



YOUR SMALL BUSINESS GUIDE TO

# Effective Team Management

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Hiring and managing a quality team is a small business manager's highest priority. In a uniquely people-driven environment, small organizations and startups rely on employees to impact everything from profits to company culture and morale. To grow a successful business, you must be thoughtful and deliberate about each hire and have a plan for effective team management in place.

Losing one team member because of a lack of a cultural fit or from being burned out creates a vacuum that is expensive to fill and can potentially grind business to a halt. Small business managers and owners are accountable for assembling teams and leading those teams to their best performances. Your decisions must foster a sense of commitment and loyalty in your team.

***“None of us  
is as smart  
as all of us.”***

*Ken Blanchard*

# The Crucial First Step: Hiring Your Team

Before you can manage a team effectively, you need to find the right people. The wrong group of employees can make or break a business, even under strong management. It's important to know the right way to go about the process.

The [average volunteer turnover rate](#) for employees across all industries is nearly 13 percent. Hiring the wrong person is costly and can damage morale and the business's reputation. These tips may help make the hiring process more effective:

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## Start with personal recommendations

It's always good to have the opinion of someone you trust. New hires who are [employee referrals](#) are excellent contributors, stay with the company longer and are more cost-effective recruits.

Sam Altman, founder of the prestigious [Y Combinator accelerator](#), said that "most great tech companies have been built by referrals, at least for the first 100 employees." Describe the opening to employees and frequent business contacts and ask if they know of anyone suited to the position.

## Connect with colleges, career centers and trade school

Entry-level positions are fantastic opportunities for students and graduates to get started in the workforce. It can be a strong opportunity for you, too, because you'll get access to some of the best young talent.

Contact professors at local colleges and universities, and don't forget about counselors at these institutions' career centers. Build relationships with these professionals. Professors will have a good idea who their top students are and can pass along a recommendation on either side. Counselors can make recommendations and post open positions at the institution.

In addition to hiring students or recent graduates to open positions, consider an internship program. It can be paid or unpaid, and you can work with schools that offer internship credit so that it's advantageous on both sides. Nearly [50 percent of interns](#) go on to become full-time hires, according to the National Association of Colleges and Employers. Invest the time, trust and resources into the right intern, and that person could become a part of your team permanently.

One executive at a [PR firm in Boston](#) said that the agency has a rigorous paid internship that targets some of the most talented individuals in the area. It's a great way for the firm to get a taste of a potential employee's abilities.

*These young minds are thrown right into the mix on client assignments and get the type of experience a full-time employee would. This allows us to test the waters a bit and find out which of the interns are power players, so when they graduate, we can pluck them the minute they walk off the stage with their diploma. It's a great farm system.*

## **Keep workplace culture in mind**

The new hire needs to be a good fit. Altman said that attitude is more important than experience. He said he asks himself three questions when hiring: if a potential hire is smart, can get things done and if he would want to spend a lot of time with them. If you can answer all three of those questions "yes," then this is likely to be a good hire.

"Purpose" is the soul of company culture. What does the potential new hire value and do they have a mission that integrates well with the purpose of the company?

## Scan social media

Social media can be a window into a potential employee's values and personality. You can tell a lot about candidates by how they live their online lives. For better or worse, their social media posts can help you make decisions about who to hire.

According to a [survey by CareerBuilder](#), 70 percent of employers are using social media to this effect. Employers are searching for a few key items when researching candidates via social networking sites as good signs to hire::

- Information that supports their qualifications for the job **(61 percent)**
- If the candidate has a professional online persona at all **(50 percent)**
- What other people are posting about the candidates **(37 percent)**
- For any reason at all not to hire a candidate **(24 percent)**

More than half of the employers surveyed said they found information online that caused them not to hire a prospective employee. The reasons they cited for not making that hire included:

- Candidate posted provocative or inappropriate photographs, videos or information: **39 percent**
- Candidate bad-mouthed their previous company or fellow employee: **30 percent**
- Candidate posted information about them drinking or using drugs: **38 percent**
- Candidate lied about qualifications: **27 percent**
- Candidate had discriminatory comments related to race, gender or religion: **32 percent**
- Candidate had poor communication skills: **27 percent**
- Candidate was linked to criminal behavior: **26 percent**

The good news is that the CareerBuilder survey found that more than 44 percent of employers have found content on a social networking site that caused them to hire the candidate. Employers cited applicants' communication skills, professional image and professional or volunteer qualifications as social media content that swayed them in a positive direction.



## **Never stop networking**

The right fit may come from an unlikely place. Join professional organizations, volunteer at events and get out into the community. Stay in touch with people who are interesting and a potential good fit for the team, even if there isn't a place for them immediately.

Networking doesn't have to mean handshakes and nametags. There are many opportunities to network online. Hang out where the talent that you're looking for hangs out, whether that's professional message boards, Twitter or LinkedIn.

## Making a hiring mistake can be costly

According to the recruitment firm [Parker + Lynch](#), the average cost for each bad hire can equal 30 percent of that individual's annual earnings. Thus, when you hire the wrong person earning \$60,000, the real cost to the company will be \$78,000.

The [Society for Human Resource Management](#) proposes the costs incurred from a bad hire:

- Recruitment advertising fees and staff time
- Relocation and training fees for replacement hires
- The negative impact on team performance
- The disruption to incomplete projects
- Lost customers
- Outplacement services
- Weakened employer brand
- Litigation fees

Chicago-based CareerBuilder found that 43 percent of respondents said they made a bad hire because they felt they [needed to hire someone quickly](#). Staff may have been overextended, a new project may have been adopted or a key employee may have left – no matter the reason, managers are often too anxious to put a body behind a desk to make good, well-researched hires.

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More than one in five respondents (22 percent) to the CareerBuilder survey said they lacked the skills to interview and hire people effectively. Hiring is a skill.

Thoughtful hiring and intentional management can yield a team that works well together, respects each other and supports each other's work.

# Benefits of an Effective Team

There are solid benefits to a business when it has an effective team. Your wise hiring decisions could yield these advantages:

- 1. TEAMWORK:** Effective team management can promote teamwork in the workplace. When employees work together, each of their skills can be put to best use resulting in maximum efficiency and timely completion of work.
- 2. PRODUCTIVITY:** A well-managed team has clear responsibilities and deliverables. Effective teamwork allows the members to cooperate with each other. Even if individuals fall behind with deadlines, the rest of the team can step in.
- 3. TRUST:** The more organized and well-managed a team is, the more the team members will put their trust in their manager and each other. A team that trusts each other projects a good image to clients.
- 4. HARMONY:** Workplace conflict can arise when people are unsure of their roles or their responsibilities. Good management means good communication that fosters harmony in the team.
- 5. INNOVATION:** Effective team management frees up team members' time and alleviates concerns, which gives them the opportunity to think creatively about their jobs and the business. Innovation can spawn growth in the business and pride in the team.

Wise hiring decisions alone won't necessarily translate to having an effective team. How you manage them is the other piece of the puzzle of creating a great team.



# Getting the Most Out of Your Team

Altman warned “mediocre people at a big company cause some problems, but they don’t usually kill the company. A single mediocre hire in the first five will kill a startup.” That may sound dramatic, but small companies need to understand the outsized impact individual employees have on the business.

Because each member of a small team has a huge impact on the business, it is critical that employers prioritize keeping the team together. After investing so much time and thought into hiring the right person, you can redirect that energy into fostering a company culture and creating employee benefits that makes it easy for employees to stay enthusiastic, productive and on-board.

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## **Foster a strong company culture**

That can mean tangibles like providing the team with free snacks or having a cool office space. It can also mean fostering an intangible team spirit that makes them feel responsible for something worthwhile. You should always celebrate successes. Failing to acknowledge a job well done can lead to resentment and a lack of willingness for the team to continue to give their all.

When then-CEO John Replogle took natural personal-care company Burt’s Bees global by adding 19 countries to its distribution, his team of managers were swamped and stressed. Replogle knew that he had to mitigate that environment. According to the [Harvard Business Review](#), “Each day, he’d send out an e-mail praising a team member for work related to the

global rollout. He'd interrupt his own presentations on the launch to remind his managers to talk with their teams about the company's values."

Replogle also hired a professional to facilitate a three-hour session on happiness for his managers. Senior team members told the Harvard Business Review that Replogle's emphasis on fostering positive leadership kept his managers engaged and cohesive as they successfully made the transition to a global company. The efforts that he made were small ones, but their impact was significant.

## **Never stop training**

You want your team to continue to develop their skills and grow in their jobs, both for your business's sake and for theirs. Send them to trainings and conferences. Some companies give their employees a monthly budget to buy industry specific books or other professional development material; others even pay their employees to read or otherwise learn new skills for several hours each week.

The Business Journals pointed out an added benefit of continuing education: "While experience is a great teacher, it often means that we tend to continue what we have done in the past. Professional development opens us up to new possibilities, strategies, knowledge and skill areas."

Learning new things can boost an employee's morale even if they have been in their position a long time. Knowing that their company is investing in their improvement instills loyalty and a sense of security in an employee.

## **Support the team's work-life balance**

Encourage the team to have flourishing lives outside of work. As Fast Company said, "If you always run them at 110 percent, you will burn them out just when you need them to be on top of their game."

A 2017 survey by [Kronos and Future Workplace](#) showed that employee burnout is a significant factor in turnover. Nearly half, or 46 percent of the human resource leaders surveyed, reported that employee burnout accounts for 20-50 percent of their companies' annual employee turnover.

Hiring more people and spreading out the work to prevent burnout may not be an option for a small business or startup, but there are other ways to prevent burnout.

A survey of [2,000 job seekers](#) revealed that the most desirable job benefits to them involved time and flexibility. "More flexible hours" ranked first followed by "more vacation time," "a work from home option," and "unlimited vacations."

Restrict the number of hours employees must work and limit take-home work. Make sure clients respect employees' boundaries. After-hours phone calls and emails are not acceptable; likewise, no business during an employee's vacation or time off.

If employees can and wish to work remotely, you should allow it. If the company can allow for flexible scheduling, it should be an option. For example, instead of having a workweek that is five days long, employees could work four 10-hour shifts. This schedule enables employees to have three days off each week instead of the typical two-day weekend.

## **Know the work**

To allow the business to flow organically and naturally, employers need to understand the specific skill set of each worker. To learn about each workers' skills, you need to spend

### ***Most Desirable Job Benefits:***

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More vacation time,  
A work from home option  
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time with them, observe their work and their working style and inquire about what they like and dislike about their job. Have them share what areas they need to work on and what areas they excel at.

Observation can be a valuable part of workplace efficiency because it allows you to spot bottlenecks and redundancies and find ways to relieve them.

## **Set clear expectations**

Employees should have goals – daily, weekly and long-term. Allowing employees to set their own short-term goals helps them to be more productive because they understand how they work best. A strong, clear and well-communicated command structure helps employees know who they are accountable to.

An [article in the Harvard Business Review](#) said, “For goals to be meaningful and effective in motivating employees, they must be tied to larger organizational ambitions. Employees who don’t understand the roles they play in company success are more likely to become disengaged.”

Employees should draft their own goals and then meet with their manager who will review and approve or amend the goals. Follow up on a regular basis is critical. “Don’t wait for review time or the end of a project to check in,” the article explained. “Review both long-term and short-term goals on a weekly basis. Even your high-performing employees need ongoing feedback and coaching.”

## **Provide perks**

[Forbes interviewed entrepreneur Amelia Wilcox](#), founder and CEO of Incorporate Massage, a company that provides in-house massages to employees. That may seem like an over-the-top perk but, least one company reported a 25 percent decrease in time off for workplace injuries and a \$200,000 decrease in compensation claims when it implemented a corporate massage program.

Big-name and big-money companies can offer luxurious perks. AirBnB wants their employees to travel, so the company provides them with an annual \$2,000 to vacation at one of their properties. Goldman-Sachs provides Pilates and tai-chi classes five days a week. Netflix CEO Reed Hastings takes six weeks of vacation every year and encourages his employees to do the same.

Small company and startup managers may not be at a point that they are able to offer a competitive full benefits package, let alone luxury perks, but small and inexpensive benefits can go a long way for employee morale. Gym memberships, occasional morning bagels, and yes, monthly massages are not as expensive as full benefits but still show employees that you care about their well-being.

## **Don't over manage**

Sometimes you just need to know when to step aside. Micro-managing and overmanaging takes away employees' senses of autonomy and empowerment. Team members need to know you trust them.

Susan Davis of the Harvard Business Review said:

*In a recent study of outstandingly engaged business units, I asked people what drove their high engagement scores. Only four percent of respondents mentioned pay. Instead, they highlighted feeling autonomous and empowered and a sense of belonging on their teams. We all know people who trade high salaries and even safety for love, esteem, and self-actualization at work - the accountants who become high school teachers, or the journalists who move to war zones with pennies in their pockets.*

# Traits of Effective Team Managers

Great leaders and managers have several traits in common. They inspire their team to perform at their best ability. Some of these traits are learned and some come naturally to great leadership.

- 1. THEY ARE CHEERLEADERS:** Effective managers love the company culture and evangelize to their team. This kind of attitude can be contagious.
- 2. THEY ARE EMPATHETIC:** Everyone goes through professional and personal struggles that can affect their work. The best managers are emotionally intelligent; they lead their employees and guide them with understanding.
- 3. THEY ARE HONEST:** Good managers tell the truth to their team, even when it's hard. They can be depended upon to not obfuscate.
- 4. THEY ARE ACCOUNTABLE:** Making and taking charge of their own goals, managers can foster a culture of accountability in the team with people have responsibility for their actions.
- 5. THEY ARE DECISIVE:** Test managers can make well-informed decisions in a short amount of time to get the best results from their team.
- 6. THEY ARE GOOD COMMUNICATORS:** It's very important that managers can share goals, directions and expectations to the team.
- 7. THEY ARE SUPPORTIVE:** If a manager assigns a task but fails to offer necessary support or training, the employee will feel abandoned. A few words of encouragement can go a long way.



## There's More to Managing a Small Business than Hiring and Managing a Team

According to the [Small Business Association](#), about two-thirds of businesses with employees survive at least two years and about half survive at least five years. Effective team management might be one of the most important skills an employer can learn, but there's so much more to managing a small business or startup. You can learn the ins and outs of running your business or startup in the fully online, convenient Bachelor of Business Administration program from the University of West Alabama. The [online BBA program](#) has concentrations in accounting, business administration, management, marketing and computer information systems.

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