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The longest word of Relevance to a Family Business

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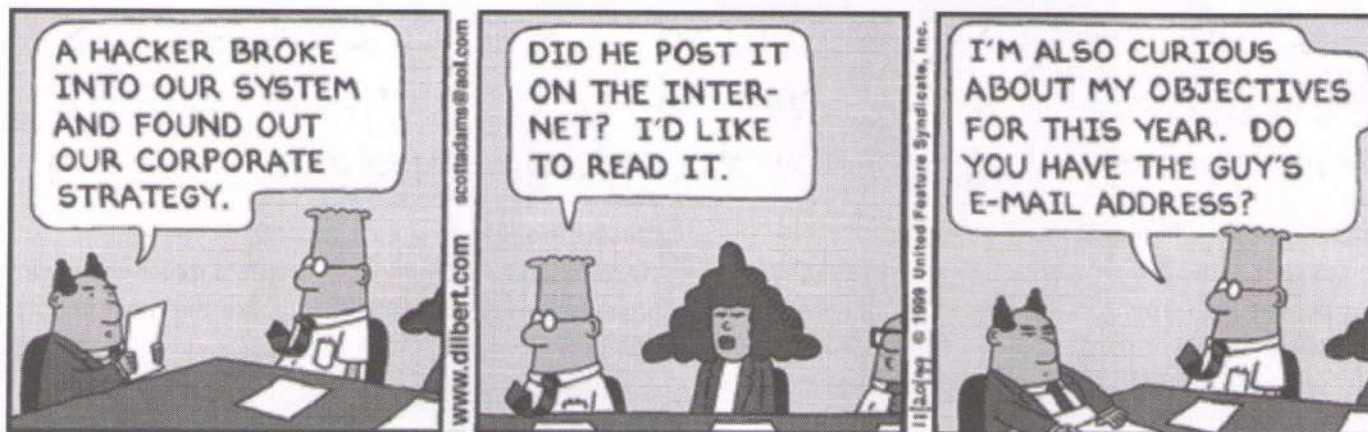
Nobody likes jargon. Well, other than maybe a few consultants! But for some words, there's just no better alternative to describe the situation. Its like the German word 'schadenfreude'. Long word? Yes. Can it be described by a shorter word? No.

The word we are talking about is Professionalization (a whopping 19 letters!). So, what's this long word all about? Rather than getting into a definition, let's look at 5

symptoms that indicate its absence.

Symptom 1: Only you know your strategy

A successful strategy needs to be propagated. Employees need to understand the 'why' of their work and its fit with the big picture. Low clarity on strategy amongst employees leads to frustration. You are frustrated because you expect more. Employees, since they don't understand what a better job means!



Symptom 2: You are indispensable.

All founders have a significant emotional investment in their business. Being too attached means that the founder is involved in every activity. And nobody, in their view, can do as good a job as them. They are indispensable. Indispensability limits growth. Significantly!

Symptom 3: Employees are irreplaceable

You have an employee performing to expectations. His job consists of routine tasks which are considered simple. He resigns after 10 years of service. You replace him. The new employee is unable to efficiently perform the same 'simple' tasks. The tasks suddenly seem complex.

Symptom 4: You have generalists

Some employees perform multiple roles. Problem in sales? That person will solve it. Problem in IT? That person will

solve it. These are typically long-serving employees who have earned your trust. While it's great to have them, it impacts business. And while it works when your business was smaller, specialists are required with growth. Besides, generalists are bad for organizational morale.

Symptom 5: Employees roles are hazy

Employees can't perform with unclear roles. Often, a founder feels that role definitions are clear. Sadly, in most cases, employees disagree. For a leader one key concern in clear job roles is that employee count will increase. With a clear job role, employees would push back on doing those extra pieces of work. That's partly true. Yet, its more efficient having 1 employee handling 1 discrete task rather than multiple employees handling multiple overlapping tasks.



At what scale should you start professionalizing?

Dunbar's number suggests that 150 is the connection limit we can make before communication breakdown. Normally associated with groups in society, the same principles apply in business. Till 150 employees, you and your employees might effectively cooperate. Even without a strong professional environment. More than that, weird stuff starts happening.

That doesn't mean you start worrying about professionalization at Employee No. 149. To be professionalized when that magic number is reached, you need to start earlier. If you are a high growth company or are expecting high growth in the near term, a good number is the 30-50 employee mark. Do it in a phased manner, so that when you hit 150, you are substantially professionalized.

How do you professionalize?

There are 3 steps.

Step 1: Your strategic plan.

Your Strategic Plan is the basic building block for professionalization. It makes it clear as to which systems and processes need to be tweaked. A clear strategic plan is key to attracting the right professionals. And specialist professionals are key to professionalizing your organization.

Step 2: Process Improvement.

Broken and non-existent processes lead to sudden fires. When a new employee joins, when a key customer has an issue, when a critical component does not get procured on time. In other words, unnecessary stress for you and your employees!

Step 3: Organization structure

This is critical! Basis your Strategic Plan put together all outcomes of your organization. Assign each of these outcomes to various functions. Once done, further break down into key activities for each function. Based on the activities, decide on staffing required in each function. That will give you an organizational chart. Then for each of your employees prepare job descriptions. And make sure you have professionals in each of the key roles. This is a lot of work! But its well worth it.

Closing thoughts

To summarise, professionalization is a major change in an organization. You, as the leader, are the most important part of the change. If you are fully committed to professionalization, your employees will know. And it will be that much easier for change to happen.



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Iv Advisors (<http://iv-advisors.com>) helps family businesses deal with stagnating or unpredictable growth

