

THE COST OF BAD MANAGEMENT: WHY YOU CAN'T AFFORD TO WAIT FOR LEADERSHIP TRAINING

A study published in the Harvard Business Review in December 2012 revealed that most people get promoted into supervisory roles, on average, at the age of 33. The same study revealed that, on average, people received leadership training at the age of 42, almost a decade later. I believe that **every bad manager is a result of this gap in resources**. I believe that **every bad manager has the ability to become a great leader, with the right attitudes and the right resources to help them change those attitudes**.

While the article pointed out a key issue of ingraining bad habits, I want to focus on **the increased and continued costs of delaying this training**. First we must understand that all leaders are made. It is our experiences and our attitudes that shape us and make us who we are. Our attitudes can be controlled and changed, as they are usually reactionary to the external influences around us.

The first cost to the organization is turnover in staff. It is often said that people join companies and leave managers. **Bad managers will drive the best employees away**, while only those employees who have fewer marketable skills will remain. Not only does the company lose money on the on-boarding / termination processes, but the company continues to lose money on lower productivity.

This lower productivity often causes the bad manager to become even more demanding, thus **driving the turnover up and profits down**.

The second cost to the organization is proliferation of tribal knowledge. **In the absence of an established training program, people will adopt the attitudes and behavior of those in authoritative positions**. It's the old adage "monkey see, monkey do". Employees who did remain and eventually get promoted into supervisory roles themselves will naturally emulate those supervisors they worked for, especially if the previous supervisors were rewarded for their bad management. These rewards do not always mean bonuses. The rewards can also be continued employment and perhaps promotions. As these managers are promoted, and cloned, more positions become subject to the same poor techniques that drive away good employees.

The third cost to the organization is in low productivity and increased Human Resources involvement. Those employees who did not leave on their own will begin to show signs of wear. It may be low productivity, or it can show up in other behavioral issues requiring counseling with HR. Absenteeism, presenteeism, reluctance to engage in tasks, cost the company money.

The fourth cost to the organization is lost reputation. **Perform poorly with a customer and you may lose future business with them. Perform poorly with too many customers and word gets around that your teams do not deliver**. Now it's hard to get new work. Why? Because the only people left in your organization are the ones who didn't have enough marketable skills to leave the bad managers. They simply can't perform to the level your customers need.

The biggest challenge is not motivating the team

The biggest challenge is keeping management from de-motivating the team



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The fifth and most avoidable cost to the organization is in a team of senior managers who are sent to determine why things are going poorly and recommend solutions. These "Fix It" teams are called in when a project or department is already losing money. Now, the company pays the high salaries, and perhaps travel costs, of several managers, to come "fix" the problem. **Many of these managers are themselves the very same bad managers who demonstrated the attitudes and behaviors that led to the creation of the problem.** There may be so many managers that they have conflicting opinions and therefore conflicting recommendations. These teams end up costing a lot more money on an already unprofitable portion of the business, driving the project or department deeper into the red.

Most companies agree that money spent on training would save money on performance issues later, yet they still focus on the cash on hand today and declare there is not enough money in the budget for training. **The sad truth is that many companies would rather pay the high costs of bad management than invest in the leadership training.** Don't let your company be one of them.

The secret to investing is that you spend money in strategic ways now so that you maximize your returns later on. Imagine expecting to drive your car with absolutely no fuel so that you can get to the service station to fill it up. You can't. You must put the fuel in first. The same holds true with your employees. **Each new employee is like a new car with a full tank of fuel. You can drive them until they run out of fuel, then they will leave.** If they don't leave, and are out of fuel, they simply won't perform. The other option is to look for ways to refuel them often. This is done through effective leadership. **Every time you engage your staff with great leadership, you refuel their tanks** and make them happy to work for you. The better quality the fuel, the higher the performance.

Often, the cost to conduct initial leadership training is less than the cost of one "Fix It Team". Once the initial training is conducted, **the costs to maintain a solid leadership development program can be very low.** The savings can be quite high. In the long run, an effective leadership development program will not only pay for itself, it will also pay dividends on that investment many times over. **Best of all, the tribal knowledge in the organization perpetuates the positive leadership models** so that each new leader has great role models to follow.

Can your company afford to waste more time and money on low production and high turnover? If you are ready to invest in your organization's future, please feel free to contact us to schedule your attitude check.

The most important tool in your toolbox is your

ATTITUDE!

It costs you nothing to buy, it can earn much for you,
or it can cost you everything.



How you use it is up to you.