organization.



▶ The need for solid senior management expertise is a requirement — not an option.

▶ Don't be forced to bring in outside senior managers because of your poor decisions in building your team. Instead, recruit properly from the start to ensure long-term success and promote from within.

▶ A comprehensive onboarding process properly trains every new employee to your business and cultural standards.

▶ Executive coaching provides leaders with the skills to continuously evolve as leaders and decision-makers.

# The Cost of Vacancy

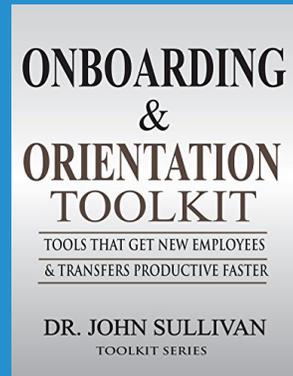
An expansive field of study in HR and organizational metrics is focused on the 'cost of vacancy', which is the amount of revenue an organization loses when a position goes vacant (either because of long, unsuccessful recruiting efforts at the start, or turnover and attrition). Cost of vacancy explains why executive coaching is integral to ensuring the success of the senior management hires you have worked so hard to recruit.

According to the cost of vacancy theory, every employee carries a productivity multiplier, which can be anywhere from one to three times their salary. This impacts potential revenue for the organization. Executive turnover is much more likely if you're unable to hire the right candidate and successfully onboard them.

For example, if turnover occurs within an executive job that carries a salary of \$250,000, that could cost an organization as much as \$3,200 every day and up to nearly \$400,000 in total if the position remains vacant (based on industry averages). A small investment in executive coaching may not only decrease time to productivity of a new executive, but will also mitigate the risk of substantial turnover cost.



## Additional Resources



**Dr. John Sullivan,**  
Talent Management  
Thought Leadership



# Recruitment and Onboarding Failures

When organizations invest in their people and establish a solid senior management team, they will be poised to continue the upward climb for years to come. But when they do not engage in appropriate recruiting and onboarding tactics, a host of issues arise that can take years to remedy.

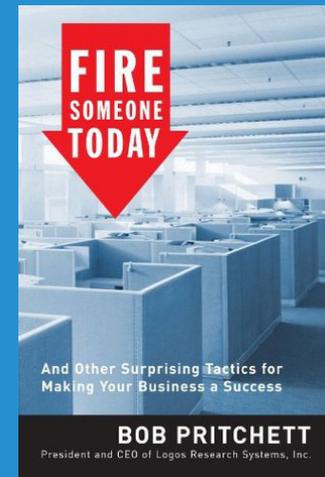
**1** Making Hiring Decisions Based on Past Relationships. You've known your college friend for years and watched his rise in the business world. Plus, he's a good guy. But, really, what do you know about his professional abilities and qualifications? Equally important is knowing how the two of you will work together as colleagues, not as friends. If the business relationship fails, what will that do to your friendship — and your business?

**2** Poor Culture Fit. Some companies recruit by finding the person with the best credentials, but don't consider how their attitudes and personality traits will fit into the company's culture. When a culture clash happens, your business' growth is hindered.

**3** Fast to Hire, Slow to Fire. Leaders may succumb to time pressures and hire too quickly to fill a much-needed role. However, when the new-hire fizzles, leaders may hesitate to let them go because of the time they invested during the recruiting process and the relationship they built. Additionally, the position could turn into a revolving door as this poor hiring tactic is repeated again and again. Fill positions quickly, but with the right people.

**4** Poor Onboarding, or Not Managing New Hires. Senior managers need to be onboarded and managed, just like anyone else in the organization. When left to fend for themselves, they will find it difficult to acclimate to the company culture and develop trusting relationships. An employee at any level is still a person who needs to be managed.

## Additional Resources



*Fire Someone Today:  
And Other Surprising  
Tactics for Making Your  
Business a Success*

by Bob Pritchett

# Why Do Leaders Make These Poor Decisions?

Leaders are faced with pressure from colleagues and other stakeholders to hire someone fast, so they go with the path of least resistance and hire from their known circle. But the known circle is never a deep enough pool of candidates to choose from in order to give you an accurate cross section of talent available in the market.

An entrepreneur's area of expertise doesn't commonly extend to properly evaluating and assessing talent. Professional recruiters can help by taking that burden off the leader by managing the entire end-to-end process of identifying, assessing, and hiring talent.

Also, leaders may just not realize that the onboarding and training processes are so important to creating a cohesive team. The leader may hire a salesperson to increase sales, but never thinks to provide direction beyond that. Whether spoken or unspoken, the leader always sets the tone of culture and conduct, and people need to be held accountable to those standards. Unspoken expectations lead to a culture clash and ultimately a lot of unhappiness.



## Additional Resources



**Howard Fischer Associates:** Executive Recruitment Firm

[www.hfischer.com](http://www.hfischer.com)



**Collaboration Business Consulting:** Collaborative Leadership® Assessment and Executive Coaching

[collaboration-llc.com](http://collaboration-llc.com)

# 8 Steps to Building a Senior Management Team

1

Implement Performance-Based Hiring. Start by defining the job and key assessment variables in terms of specific achievements or results you want the new hire to deliver. Do not rest on the new hire's pedigree — do your best to not be swayed by fancy degrees or previous employment at name brand companies. Ensure the candidate has the right mix of skills, experience, personality traits, and behaviors for your company. Be sure all candidates undergo the same assessment and evaluation process; a recruiting firm will ensure this happens.

2

Design a Usable “Scorecard” for the Position. Develop a numerical scoring system, allowing for subjective commentary, so candidates can be more easily compared to one another.

3

Align Your Interview Team. First, conduct behavior interviewing training with all interviewers so everyone has baseline abilities in assessing talent before being in front of a candidate. Next, divide the criteria on your scorecard among the interview team. This prevents assessment gaps and ensures each candidate is vetted against every key assessment variable.

4

Store Candidate Scorecard Data. Once a candidate is hired, keep their interview scorecard as baseline data to determine their impact on the company down the road. If you have accurately used performance-based hiring and your business needs have not changed, it is much easier to evaluate a new hire's impact on the business after that individual has started. For example, if you defined your needs in a Sales Leader as “deliver \$2M in net-new annual revenue” as opposed to “increase company revenue,” it is much easier to gauge the magnitude of impact that hire has had on your business at the end of the first year.

5

Set Expectations. Clearly outline what you expect of a new hire 90 days and 180 days from their start. Be sure to outline your unspoken expectations so the candidate fully understands what you need, and be open to making it a two-way conversation.

6

Assess Team and New Leader Styles. Use a behavioral assessment tool, such as WorkTraits or DiSC, to learn how the leader and each individual team member operates. This will determine blind spots for additional coaching.

7

Provide Executive Coaching. Leaders need training and coaching too. According to the 2013 Executive Coaching Survey from Stanford Graduate School of Business, nearly 66% of CEOs do not receive coaching or leadership advice from outside consultants or coaches, yet 100% of them want to be coached and will make changes to their leadership style. Additionally, [one study](#) found that training increased productivity by 22.4%, but when paired with executive coaching, a productivity gain of 88% was achieved.

8

Evaluate Leadership Skills Consistently. It's not enough to evaluate a leader's skills once. Perform this assessment at 90 days, then six months and one year after their start date. This ongoing assessment allows managers to provide additional training and skills to ensure the leader is hitting their mark and measuring up.

## Additional Resources



*The First 90 Days:  
Proven Strategies for  
Getting Up to Speed  
Faster and Smarter*

by Michael D. Watkins

# Bottom Line

Turnover is expensive and disruptive to fast-growing organizations. Without a solid strategy and partners, you may be hindering your company's competitive advantage in the marketplace along with preventing the sustainable, scalable growth you desire.

When recruiting senior managers, do it well. Take your time. Bring in the right collaborative partners to assist in your search. There's always a time crunch when hiring, but it pays to use your time wisely. Get your new hires launched and settled in for the long haul when done right.



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